Management Discussion and Analysis of the unaudited interim Consolidated Financial Statements
For the three months ended December 31, 2014

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KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the three months ended December 31, 2014

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is prepared as at February 20, 2015 and provides an analysis of the Company's performance and financial condition for the three months ended December 31, 2014 ("the Quarter").

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended December 31, 2014, including the related note disclosure. The Company's unaudited interim financial statements are presented on a consolidated basis with its subsidiaries Kilo Goldmines Inc. and KGL Somituri SPRL and the partnership interests described in the notes to the financial statements, 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.kilogold.net.***

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. is a junior resource company with gold exploration properties in the Democratic Republic of the Congo ("DRC"). The Company is currently 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. Continuing ongoing exploration to date has 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 longer term objective is to create a multi-pit operating mine of regional significance. The Company is also engaged in a joint venture with Randgold Resources Ltd. ("Randgold") for gold exploration on certain of the Company's other properties, initially held in the KGL-ERW SPRL entity and, for purposes of the current Randgold joint venture, now held in KGL Isiro SARL.

Principal Business and Corporate History

Kilo Goldmines Ltd. (the "Company") 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.

The Company is in the process of exploring its mineral resource properties and intends to devote the majority of its efforts to these properties. To date, the Company has not generated revenues and is considered to be in the development 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".

Corporate Developments

With effect from October 8, 2014, the Company appointed Mr Michael Skead as Interim President and CEO, following the resignation of Mr Alex van Hoeken.

Mr Skead is the Vice President Project Evaluation with Dundee Resources Limited and is a professional geologist with over 25 years of experience in exploration and project evaluation, with particular emphasis in the east and central Africa regions. As relates to his appointment to Kilo, Mr Skead has significant experience in the Democratic Republic of the Congo ("DRC") where, from 2004 to 2007, he served as the Vice President of Exploration for Banro Corporation ("Banro"). During his tenure at Banro, Mr Skead oversaw the evaluation of the Twangiza and Namoya Projects.

At the Annual 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 March 31, 2014 on a consolidated basis under the new CUSIP number 49427Y503. The Company continues trading under the KGL symbol.

The Company closed a non-brokered private placement for gross proceeds of $6.0 million on May 2, 2014. Further particulars of this financing are provided in the 'Capital Stock and Financing' section below.

The recent key developments have been the release of the Kitenge/Manzako NI 43-101 resource report and the updating of the Adumbi resource announced in January 2014. In addition, encouraging results have been received from work carried out by Randgold Resources plc ("RRL") under the Joint Venture ("JV") on the KGl Isiro SARL ("Isiro") licences in the DRC.

Randgold is financing all exploration on the Isiro licences for which they will obtain incremental ownership based on milestone events. Randgold has up to five years to establish a pre- feasibility study and a joint venture committee is managing the exploration programmes which will rely on knowledge and expertise from both companies.

The terms of the agreement are:

- RRL to earn 51% for the completion of a pre-feasibility study ("PFS")
- KGL to retain the right to maintain 49% post PFS
- RRL to earn 65% for the completion of a bankable feasibility study ("BFS") should KGL not contribute post PFS
- KGL equity to convert to 1.5% royalty if diluted to 10% or less
- KGL keeps the exploration rights to all minerals not associated with gold

- PFS to be completed within 5 years (December 6, 2017)
- BFS to be completed within 1 year after PFS, or such longer time to be agreed by the parties

Kilo continued with its agreement for a progressive buy out of its 25% minority partner, Suez Holdings Ltd, which has a free carried interest through production for non-iron commodities in the Isiro licences under the current Kilo – Suez JV agreement.

The transaction involves an aggregate of 635 000 USD in cash and 356 000 shares over a 6 year period. To date the Company has acquired 14% of Suez's (25%) interest through the payment of $75,000 and the issuance of 30,000 shares with a further 5,000 shares still to be issued to complete this portion of the buyout. (Share numbers are reflected on a post-consolidation basis). The transaction has been approved by the TSXV.

