Management Discussion and Analysis
of the Unaudited Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019

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KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the three and six months ended March 31, 2019

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is prepared as at May 28, 2019 and provides an analysis of the Company's performance and financial condition for the three and six months ended March 31, 2019 ("the Period").

This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended March 31, 2019, including the related note disclosure, as well as the audited Annual Consolidated Financial Statements for the year ended September 30, 2018. The financial statements are presented 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 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 with gold exploration properties in the Democratic Republic of the Congo ("DRC"). To date, the Company has engaged in exploration and evaluation of its properties and has no producing asset as yet. The Company's Somituri Project delivered its maiden NI 43-101 report in 2011 on the Adumbi Prospect and continuing exploration culminated in an updated resource on Adumbi as well as a new NI 43-101 resource on the Kitenge and Manzako Prospects, released on January 30, 2014.

The Company's exploration properties are currently in care and maintenance mode. The Company is in immediate need of additional funding in order to meet 2019 annual property licence fees, to maintain the properties and to conduct further exploration activity. The Board is engaged in investigating alternatives to fund operations and the repayment or extension of the loan received from Resolute (Treasury) Pty Ltd ("Resolute"). These alternatives include debt and equity financing, asset divestures, mergers, joint ventures and abandonment of some assets to eliminate associated obligations.

The Company's most recent exploration program commenced upon completion of a financing in July and August of 2016 which raised gross proceeds of $10.0 million. The exploration program focused on three untested targets on the Somituri properties. The intended program included approximately 8,900 metres of drilling on the Imbo licence, to be followed by further mapping, soil sampling and trenching of the south-eastern portion of the licence where BLEG stream sediment sampling has previously been conducted. In addition the program included stream sediment sampling on the other five licences which comprise the Somituri Project, which are as yet undrilled. Drilling commenced in October 2016, and a total of 5,130.9m was completed on these targets over 34 holes.

Drilling then moved to the Adumbi Propect where four holes for a total of 1,775.95 metres were completed on June 10, 2017, testing the depth extensions of this body. Activity at site then switched to the BLEG stream sediment sampling program, and following completion in July 2017 the project has been under care and maintenance.

On the Company's Isiro properties, held in KGL Isiro SARL ("Isiro"), Kilo entered into a joint venture agreement with Randgold for gold exploration. Subsequently the Company received a notice of claim to recover the exploration permits registered in the name of KGL Isiro Sarl. The claimant contends that it holds a pre-emptive right to the subject permits, a view not supported by CAMI ('Cadastre Minier' – the Ministry of Mines) who granted the permits to Mr E R Wynne under the prevailing Mining Code upon application made in 2004. The court dismissed the claim on July 11, 2016, which then went to appeal. On June 6, 2017 the Appeal Court handed down a judgement in favour of the Company, stating that there are no grounds for the claim. The plaintiff then lodged a request at the Supreme Court to have the matter referred back to the Court of Appeal, citing 'procedural errors' in the Appeal Court's handling of the hearing. The Supreme Court has not handed down a decision whether to grant or deny the request.

The Company meanwhile successfully made application for force majeure over the Isiro properties and the permits' expiry is now extended by the period under force majeure. Although the matter is still before the Supreme Court, the Cadestre Minier ("CAMI") suspended force majeure with effect from April 3, 2018 following the ruling of the Appeal Court. Suspension of force majeure has not yet been confirmed by ministerial decree.

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 and is considered to be in the exploration stage.

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.

Corporate Developments

On the Isiro licences, Randgold is financing all exploration for which they will obtain incremental ownership based on milestone events. Randgold has up to five years to establish a pre-feasibility ("PFS") study to earn 51%, and 65% for the completion of a bankable feasibility ("BFS") should Kilo not contribute post PFS to maintain its interest. If diluted to 10% or less, Kilo's equity will convert to a 1.5% royalty. As disclosed in the MDA for the period ended March 31, 2014, the Company received a notice of claim to recover the exploration permits registered in the name of KGL Isiro Sarl, and work was temporarily suspended pending outcome of litigation. The court dismissed the claim on July 11, 2016 and this ruling was later upheld by the Court of Appeal on June 6, 2017. The matter currently awaits a decision as to whether the Supreme Court will hear the request to have the matter returned to a lower court.

