

# **ALTUS STRATEGIES PLC**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED DECEMBER 31, 2017**

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**GENERAL**

This discussion and analysis ("MD&A") of financial position and results of operations is prepared as at April 30, 2018 and should be read in conjunction with the annual consolidated financial statements of Altus Strategies plc (the "Company" or "Altus" and together with its subsidiaries "the Group") for the year ended December 31, 2017 and the related notes thereto. Those annual consolidated financial statements are the first financial statements that the Company has prepared in accordance with International Financial Reporting Standards ("IFRS"). Those financial statements have been prepared using accounting policies in compliance with IFRS as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting IFRS (except as otherwise stated). Except where otherwise noted, all figures included herein are quoted in pounds sterling ("GBP"). Additional information on the Company's activities can be found on <https://beta.companieshouse.gov.uk/> and on the Company's website at [www.altus-strategies.com](http://www.altus-strategies.com).

**DESCRIPTION OF BUSINESS**

Altus is a public limited company incorporated and domiciled in England and Wales. The Company's shares are listed on the AIM Market of the London Stock Exchange ("AIM") under the symbol 'ALS'.

The Company's principal activity, undertaken through its subsidiaries, is the exploration for economic mineral deposits in Africa. Altus operates a 'Project Generator' business model whereby having discovered a potentially economic project the Company seeks third party capital to fund its further exploration and development. This strategy enables Altus to remain focused on the acquisition of new opportunities to be fed into the project generation cycle and aims to minimise equity dilution at the parent company level.

The Company's business model is designed to create a growing portfolio of well managed and high growth potential projects, diversified by commodity and by country. Altus currently has seventeen projects in six commodities across six African countries, covering more than 4,000km<sup>2</sup>. Altus aims to position its shareholders at the vanguard of value creation, but with a significant reduction in the risks traditionally associated with investments in the mineral exploration sector.

**FORWARD LOOKING INFORMATION**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Altus's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project and other factors.

The operating plan is also dependent on being able to raise new equity funds as required to ensure there are sufficient capital resources to acquire and explore new properties. Other factors which affect Altus's operating plan are gaining access to exploration properties by concluding agreements with local communities, and commodity prices. If any of these factors are affected negatively, such as joint venture partners being unable to raise sufficient capital to complete option agreements or if the Company is unable to raise sufficient capital of its own, there will be a significant impact on the Company's operating plan and on any forward-looking statements contained herein.

Any references made in this report to historical information, including historical geologic and technical information cannot be verified. A Qualified Person has not verified the sampling, analytical, and test data underlying any such historical information. The Company has obtained historical information from sources that it believes to be reliable and assumes it is accurate and complete in all material aspects. While the Company has carefully reviewed the available historical information, it cannot guarantee its accuracy and completeness. The forward looking information and statements included in this announcement are expressly qualified by this cautionary statement and are based on the beliefs, estimates and opinions of the Company on the date of this announcement. Except as required by securities laws the Company does not undertake any obligation to publicly update or revise any forward looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

## **2017 HIGHLIGHTS**

Altus had a pivotal year in 2017 and is on path to becoming one of the leading diversified mineral exploration companies operating in Africa.

### **Corporate highlights:**

- Share exchange with Altus Exploration Management Ltd (formerly Altus Strategies Ltd)
- AIM IPO and placement of 11,100,000 shares at £0.10 raising £1.1m before expenses
- Definitive Arrangement Agreement with TSX-V listed Legend Gold Corporation (“Legend”)
- Preparations to dual list on the TSX-V

### **Operational highlights:**

- Completion of a 4,226 soil sample & 900 line km ground magnetic survey at Laboum gold project in Cameroon
- Discovery of numerous mineralised, altered structures at Agdz copper-silver project in Morocco
- Grant of 412km<sup>2</sup> Daro copper-gold licence in Ethiopia and 466km<sup>2</sup> Zolowo gold licence in Liberia
- Termination of MoA with JOGMEC on Tigray-Afar copper-silver project in Ethiopia with JOGMEC having invested approximately US\$3.0M
- JV partner Canyon Resources Ltd in discussions to develop a bauxite operation in Cameroon