Overall Performance

The Company's activities are focused on continuing its exploration and evaluation programs on its existing properties in the Democratic Republic of the Congo, investing approximately net $666,828 in the three months ended December 31, 2014. The Exploration section below sets out in greater detail the activities on the various properties during the period. The operating loss for the three months ended December 31, 2014 was $207,797 compared to an operating loss of $303,598 for the comparable period ended September 30, 2013.

Capital Stock and Financing

In November 2013 the Company issued 30,000 (post-consolidation) shares to Masters SPRL in fulfillment of final obligations relating to the now discontinued KGL Masters SPRL project.

In April 2014 the Company issued 5,000 (post-consolidation) shares in the second phase of its buyout of Suez interests described in the Corporate Developments section to complete the second phased buyout, which consisted of $25,000 plus 5,000 (post-consolidation) shares.

On May 2, 2014 the Company completed a non-brokered private placement, for gross proceeds of $6.0 million. The offering consisted of 24,000,000 Units, each unit comprising one common share and one common share purchase warrant to acquire one additional common share until May 2, 2019. Warrants are exercisable at $0.35 during the first two years, and at $0.50 for the next three years. In connection with the offering the Company paid $66,623 as Finders' fees, issued 740,880 units in lieu of cash fees, and issued 1,007,370 Finders' warrants, each exercisable to acquire one common share of the Company at a price of $0.25 until May 2, 2019.

In December 2014, the Company undertook to issue 5,000 shares in the third phase of its buyout of Suez interests described in the Corporate Developments section to complete the third phased buyout, which consists of $50,000 plus 5,000 (post-consolidation) shares.

EXPLORATION AND OPERATIONS

KGL SOMITURI SPRL

The Somituri Project consists of eight *Permis d'Exploitation* ("PE") (Exploitation Licence), held 71.25% by KGL Somituri Sprl and valid until 2039, covering 606 square kilometres of the Ngayu Archaean Greenstone Belt in Oriental Province of the Democratic Republic of Congo.

Each permit has been allocated a name, and is referenced in the exploration discussion below accordingly as follows: Gambi (PE137), Boroda (PE138), Nane (PE140), Imbo (PE9691), Ngazi (PE9692), Mpaka (PE9693), Embolim (PE9694) and Dhahabau (PE9695). During the year ended September 30, 2014 it was determined that permits PE 9693 and PE 9694 should be relinquished, and as a consequence a write-down of $1,748,297 was recorded against Resource Properties.

The properties are underlain by Upper Kibalian, clastic and chemical metasedimentary rocks including banded iron formation ("BIF"), metavolcanics, schists, localized dioritic intrusives and the occasional felsic dyke, with the exception of the Mpaka and Embolim Licences. The western half of the Embolim Licence is underlain by Upper Kibalian rocks, and the eastern half is underlain by basement granitic rocks. The Mpaka Licence is entirely underlain by basement granitic rocks.

Commencing April 2014, the Company engaged a new team of geologists who have done an extensive review of the geological data and operational methodology to establish a sound base for the next phase of exploration.

Exploration work conducted in the period October 1, 2014 to December 31, 2014 is summarised below.

Imbo

Geological mapping was carried out over the Kitenge and Manzako prospects. The positions of outcrops, colonial-era and subsequent artisanal areas of exploitation were delineated, and drill collars, trenches and roads were recorded and plotted at a scale of 1:500.

The baseline established in 2010 from the Adumbi prospect southeast to the Kitenge prospect as well as the baseline on the Manzako prospect were re-established by a professional surveyor and concrete markers with a steel pin were placed every 200 metres. Three survey control stations, within the Somituri project exploration camp near the Adumbi prospect, were established. Accurate surveys have been carried out of all drill hole collars, trenches and adit portals at Adumbi, and surveying of topographic profiles along drilling sections is in progress. Surveying of all Kitenge and Manzako drill hole collars, artisanal workings and geographic features has been completed.