Kilo continues with its agreement for a progressive buy out of its 25% minority partner's gold interest in the Isiro properties. Suez Holdings Ltd, has a free carried interest through production for non-iron commodities in the Isiro licences under the current Kilo – Suez agreement. As of September 30, 2018 Kilo has a beneficial interest of 78.5% of the gold interest. In 2016, the Company issued 10,600 shares thereby completing the share issuance terms of the contract, and made payments totaling USD$70,000, leaving a payment of USD$30,000 which, when paid, will complete the acquisition of an 82.25% beneficial interest. The Company may make further cash payments of USD$490,000 over 3 years to complete the buy-out of the 25% gold interest initially held by Suez. Should Kilo Goldmines Inc. not acquire the residual gold interests, Suez has the ability to convert their remaining interest into a royalty. The transaction has been approved by the TSXV.

Overall Performance

The Company has been in care and maintenance mode as it evaluates strategic options, which include possible mergers, joint ventures and further property acquisitions. It requires financing to maintain the property assets, for working capital, and to fund repayment of the Resolute loan. A total cost of $752,051 was incurred on the exploration properties in the six months ended March 31, 2019 (2018: $1,025,424). Exploration and Evaluation ("E&E") expenditures incurred prior to the establishment of technical feasibility and commercial viability are charged to operations as incurred. The comprehensive loss for the six months ended March 31, 2019 was $1,056,225 compared to a loss of $1,403,609 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., have 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 is 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 bear interest at the rate of 10% per annum (subject to reduction at the discretion of Resolute) with a 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). An initial 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. To date the loan remains unsettled and the Company is engaged in discussions with Resolute.

No other financing activity was conducted in the six months ended March 31, 2019. The most recent prior financing activity occurred during the year ended September 30, 2016.

EXPLORATION AND OPERATIONS

KGL SOMITURI SARL

The Somituri Project consists of six *Permis d'Exploitation* ("PE") (Exploitation Licence), held by KGL Somituri Sprl and valid until 2039, covering 361 square kilometres of the Ngayu Archaean Greenstone Belt in Oriental Province of the Democratic Republic of Congo. Annual licence fees, payable by March 31, 2019, are unsettled as of May 30, 2019, and the Company requires additional financing in order to bring the licence payments up to date.

Each of the Company's permits has been assigned a name, which is referenced in the exploration discussion below accordingly as follows: Gambi (PE137), Boroda (PE138), Nane (PE140), Imbo (PE9691), Ngazi (PE9692), and Dhahabau (PE9695).
The properties are underlain by Upper Kibalian, clastic and chemical metasedimentary rocks including banded iron formation ("BIF"), metavolcanics, schists, localized dioritic intrusives and occasional felsic dykes.

An extensive Bulk Leach Extractable Gold ("BLEG") stream sediment sampling program was undertaken in 2015 over previously unexplored areas of the Imbo licence and results indicated a south-eastward extension of the Adumbi-Kitenge-Manzako mineralized trend over a strike of 7 km. Rock chip sampling delivered values of up to 15.1g/t Au.

In 2016, following the financing described in the section 'Capital Stock and Financing', the Company embarked on a new phase of exploration. The program commenced with diamond drilling targeting three coincident geochemical and geophysical anomalies in the vicinity of the Adumbi prospect. This program was completed in March 2017, and was then followed by further drilling to test down-dip extensions of relatively high grade mineralization at the Adumbi prospect, which was completed on June 10, 2017. Stream sediment (BLEG) sampling on the Gambi, Boroda, Nane, Ngazi and Dhahabau licences commenced in May and was completed in early July 2017.

Full details of the 2016/2017 exploration program can be found in the Management Discussion and Analysis for the year ended September 30, 2017 and related press releases, which are available on the Company's website and on SEDAR. The project is currently under care and maintenance.

Other properties:

Isiro

Under a joint venture agreement, Randgold optioned 12 Exploration Licences covering 2,056.76 km^2 of the northern portion of the Ngayu Greenstone Belt as well as the majority of the Isiro Greenstone Belt in the DRC's Oriental Province, from Kilo in December 2012.

Work to date consists of a soil geochemical survey, mapping, pitting and trenching and soil sampling, and is currently suspended pending finalization of the litigation over the affected properties. A successful application for force majeure extended the expiry of eleven permits by the period of force majeure, and one permit has expired. Although the matter is still before the Supreme Court, the Cadestre Minier ("CAMI") suspended force majeure with effect from April 3, 2018 following the ruling of the Appeal Court, Suspension of force majeure has not yet been confirmed by ministerial decree.