### **Financial highlights:**

- Cash on hand and marketable securities of £1,124,878 (2016: £888,308) as at 31 December 2017
- Exploration expenditure incurred of £556,447 (2016: £512,636)

### **Post year end:**

- Completion of Plan of Arrangement with Legend with 41,060,256 shares issued
- Exploration programmes in Cameroon, Liberia, Morocco, Ivory Coast, Mali and Ethiopia
- Exploration results from Agdz (copper), Zolowo (gold), Daro (copper-gold) and Soa (gold) projects
- Grant of 369.5km<sup>2</sup> Prikro gold licence in Côte d'Ivoire and 96km<sup>2</sup> Zaer copper licence in Morocco
- Placement of 27,391,616 units at C\$0.15 (one share and one five year share purchase warrant at C\$0.30) raising C\$4.1 million (£2.3 million) before expenses
- Conditional approval received to list on the TSX-V

## **ACTIVITY REPORT**

In August 2017 the Company completed an Initial Public Offering (“IPO”) of its shares on the AIM Market of the London Stock Exchange (“AIM”). Coincident with the IPO, the Company issued 11,000,000 new Ordinary shares to raise gross proceeds of £1,100,000 by way of a private placement with new and existing investors. Prior to the IPO, on 14 June 2017, the Company undertook a share for share exchange with the shareholders of Altus Strategies Ltd

("ASL"). Subsequent to the exchange ASL became a 100% subsidiary of the Company and was renamed Altus Exploration Management Ltd. The transaction has been treated as a group reconstruction and accordingly the financial information for the current and comparative year has been presented as if ASL had been owned by Altus Strategies plc throughout the current and prior year.

In November 2017, Altus announced a definitive binding arrangement agreement with TSX-V listed Legend Gold Corp. ("Legend") by way of a Plan of Arrangement (the "Arrangement") under the Business Corporations Act of British Columbia in Canada. Legend held a portfolio of six gold projects in western and southern Mali including:

- The Diba gold project, where historic drilling has reportedly intersected 13.88 g/t Au over 8m and which hosts an oxide gold resource, approximately 13km from the Sadiola gold mine;
- The Lakanfla project, where historic drilling has reportedly intersected 9.78g/t Au over 12m and 5.2g/t Au over 16m and which hosts a potential karst style deposit, approximately 6km from Sadiola;
- The Djelimangara, Sebessoukoto Sud and Tabakorole gold projects; and
- The Pitangoma Est gold project which is subject to a joint venture with Resolute Mining Ltd.

The Arrangement completed on 30<sup>th</sup> January 2018. Each Legend shareholder received three Altus shares for each Legend share they held. Altus issued a total of 41,060,256 new Ordinary Shares with a deemed value of £3.4m / C\$5.6m. Upon the closing of the Arrangement, the former Legend shareholders represented approximately 27.6% of the then enlarged Altus share capital. All outstanding Legend Warrants were agreed to be exchanged for replacement Altus Warrants.

As part of the Arrangement the Company welcomed Michael Winn, the former CEO and Chairman of Legend, to the board as a non-executive Director, with Dave Miles joining as CFO and Demetrius Pohl and Ambogo Guindo joining as strategic advisors.

In addition to these various corporate developments, the Group accelerated its project generation activities in Africa during 2017 as follows:

- In central Morocco the Group announced the discovery of numerous mineralised epithermal structures at its 59.7km<sup>2</sup> Agdz copper-silver project. The project is located approximately 14km southwest of the Bouskour copper mine which is operated by the Moroccan mining group Managem.
- In northern Cameroon at the 189km<sup>2</sup> Laboum gold project the Group completed a 4,226 sample infill soil programme and a 900 'line km' long ground magnetic survey. Those programmes resulted in the discovery of a series of quartz veins which have returned a number of high grades up to 24.5 g/t Au.
- In central Cameroon at the 601km<sup>2</sup> Birsok and Mandoum bauxite project the Group's ASX-listed joint venture partner Canyon Resources Ltd reported further progress in its discussions with government.
- In northern Ethiopia the Group's joint venture partner Japan Oil, Gas and Metals National Corporation "JOGMEC" concluded a third phase drilling programme at the Group's 322km<sup>2</sup> Tigray-Afar copper-silver-gold project. The joint venture was terminated in November, with JOGMEC having invested approximately US\$3.0M.
- In northern Ethiopia, the Group was granted the 412km<sup>2</sup> Daro copper-gold licence approximately 95km to the west of Tigray-Afar. Results announced after the year end indicate the discovery of a potential copper and gold bearing Volcanogenic Massive Sulphide ("VMS") system.
- In western Liberia the Group was granted the 466km<sup>2</sup> Zolowo gold exploration licence at which numerous artisanal gold workings have been discovered draining from a 33km long Archaean age greenstone gold belt.