Analytical Solutions Ltd, a Toronto based consulting firm, reviewed the soil geochemical data for the Imbo Licence. The review concluded that the soil geochemical data supported the lithological interpretation based on an interpretation of the airborne magnetic and radiometric survey data; metasedimentary and metavolcanic domains were identifiable by the element associations and these domains coincided with the interpreted lithological domains. Six exploration target areas, void of any known historical or current exploitation, were defined by anomalous gold-in-soil values overlying metavolcanic rocks. In addition, two areas underlain by metasedimentary rocks were delineated as gold-in-soil anomaly exploration targets.

The London UK office of Roscoe Postle Associates Inc ("RPA"), a Toronto based consulting firm, finalised mineral resource estimates for the Imbo licence gold deposits, and an updated NI 43-101 report was released on January 30, 2014. The RPA report concluded 20.78 million tonnes grading 2.5 g/t Au for 1.675 million ounces gold in three prospects, namely Adumbi, Kitenge and Manzako. RPA considered Adumbi exploitable as an open pit operation and both Kitenge and Manzako exploitable as underground operations. Further details are presented in the press release dated January 30, 2014, and the full report may be found on SEDAR and on the Company's website, www.kilogoldmines.com.

All of the 2010 and 2011 drill core and trench sample rejects that were in storage at ALS Minerals in Mwanza, Tanzania were transported back to a Kilo site in the DRC.

The review of Adumbi drilling data by the new geological team has included detailed re-logging of all drill hole core, and the plotting of data on cross sections, long sections and plans at a scale of 1:500. This work has led to a more in depth analysis of structural controls on mineralization focussing on delineating high grade structural controls. This is being assessed in conjunction with previously completed detailed underground mapping with the objective of defining additional down-plunge drill targets. Wireframe modelling of mineralization and structural features is being re-evaluated accordingly and is on-going.

Of particular interest at Adumbi is the identification of an intensely altered and structurally deformed zone where the primary features of the host rock have been destroyed. This zone of replaced rock (RP Zone) can be traced along strike for 840 meters and down dip to 275 meters below surface. The average true width and weighted average grade of all drill hole intersections in the RP zone is 4.91 meters at 5.44 g/t Au, whilst In the central 480 meter portion of the prospect the average is 6.41 meters @ 6.25 g/t Au. The RP Zone has several higher-grade shoots that plunge steeply to the northwest at 80°. These will be targeted in the upcoming planned drill program. The orientation of the high grade RP shoots is similar to the fold axes mapped in the colonial underground workings.

Re-logging of 15,298 meters of diamond drill core and construction of cross and long sections at the Kitenge prospect has been completed. Lithological, alteration and mineralization wireframes have been completed.

At the Manzako prospect, re-logging of 8,286 meters has been completed as has the drawing of cross sections and long sections. Lithological, alteration and mineralization wireframes are in the process of being constructed.

Detailed geological mapping has been completed over the Adumbi West target, which is possibly the faulted extension of the Adumbi prospect trend. The Adumbi West target is defined by a two kilometre long magnetic anomaly which has very similar characteristics to the principal Adumbi prospect. Coincident with this magnetic anomaly is a low level gold-in-soil geochemical anomaly. However, the area covering the Adumbi West target is interpreted to be overlain by transported overburden of varying thickness, which is probably masking the underlying geochemical response. The low level soil geochemical anomaly is most likely a result of bioturbation (plant and animal activity). Several zones of artisanal mining activity are present on the flanks of the strong magnetic feature where the artisanal miners are typically focussing on high grade quartz veins. Following a successful orientation survey over known mineralization at Adumbi and Kitenge, a systematic pole-dipole Induced Polarization (IP) geophysical survey has commenced over the coincident magnetic and gold-in-soil anomalies at Adumbi West, with the view to defining zones of mineralization for drill testing. To assist with interpretation of the IP data, core samples were sent to Systems Exploration in Australia for geophysical properties testwork.