The Company has received notification from Randgold that it is interested in retaining only the 3 licences falling on the Ngayu belt within the joint venture, one licence has expired, and the remaining 8 licences thus revert fully to the Company.

Exploration and Operations results are detailed in Press Releases, and are available on the Kilo website as well as on SEDAR.

EXPLORATION EXPENDITURES

Total costs incurred on the properties during the three months ended March 31, 2019 were $196,292 (2018: $684,183). Current period costs are associated with annual property licence fees and care and maintenance of the project camp and the DRC administration. Licence fees due on March 31, 2019 were accrued but not yet paid. Isiro licence fees were settled subsequent to March 31, 2019, and Somituri licence fees are unpaid as of May 30, 2019.

	KGL-Somituri	KGL Isiro	Total
Licence fees and sustaining costs*	397,703	54,534	452,237
Drilling	-	-	-
Project Camp	42,004		42,004
Sampling	-	-	-
Professional fees	19,671	-	19,671
Project management/ Administration	41,847	-	41,847
Other	-	-	-
Total March quarter 2019	**501,225**	**54,534**	**555,759**
Year to date to March 2019	**697,517**	**54,534**	**752,051**

*Licence fees accrued and not yet paid

For the comparable three month period ending March 31, 2018 the project expenditures were as follows:

	KGL-Somituri	KGL Isiro	Total
Licence and sustaining costs	328,744	-	328,744
Drilling	-	-	-
Project Camp	178,686	-	178,686
Professional fees	86,499	-	86,499
Project management/ Administration	71,841	-	71,841
Travel	16,390	-	16,390
Other	2,023	-	2,023
Net spend March quarter	684,183	-	684,183
Year to date spend March 2018	987,556	37,868	1,025,424

RESULTS OF OPERATIONS

The Company is in mineral exploration and evaluation stage, and 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.

Summary of Quarterly Results

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

Financial Year:	2019		2018				2017		
$'000	Mar 2018	Dec 2018	Sept 2018	June 2018	Mar 2018	Dec 2017	Sept 2017	June 2017	Mar 2017
Net revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(727)	(344)	(444)	(434)	(960)	(465)	(1,361)	(1,834)	(3,250)
Currency translation adjustment	(9)	23	(20)	18	12	10	(18)	(12)	(11)
Comprehensive Gain/(Loss)	(735	(321)	(464)	(416)	(948)	(455)	(1,379)	(1,846)	(3,261)
Loss per share basic and diluted	(0.01)	-	-	-	(0.01)	-	-	(0.01)	(0.02)

Factors Affecting Quarterly Results

Quarterly fluctuations mainly reflect the level of exploration activity, the expensing of stock based compensation, and foreign exchange fluctuations arising from movements of the CAD exchange rate against the Unites States dollar. Other administrative cost variations are generally not significant.

The operating loss for the three and six months ended March 31, 2019 together with the prior year comparatives are detailed in the table which follows:

	Six months ended		Three months ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Amortization	14,920	14,919	7,460	7,459
Foreign exchange	(311)	18,140	14,801	44,678
Office and miscellaneous	28,962	69,669	8,272	34,394
Management and consulting fees	72,000	56,500	36,000	36,000
Professional fees	28,617	66,806	15,967	60,056
Directors' fees	92,500	95,000	45,000	47,500
Shareholder communication	-	36,141	-	15,649
Transfer agent and regulatory fees	20,986	29,666	13,764	21,996
Travel and promotion	27,002	11,433	10,351	6,949
Exploration expenses : licence fees	452,237	328,744	452,237	328,744
: other	299,814	696,680	103,522	355,439
Banking fees and interest charges	34,352	2,348	19,863	1,126
Interest income	(397)	(436)	(397)	-
Gain/(Loss) for the period	(1,070,682)	(1,425,610)	(726,841)	(959,990)
Currency translation adjustment	14,457	22,001	(8,851)	11,662
Total Comprehensive Gain/(Loss) for the Period	(1,056,225)	(1,403,609)	(735,692)	(948,328)

Liquidity and Capital Resources

As March 31, 2019, the Company had cash of $26,868 compared to $350,886 at September 30, 2018. The Company had a working capital deficit of $1,450,317 compared to a deficit of $382,003 as at September 30, 2018. The extent of the working capital deficit and the immediate cash requirements to settle annual property payments and service debt emphasize the Company's need for financing. (Refer Going Concern note page 10).