## **OPERATIONS REPORT**

The Company's project generation focus is on the vast continent of Africa, as this is where management believes economic mineral deposits can still be discovered cropping out at surface. This means discoveries may be made faster and more cost efficiently than in more mature destinations, where there's an increasing reliance on expensive drilling or new technologies.

During 2017 new exploration licences were granted to the Group in Ethiopia (Daro, copper-gold) and Liberia (Zolowo, gold) and applications were submitted in Côte d'Ivoire (gold) and Morocco (Tungsten and copper). After the year the Group acquired a portfolio of six gold projects in Western and Southern Mali through its transaction with Legend. Also, after the end of the year the Group was granted its first project in Côte d'Ivoire (Prikro, gold).

At the time of writing, Altus has a diversified portfolio of seventeen precious metal (gold and silver) and base metal (copper, tungsten, aluminium and iron ore) exploration projects, across six African countries (Morocco, Mali, Ethiopia, Cameroon, Liberia and Côte d'Ivoire). The Company has two active joint venture partners, both listed on the Australian Stock Exchange, namely Resolute Mining Ltd (on the Company's Pitiangoma Est project in southern Mali) and Canyon Resources Ltd (on the Company's Birsok and Mandoum bauxite project in Central Cameroon).

In addition to its active exploration programmes, the Company's experienced management and exploration team are generating new opportunities to be fed into the Company's project pipeline. During 2018 the Company aims to enter mutually beneficial joint venture partnerships on its projects and consider accretive acquisitions of third party projects and project interests.

The following is a review of the Company's activities by project:

### **Morocco operations**

Altus holds three projects in the Kingdom of Morocco through its 100% owned subsidiary Aterian Resources Ltd, targeting copper, zinc, silver, gold, tin and tungsten.

#### *Agdz Copper-Silver Project, (59.7km<sup>2</sup>) Central Morocco*

Agdz is the Group's most advanced project in Morocco. It comprises four licence blocks situated in the Anti-Atlas Mountains, approximately 350km south of the capital Rabat and approximately 14km southwest of the Bouskour copper mine which is operated by Moroccan state mining group Managem.

The Company completed three separate work programmes during 2017. These programmes included 275m of reconnaissance trenching at the Makarn and Amzwaro prospects. The programme defined numerous mineralised epithermal structures and multiple alteration and breccia zones within a meta-volcanic sequence. Trench AM-T-09 exposed a series of weathered, highly altered, brecciated and fractured zones in packages over widths of up to 33m and trench AM-T-11 revealed 7.5m of alteration with variable copper oxides mapped over two closely spaced zones. After the year the Group announced that it had mapped 10 parallel hard rock mine workings within a 150m long and 90m wide area of the Minière Prospect.

The next phase of work at Agdz is expected to include a systematic trenching programme across priority targets areas. The Agdz licence is currently pending renewal.

#### *Takzim Copper & Zinc Project, (63.4km<sup>2</sup>) Central Morocco*

The Takzim project comprises four licence blocks located approximately 200km south of the capital Rabat and 35km northeast of Marrakech and 6.5km east of the historic Bir n Hass copper mine. The next phase of work at Takzim is expected to include mapping and prospecting for copper and zinc, targeting a quartz carbonate vein system.

#### *Zaer Tungsten & Tin Project, (96km<sup>2</sup>) Central Morocco*

The Zaer project comprises six licence blocks located approximately 80km south of the capital Rabat. The project is located in the Central Moroccan Hercynian Massif, which contains three large granitic plutons and several buried plutons which have been intruded into a sequence of Ordovician to Devonian aged sediments. The region hosts numerous active and historic mines and development projects for copper, tin, tungsten, lead, zinc and fluorite.