Systematic bulk density determinations are in progress on all drill core from Adumbi. Measurements are being taken at 1 m intervals within the mineralized zones, and at 2 m intervals in unmineralized rock. This work will be extended to include Kitenge and Manzako in 2015.

Planning of a detailed stream sediment sampling program over the whole of the Imbo licence has been completed, and will commence in March 2015. A total of 166 sampling sites have been selected using satellite imagery, with an average catchment area of 0.75 km^2.

Ngazi

Analytical data for the 4,500 in-fill soil samples collected during April to June 2013 was received near the end of 2013. In February 2014, a data compilation concluded the delineation of a four kilometre long gold-in-soil anomaly along the margin of banded iron formation ("BIF") that intersects a cluster of anomalous gold-in-soil values analogous to gold-in-soil values over the Adumbi deposit. The structures are interpreted as intersecting shear zones at a fold nose in BIF. Multiple additional anomalous gold-in-soil values within BIF and metasedimentary/metavolcanic rocks were also delineated. Further details are presented in a press release dated February 18, 2014.

Exploration was not conducted on the Ngazi, Nane, Gambi, Boroda, Mpaka, Embolim and Dhahabau Licences during the three months to December 31, 2014. The Company intends to relinquish the Mpaka and Embolim licences.

Other properties:

Kilo – Randgold joint venture

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.

A soil geochemical survey commenced on the joint venture ("JV") properties in late 2013 and continued throughout 2014. Kilo provided technical and casual labour as well as logistical support to Randgold, the project operator.

On three (3) of the five (5) Nagayu Exploration Licenses a total of 10,656 soil samples have been collected. Grid and sample spacing on two of the licences is 100 metres by 50 metres respectively while on the third licence it is 200 metres by 100 metres respectively. The soil sampling program defined eight (8) gold-in-soil geochemical anomalies of which five (5) have received follow up work in form of detailed mapping, pitting and trenching. The Yambenda target is a 3.6 km long northwest trending >100 ppb Au gold-in-soil anomaly that is associated with sheared and folded banded ironstone formation lithologies. A total of 3 trenches, 208 pits and 276.5 km^2 of mapping was completed during 2014. Trenching of the most robust gold-in-soil anomaly has not intersected significant saprolite at safe depths and alternate exploration techniques are explored to test gold-in-soil anomalies.

A total of 8,870 soil samples have been collected on a staggered 400 metre by 200 metre grid on five (5) of the seven (7) Isiro Greenstone Belt Exploration Licences. Five (5) moderate tenor (30 ppb – 120 ppb Au) gold-in-soil anomalies have been defined. These gold-in-soil anomalies are associated with folded and sheared banded ironstone formation and metasediments.

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

EXPLORATION EXPENDITURES

The table below sets out the expenditures for the three months ended December 31, 2014:

For the three months ended December 31, 2014, gross expenditure on the KGL-Somituri properties was $666,828 compared with a spend of $760,475 during the comparable period in 2013. Activities for the period are discussed in the exploration section above.

	KGL-Somituri	KGL Isiro	Total
Acquisition and sustaining costs	-		-
Drilling	-	-	-
Helicopter support	-	-	-
Project Camp	168,179	-	168,179
Professional fees	143,120	-	143,120
Project management/ Administration	70,931	-	70,931
Geological and Geochemical	192,281	-	192,281
Travel	80,291	-	80,291
Other	12,026	-	12,026
Current Quarter spend	**666,828**	**-**	**666,828**
Currency Translation Adjustments	1,729,646	14,920	1,744,566
Balance beginning of year	41,571,302	421,299	41,992,601
Balance December 31, 2014	**43,967,776**	**436,219**	**44,403,995**

For the comparable period ending December 31, 2013 the project expenditures were as follows:

	KGL-Somituri	KGL Isiro	Total
Acquisition and sustaining costs	-	25,000	25,000
Drilling	-	-	-
Helicopter support	58,210	-	58,210
Project Camp	131,055	-	131,055
Sampling	98,731	-	98,731
Professional fees	238,402	-	238,402
Project management/ Administration	82,321	-	82,321
Geological and Geochemical	87,852	-	87,852
Travel	43,210	-	43,210
Trenching	-	-	-
Other	20,694	-	20,694
Current Quarter spend	**760,475**	**25,000**	**785,475**
Currency Translation Adjustments	1,199,899	10,579	1,210,478
Balance beginning of year	36,908,069	278,116	37,186,185
Balance December 31, 2013	**38,868,443**	**313,695**	**39,182,138**

The currency translation adjustments reflects movements in the CAD$/US$ exchange rate on translating values from the partnership accounts, expressed in the functional currency of United States dollars, into the presentation currency of these interim consolidated financial statements which is Canadian Dollars.

RESULTS OF OPERATIONS

The Company is currently engaged in mineral exploration and evaluation, and does not generate revenues from operations. Costs related to the acquisition and exploration of mineral properties are capitalized by property, whilst regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada are expensed.

The operating loss for the three months ended December 31, 2014 was $207,797 as compared to a loss of $303,598 for the three months December 31, 2013. Favourable foreign exchange movements account for $113,740. Management and consulting fees increased by $69,200 due to a higher level of compensation for the Interim CEO, combined with a handover period with the outgoing CEO. Costs in most other categories were generally lower than the comparative prior year period.

The movement in the currency translation adjustment reflects the appreciation of the US dollar against the Canadian dollar during the twelve month period.

During the three months ended September 30, 2014 the Company was served with a claim filed in connection with the termination of a consulting agreement. The claim calls for damages totaling $321,000 plus undetermined special damages. The Company is currently assessing its options and believes it is too early to assess the outcome and therefore has not recorded any provision in these financial statements.

	Three months ended	
	31-Dec-14	**31-Dec-13**
Amortization	28,870	43,043
Foreign exchange	(160,091)	(46,351)
Office and miscellaneous	36,259	44,071
Management and consulting fees	146,000	76,800
Professional fees	13,262	35,214
Directors' fees	40,000	32,000
Shareholder communication	43,312	30,540
Share-based payments	40,090	44,383
Transfer agent and regulatory fees	(3,889)	2,432
Travel and promotion	22,153	35,803
Exploration expenses written off	-	6,000
Banking fees	2,274	1,970
Interest income	(443)	(2,307)
Gain/(Loss) for the period	(207,797)	(303,598)
Currency translation adjustment	1,746,801	1,230,430
Total Comprehensive Gain/(Loss) for the Period	1,539,004	926,832

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the current quarter ending December 31, 2014 and historically for the preceding eight quarters:

Financial Year	2015	2014				2013			
$'000	Dec 2014	Sept 2014	June 2014	Mar 2014	Dec 2013	Sept 2013	June 2013	Mar 2013	Dec 2012
Net revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(208)	(1,509)	(717)	(54)	(304)	(709)	(433)	(2,393	(569)
Currency translation adjustment	1,747	1,214	(978)	1,557	1,230	(879)	1091	665	366
Comprehensive Gain/(Loss)	1,539	(288)	(1,695)	1,503	926	(1588)	658	(1728)	(203)
Net gain/loss, per share basic and diluted	Nil	Nil	(0.04)	0.05	Nil	Nil	0.02	0.01	Nil

Factors Affecting Quarterly Results

September quarters of 2014 and 2013 as well as March quarter of 2013 reflect the write-down of resource properties. Other fluctuations in quarterly results arise mainly from timing of expensing costs related to the issuance of stock option compensation and to foreign exchange fluctuations. Other administrative cost variations are generally not significant, with the exception of March quarter 2014 and December quarter 2013 which reflect cost savings implemented over these periods, including reductions affecting director and senior management compensation.

Liquidity and Capital Resources

As at December 31, 2014, the Company had cash resources of $4,912,502 compared to $5,917,032 at September 30, 2014. The Company had working capital of $4,515,487 compared to working capital amounting to $5,103,757 as at September 30, 2014.