As a mineral exploration and evaluation company with no current production or revenue from mining operations, the Company's cash flows consist 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, result in 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 exploration and evaluation of its resource properties and 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 March 31, 2019:

Shares	169,699,855
Warrants	25,748,250
Options	10,400,000

Full details of share issuances as well as warrant and option transactions are provided in notes 9, 10 and 11 to the interim consolidated financial statements for the period ended March 31, 2019.
All warrants expired unexercised on May 2, 2019.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the six months ended March 31, 2019, transactions with related parties were:

		2019		2018
Directors fees paid or accrued*	$	92,500	$	95,000
Management and consulting fees paid or accrued to CEO and CFO	$	72,000	$	72,000
	$	164,500		167,000

Since January 1, 2018 payment of directors' fees has been deferred, and as at March 31, 2019, accounts payable and accrued liabilities included $284,620 (September 30, 2018 - $165,000) accrued as directors' fees disclosed above.

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 March 31, 2019, AUD$750,000 was due to Resolute, and interest amounting to $38,763 had been accrued. A previous director of the Company is also the managing director and CEO of Resolute.

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.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Security of title also requires successful resolution of unpaid licence fees for the year 2019.

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 in note 11 of the Annual Consolidated Financial Statements for the year ended September 30, 2018.

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 in Note 10 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.

Management has determined that it controls KGL Somituri SARL as the Company directs the business of the partnership and no one investee can effect a change in this control, and have consolidated the operations of KGL Somituri SARL in these financial statements. Management has determined that the Company has significant influence in Isiro (Jersey) Limited and KGL Isiro SARL based on their current ownership interest in these entities and their ability to affect the operating and capital decision-making and have accounted for the operations of these entities using the equity method of accounting. Management has determined that the Company does not have joint control due to the terms of the Joint

Venture Agreement with Randgold Resources Limited, relating to Isiro (Jersey) Limited and KGL Isiro SARL. The Joint Venture Agreement sets out that the decision-making rights are based on voting interest; as a result no joint arrangement exists.

Determination of tax assets

Management applies judgement in the determination of tax assets relating to resource properties and tax losses in the DRC.

International Financial Reporting Standards ("IFRS")

Note 3 to the annual consolidated financial statements for the year ended September 30, 2018 sets out significant accounting policies in accordance with IFRS.

BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, International Financial Reporting Standards ("IAS34"), and do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2018 and notes thereto, which were prepared in accordance with International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated interim financial statements were authorized for issue by the Board of Directors on May 28, 2019. The interim 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 (note 3) 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 March 31, 2019.

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 six months ended March 31, 2019, the Company reflected an operating loss of $1,070,682 (2018: Loss $1,425,610), and as of that date, the Company's deficit was $87,783,965 (September 30, 2018 - $86,713,283). 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. These factors and the current working capital deficit of $1,450,317 which includes outstanding 2019 property licence fees and repayment of a secured loan now overdue, create material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's existence is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, the achievement of profitable operations, or the ability to dispose of its interests on an advantageous basis.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Bid Bond	Loans and receivables
Receivables	Loans and receivables
Reclamation bonds	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Bid bond payable	Other financial liabilities

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 March 31, 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 March 31, 2019, the liquidity risk is high as the Company has a working capital deficiency of $1,450,317 (September 30, 2018 - $382,003), and annual property licence fees are overdue. 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.

As disclosed in the Capital Stock and Financing section, the Company has entered into and drawn down on a loan agreement for an A$750,000 secured term credit facility from major shareholder Resolute (Treasury) Pty Ltd, a subsidiary of ASX-listed Resolute Mining Limited. The loan was due for repayment on March 14, 2019 and has not yet been repaid. (Refer Going Concern)

The Companies most recent prior financing raised $10,909,000 in gross proceeds through private placements during the year ended September 30, 2016.

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 March 31, 2019, the Company had cash of USD $6,253, reclamation bonds of USD $279,939, and accounts payable and accrued liabilities of USD $321,282. As at March 31, 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 not determined the extent of the impact of the above standards and does not plan to early adopt these new standards.

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 three months ended March 31, 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 three months ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As at May 28, 2019, the Company had 169,699,855 common shares outstanding. If the Company were to issue 10,400,000 common shares upon conversion of all its outstanding options it would raise $1,040,000.

QUALIFIED PERSON

The scientific and technical data included in this MD&A has been reviewed by Howard Fall, B.Sc., Ph.D., MAusIMM CP (Geo), a consultant to the Company, and a Qualified Person pursuant to National Instrument 43-101.

ADDITIONAL INFORMATION

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