#### Other Morocco licences

After the year end on 26 February 2018 the Company announced that it had relinquished four early stage projects totalling 163km<sup>2</sup> (Oulmes, Ment, Tamatert and Ouarzazate) in Morocco as initial results, did not demonstrate sufficient scale in the Company's view to attract a future joint venture partner.

## **Ethiopia operations**

Altus holds two projects in the Republic of Ethiopia at Tigray-Afar and Daro. Both projects are held by the Company's 100% owned subsidiary Altus Resources Ltd.

### *Tigray-Afar (322km<sup>2</sup>) Copper-Silver Project, Northern Ethiopia*

The Tigray-Afar project is situated in the Tigray Regional State of northern Ethiopia, approximately 45km north of the regional centre of Mekele, 65km north of Africa's largest wind energy project at Ashegoda and 580 km north of the capital Addis Ababa. The licence targets the prospective Proterozoic volcanic and volcanoclastic terranes that form part of the Arabian Nubian Shield. The shield hosts several substantial deposits in the region including the Bisha and Asmara copper/gold deposits in Eritrea, approximately 250km north of the Tigray-Afar Project, as well as the Sukari gold mine in Egypt and the Jabal Sayid copper project in Saudi Arabia. The project area was selected on the basis of the presence of a major regional shear zone, coincident with locations of anomalous copper occurrences defined by Ethiopian Geological Survey in the 1980s. The project hosts the 'Italian Pit', an 80m long and up to 15m wide historical open pit copper mine, believed to have been worked by the Italians during the 1930s.

In September 2014 the Company announced the signing of a Memorandum of Understanding ("MoU") for a joint venture with Japan Oil, Gas, and Metals National Corporation ("JOGMEC"). The MoU granted JOGMEC the option to acquire an initial 51% interest in the project by funding US\$2.5M in expenditures prior to 31 March 2016. With three phases of drilling completed, JOGMEC fulfilled this requirement (having funded in excess of US\$3.0M).

In November 2017, JOGMEC notified the Group that the project did not fit its investment criteria and withdrew from the MoU. As a result, the Group retains 100% ownership of and title to the project and to the data generated from the MoU. The Group has since made discoveries of copper mineralisation at Asagara copper prospect located in the northern portion of the Tigray-Afar licence.

### *Slater Prospect (Tigray Afar)*

The next phase of work at the Slater prospect is expected to include the re-interpretation of results generated by the MoU and testing of gossanous outcrops that have been mapped by the Group but which have not yet been drill tested.

### *Asagara Copper Prospect (Tigray Afar)*

Mapping and prospecting during the third quarter of 2017 identified two areas of newly developed artisanal copper workings at the Asagara copper prospect. Groups of up to 50 miners have been reportedly excavating copper oxide mineralisation. Secondary copper sulphide minerals have also been identified in hand specimen.

Geological mapping by the Company at Asagara has identified semi-continuous oxide copper mineralisation over a strike length of 2.0km and along a parallel zone of 0.6km in strike length. The prospect remains open to the north and to the south. The next phase of work at the Asagara prospect is expected to include channel sampling and trenching to determine the true width of mineralisation.

### *Agamat Copper-Gold Prospect (Tigray Afar)*

The Agamat Cu-Ag-Au prospect is located in the north of the project area and hosts copper mineralisation coincident with axial planar shearing, along fold hinges, which appears to show a general association with specular haematite, pyrite and/or quartz veining proximal to the fold hinges. The Agamat prospect is associated with a significant geophysical 'VTEM' anomaly striking north-south for approximately 5km. To the south of the VTEM anomaly are gossanous outcrops within a tectonised zone up to 60m wide. Visible gold and intense carbonate-silica-pyrite (+/- gold) alteration have been observed within this zone.

The next phase of work at the Agamat prospect is expected to include mapping of the shear zones, with the aim of undertaking a systematic channel sampling programme.