Management believes the Company's cash position will be sufficient to meet current planned operating expenditures and anticipates raising further funds to meet future phases of exploration and development.

As a mineral exploration and development 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. There have not been any changes to the overall capital risk management strategy during the three months ended December 31, 2014.

Treasury Summary

Following the share consolidation effected on March 28, 2014, and the private placement financing in May 2014, the Company had the following outstanding as at December 31, 2014:

Shares	56,680,869
Warrants	36,040,915
Options	3,141,625

Full details of share issuances as well as warrant and option transactions are provided in notes 8, 9 and 10 to the unaudited interim financial statements for the three months ended December 31, 2014.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the three months ended December 31, 2014, transactions with related parties were:

		2014		2013
Directors fees	$	40,000	$	32,000
Management and consulting fees paid to CEO and CFO	$	146,000	$	76,800
Legal fees paid to BTM Lawyers and MBM-Conseils, legal firms of which a member is the spouse of the former CEO	$	5,290	$	6,320

Included in share-based compensation for the three months ended December 31, 2014 is $38,082 (2013 - $44,383) related to stock options granted to management and directors, and included in the additions to resource properties for the three months is an allocation of $13,083 (2013 – $10,426) related to stock options granted to management.

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 and business partnerships.

CRITICAL ACCOUNTING ESTIMATES

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 Mineral Properties and Deferred Exploration Costs

The Company assesses all mineral property and deferred exploration costs and 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.

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 notes 9 and 10 of the Interim Financial Statements for the three months ended December 31, 2014.

International Financial Reporting Standards ("IFRS")

Note 3 to the audited consolidated financial statements for the year ended September 30, 2014 sets out significant accounting policies in accordance with IFRS.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the 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 February 20, 2015.

The accounting policies applied in these condensed consolidated financial statements have been applied consistently in all periods presented unless otherwise stated, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2014 together with the notes thereto.

The policies applied in the Company's interim consolidated financial statements for the three months ended December 31, 2014, are based on IFRS effective as of that date. Consolidated financial statements have been prepared on the historical cost basis and are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar.

The consolidated financial statements for the three months ended December 31, 2014, 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 three months ended December 31, 2014, the Company reflected an operating loss of $207,797 (2013: Loss $303,598), and as of that date, the Company's deficit was $31,586,654 (September 30, 2014 - $31,378,857). The Company has sufficient cash resources to meet its operating obligations for at least twelve months from the end of the reporting period, but intends to raise financing to fund further exploration. 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.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

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

Fair Values

Except as disclosed elsewhere in these 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.

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

Credit risk

The Company is not exposed to any significant credit risk as at December 31, 2014. The Company's cash and cash equivalents are on deposit with a highly rated banking group in Canada and holds limited funds in a reputable financial institution in the DRC.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had current assets of $5,356,254 and current liabilities of $840,767. 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. Current working capital of the Company is $4,515,487 as at December 31, 2014. As disclosed in the Capital Stock and Financing section, the Company raised $6.0 million gross in May 2014, through a private placement.

Market risk

(i) Interest rate risk

The Company has significant cash and cash equivalents balances and it has no interest-bearing debt. 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. As at December 31, 2014, the Company had cash of $3,611,084 and accounts receivable of $307,291 United States Dollars and accounts payable and accrued liabilities of $511,585 United States Dollars. As at December 31, 2014, the Company had accounts payable of 55,159 United Kingdom Pounds Sterling; and accounts payable of 22,322 South African Rand.

(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 9 (Financial Instruments: Classification and Measurement), effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2015, and has not yet determined the potential impact on the Company's consolidated financial statements.

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 and CFO have evaluated whether there were changes to the ICFR during the three months ended December 31, 2014, 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 December 31, 2014, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As at February 20, 2015 the Company had 56,680,869 common shares outstanding. If the Company were to issue 36,040,915 common shares upon conversion of all its outstanding warrants and 2,461,625 common shares upon conversion of all its outstanding options it would raise $26,196,566.

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.