### *Daro (411.7km<sup>2</sup>) Copper-Gold Project, Northern Ethiopia*

In October 2017 the Group was granted the Daro exploration licence. The project is situated approximately 95km

west of the Group's Tigray-Afar Cu-Ag project, 100km northwest of the Tigray state capital of Mekele and 570km north of Ethiopia's capital, Addis Ababa.

Daro targets potential Volcanogenic Massive Sulphide ("VMS") copper and gold deposits. The licence is situated within the Neo-Proterozoic Nakfa Terrane, which hosts a number of significant VMS base metal and gold deposits and mines. These include Bisha, a polymetallic mine operated by Nevsun Resources Ltd (TSX: NSU) 190km north west of Daro, the Harvest and Adyabo projects, being advanced by East Africa Metals Inc. (TSX-V:EAM) 35km west of Daro and the Asmara project being advanced by Sichuan Road & Bridge Mining Investment Corp Ltd 100km north of Daro.

Historical data compilation of Daro, undertaken by the French governmental Bureau de Recherches Géologiques et Minières (BRGM), has defined a number of marker lithologies and structures that are considered prospective for VMS deposits. These include the presence of bimodal volcanics, extensive chert horizons and associated metasedimentary, metavolcanic, mafic and ultramafic lithologies which conform to an ophiolite complex of ancient oceanic crust and seafloor sediments.

After the year end the Group announced the results of exploration completed at Daro, including the discovery of the Teklil prospect, a 2.5km long and 200m wide target which is open along strike. Teklil hosts a series of alluvial and hard rock gold workings as well as in-situ copper-bearing gossans.

Approximately 4km southwest of Teklil, the Group has discovered the Wedihazo prospect where copper-bearing metasedimentary rocks have been observed discontinuously for approximately 250m and which are up to 15m wide in places.

The Group has completed a 146 stream sediment sample programme which covered approximately 65% of the licence area. Results from this programme have established two key drainages covering 20km<sup>2</sup> and 48km<sup>2</sup> respectively. As part of the stream sediment programme, numerous alluvial gold workings were mapped along a 9.5km section of the Ilawit river.

The next phase of work at Daro is expected to include detailed mapping, soil sampling and ground magnetics across areas prioritised from previous exploration programmes.

### **Cameroon operations**

Altus holds three projects in the Republic of Cameroon. The Laboum gold project is held through the Company's 99% owned subsidiary Auramin Ltd, and the Birsok & Mandoum bauxite and Bikoula & Ndjele iron ore projects are held through the Company's 97.3% owned subsidiary Aluvance Ltd.

#### *Laboum Gold Project, (189km<sup>2</sup>) Northern Cameroon*

The Laboum project is located in the north east of Cameroon, approximately 110km southeast of the provincial capital of Garoua which is served by a regional airport, and 600km northeast of the Cameroonian capital, Yaoundé. Year-round access to the licence area is provided by a network of maintained laterite roads.

The project area was selected due to the presence of a major northeast-southwest striking regional shear zone, which in places is 5km wide and coincident with gold anomalies as defined by the BRGM in the 1990s. The geology of the project area comprises highly prospective Birimian metavolcanic and metasedimentary rocks which have been intruded by synkinematic late Pan-African granites. Dilational and fold structures which exist along and within the shear zone are considered to be priority targets to explore for potentially economic mesothermal gold deposits.

During the year the Group completed a 4,226 sample infill soil sampling programme with samples collected at 50m intervals along 100m spaced lines. The programme follows the completion of a regional soil grid, where 2,200 samples were collected at 100m intervals along 400m spaced lines. A high-resolution 1,028 line kilometre ground magnetics programme was also completed in the year. A number of quartz veins have also been discovered during these surveys.

The results from the exploration programmes completed to date indicate to the Group that gold mineralisation is coincident with major silicified units and shearing in a zone which is approximately 13.5km long zone and up to 5km wide. A number of priority targets have been defined to date, including at the Landou prospect (3.75km strike), the Kalardje prospect (2.5km strike) and the Tapare prospect (7km strike).

The next phase of work at Laboum is expected to include a systematic trenching programme across priority target areas to define drill targets.

#### *Birsok (198km<sup>2</sup>) and Mandoum (174km<sup>2</sup>) Bauxite Project, Central Cameroon*

The Birsok and Mandoum licences are located in the centre of Cameroon, approximately 370km northeast of the capital Yaoundé. An application to renew the Birsok licence for a two year period from 4 December 2016 is currently pending approval by the relevant regulatory authority. In 2013 Aluvance entered into a joint venture with ASX listed Canyon Resources Limited. Canyon can earn up to a 75% interest in the Birsok and Mandoum project through funding A\$6M in exploration over five years in two stages.

In 2015 a RC drill programme was carried out across the highest priority target plateaux at Birsok. Seventy five shallow vertical holes were drilled. Preliminary metallurgical studies undertaken by Canyon have indicated abundant free alumina with between 78% to 90% of Al<sub>2</sub>O<sub>3</sub> amenable to refining. This, along with the close (<10 km) proximity of the project to the rail line between Ngaoundere and from the Atlantic port at Douala, indicates that the bauxite may be amenable to direct shipping.

As part of the joint venture with Canyon, the Company's non-executive Chairman (David Netherway) serves on the board of and is Chairman of Canyon. Altus currently holds 8,000,000 shares in Canyon which were received as part of the joint venture consideration. During 2017 Canyon continued discussions with the Government of Cameroon inter-departmental committee, to analyse Canyon's proposal to develop a major DSO Bauxite mining and export operation in the country. Canyon has also made progress in assessing a logistics solution to assist in the development of a bauxite mining and DSO export operation.

The next phase of work at Birsok is expected to include drilling to define a maiden mineral resource.

#### *Bikoula (200km<sup>2</sup>) and Ndjele (200km<sup>2</sup>) Iron Ore Project, Southern Cameroon*

The Bikoula licence and contiguous Ndjele licence are located in the south of Cameroon, approximately 150km south of the capital Yaoundé. The project is located on the westerly geological strike of the Nkout iron ore and 160km NW of the Mbalam iron ore deposits. Importantly the licences are located on the road network that links to the deep water port at Kribi and are also approximately 30km from the proposed trans-Cameroon iron ore rail line. Bikoula and Ndjele were originally identified by strong anomalies generated by an airborne magnetic survey which was completed by Aluvance in 2012.

At Bikoula the Group has defined a maiden JORC compliant Inferred Mineral Resource of 46 Mt at 44% Fe (not in accordance with NI43-101), from less than 25% of the 17km long (Libi Hills) target. Forty eight drill holes have been completed to date.

An Environmental and Social Impact Assessment has been completed by Digby Wells Environmental on behalf of the Group, which reported that the surrounding population are supportive of the work undertaken to date and the potential employment and development opportunities.

The next phase of work at Bikoula is expected to include follow up surface sampling to define further drill targets.

#### **Liberia operations**

Altus holds two projects in the Republic of Liberia through its 100% owned subsidiary Auramin Ltd. Both projects target Archaean greenstone gold deposits.

#### *Bella Yella (640km<sup>2</sup>) Gold Project, Western Liberia*

The Bella Yella exploration licence is situated 130km east of and along the same Archaean geological trend as the New Liberty gold mine (operated by AIM and TSX listed Avesoro Resources). Bella Yella was selected on the basis of a number of gold bearing drainages, predominantly around the Glubai Hills and Tenkeh Hills prospects.

Reconnaissance exploration by the Group across Bella Yella has identified multiple artisanal gold mining camps, including hard rock and alluvial workings. The Bella Yella licence is currently pending renewal.

#### Zolowo (466km<sup>2</sup>) Gold Project, Western Liberia

In November 2017 the Group was granted the Zolowo exploration licence. Zolowo is situated approximately 25km northeast of the Group's Bella Yella gold project and 190km northeast of the capital, Monrovia. It was selected based on a comprehensive in-house analysis of available datasets including geological maps, historic mineral occurrences, remote sensing data and satellite imagery. The licence is located on the south-western portion of the West African Craton and contains a significant 33km long northeast-southwest trending Archaean-aged greenstone belt, which forms a prominent ridge that traverses the licence.

After the year end exploration completed by the Group has confirmed the presence of numerous artisanal alluvial gold mining sites at Zolowo. Over 50 separate workings were visited by the Group, all within the central part of the licence area. Of these, 35 were found to be active and the largest extended for approximately 250m. At each working up to 25 artisanal miners were found to be selectively mining gold bearing gravels, often at the boundary between saprolite and bedrock. It was reported that gold has been mined in this way from the Zolowo area since the 1930's. As part of the reconnaissance programme a number of hard rock samples have been collected for assay.

The next phase of work at Zolowo is expected to include a licence-wide stream sediment survey to define the primary sources of the alluvial gold workings.

#### **Côte d'Ivoire operations**

Altus holds one project in the Republic of Côte d'Ivoire and has a further exploration licence application which is pending grant. The Prikro gold project is held through the Group's 100% owned subsidiary Aeos Gold Ltd.

#### Prikro (369.5km<sup>2</sup>) Gold Project, Southwestern Côte d'Ivoire

After the year end in March 2018 the Group was granted the Prikro exploration licence. Prikro is located approximately 240km southeast of the capital Abidjan and is accessible via a series of tracks from the towns of Agnibilekrou and Koun-Fao. The licence was selected due to the presence of highly prospective Birimian aged greenstone geology, an interpreted 10km long fold hinge structure and the existence of artisanal gold workings in the surrounding areas. Many workings reportedly occur along strike of a NE-SW trending shear zone which is interpreted to traverse the licence area. The geology underlying the project predominantly includes Paleoproterozoic metasedimentary and metavolcanic units with associated granitoid igneous complexes that have intruded along the axis and nose of a regional-scale fold structure.

The next phase of work at Prikro is expected to include prospecting and stream sediment sampling.

#### **Mali operations**

Further to the completion in January 2018 of the Arrangement with Legend Gold ("Legend"), which was previously listed on the TSXV Altus holds six projects in the Republic of Mali. The projects are held through the Company's 100% owned subsidiary LGN Holdings (BVI) Inc.

#### Korali Sud (83.1km<sup>2</sup>) Gold Project, Western Mali

The Korali Sud licence hosts the Diba project and is located in the Kayes region approximately 450km northwest of the capital Bamako and approximately 13km southwest of the Sadiola gold mine, which is operated jointly by AngloGold Ashanti (JSE: ANG, NYSE: AU, ASX: AGG), IAMGOLD (TSX: IMG, NYSE: IAG) and the Malian government. Sadiola lies on the Senegal-Malian shear corridor within the world renowned 'Kenieba window'.

The Diba project hosts an historic resource (based on a 0.5 g/t cut off and gold price of US\$1,200/oz) of 275,000oz

(being 6.34 million tonnes at 1.35 g/t) in the Indicated category and 32,500oz (0.72 million tonnes at 1.40 g/t) in the Inferred category. The resource was prepared for Legend by AMEC Americas Limited in the report entitled "Technical Report and Mineral Resource Estimate Diba Badiazila Gold Property Mali, West Africa", dated June 30, 2013 (Table 1) and filed on SEDAR on 20 September 2013 by Legend. The resource comprises stacked lenses which dip approximately dip 35-40 degrees ESE within the oxide zone.

**Table 1:** Diba project mineral resource

Category	Ton (kt)	Au Grade (g/t)	Au Contained (koz)
Indicated	6,348	1.35	275.2
Inferred	720	1.40	32.5

*Notes: Applying a 0.5g/t cut-off grade and as reported in 2013 NI 43-101 technical report.*

Drill results from the Diba prospect as reported by Legend (Table 2) include 12m @ 20.66g/t Au and 32m @ 2.06g/t Au. Given Diba's morphology, the project has a potentially low mining strip ratio with relatively limited overburden and a high proportion of the potential ore is in the oxide zone. Deeper drilling at Diba targeting the sulphide zone has intersected 1.32 g/t over 45m (from 93m). The sulphide zone remains open at depth. The Group has not verified the historic drilling data at the Diba project.

**Table 2:** Diba project historic drill intersections

Hole ID	From (m)	To (m)	Intersection (m)	Grade (g/t Au)
MIDH07-065	10.0	22.0	12.0	20.66
MIDH06-009	44.0	61.0	17.0	3.25
DBRC-009	93.0	138.0	45.0	1.32
MIDH07-035	16.0	48.0	32.0	2.06
MIDH06-006	18.0	57.0	39.0	1.36
MIDH07-057	32.0	62.0	30.0	2.15

A regional soil sampling programme completed by previous owners of the project on a 500m x 250m (and in places 250m x 100m) grid identified a number of gold in soil anomalies at the Diba project. This programme was completed between 2005 and 2007 and along with subsequent auger programmes, defined a 2.5km x 0.5km anomaly at Diba. Ground induced polarisation (IP), high resolution resistivity and induced polarisation ("HIRIP") and ground magnetics surveys were completed by Terra Tec between 2006 and 2007 and covered 116 line-km. A follow up 3,543 line-km regional airborne VTEM survey was completed by Geotech Airborne Limited in 2008. Approximately 32,000m of diamond, RC and RAB drilling was reportedly completed by previous licence holders, which included Endeavour Mining Corporation.

Oxide gold mineralisation at Diba is predominantly found in saprolite which is within 50m of surface, across a compact 300m x 400m area drilled to date. The deposit is controlled by a number of NW and NE orientated structures with gold occurring as fine grained disseminations and localised high grade calcite-quartz veinlets. Alteration at Diba is typically albite-hematite+/-pyrite, although pyrite content is generally very low (<1%).

The next phase of work at Diba is expected to include termite mound sampling to define additional prospects for follow up trenching. Re-logging of selected drill core to better define the oxide zone at Diba may also be undertaken.

#### Lakanfla (24km<sup>2</sup>) Gold Project, Western Mali

The Lakanfla project is located 5km east of the Diba (Korali Sud) project and approximately 6.5km southwest of, and considered to be geologically analogous to, the karst-type FE3 and FE4 open pits that form part of the Sadiola gold mine. Lakanfla is also considered to be geologically analogous to the Yatela karst-type gold deposit, which was mined between 2001 and 2015, and is located approximately 35km to the northwest.

The Lakanfla project hosts a significant number of active and historic artisanal gold workings which are coincident with major geochemical and gravity anomalies. These workings surround the Kantela granodiorite intrusion and cover an area of approximately 900m x 500m. Significantly there is evidence of ground collapse at surface, indicative of karst style voids at depth within carbonate rock units. The gold mineralisation at Lakanfla is hosted within breccia zones which cut the granodiorite and surrounding carbonate metasediments.

Historic drilling as reported by Legend has returned important intersections including 9.78g/t Au over 12m and 5.20g/t Au over 16m (Table 3) as well as having intersected voids and unconsolidated sand from 165-171m depth. The Group has not verified the historic drilling data at the Lakanfla project.

**Table 3:** Lakanfla project historic drill intersections

Hole ID	From (m)	To (m)	Intersection (m)	Grade (g/t Au)
01KRAB-03	12.00	24.00	12.00	9.78
30KRC-19	52.00	90.00	38.00	1.19
04KDD-06	36.00	52.00	16.00	5.20

A soil sampling programme at Lakanfla completed by previous owners of the project on a 500m x 250m (and in places 250m x 100m) grid identified a number of gold in soil anomalies. The programme was undertaken between 2005 and 2007 and along with subsequent auger programmes defined a 1.7km x 1km anomaly.

A HIRIP and ground magnetic survey was completed by Terra Tec between 2006 and 2007. A regional airborne VTEM survey was completed by Geotech Airborne Limited in 2008, with follow up ground gravity geophysics covering an area of 48km<sup>2</sup>. The geophysical surveys have defined a major gravity low on the margins of the granodiorite intrusion and IP signature.

Diamond, RC and RAB drilling has been completed at the Lakanfla project by previous owners of the project. The holes primarily targeted breccia mineralisation within the Kantela granodiorite and associated artisanal workings on the flanks. The low gravity geophysical anomaly and surface slumps features, which are interpreted to be indications of karsts within the limestone and marl units, remain to be drill tested.

The next phase of work at Lakanfla is expected to include drill testing of the karst model. Six priority targets have been identified by Altus for follow up exploration.

#### *Djelimangara (55km<sup>2</sup>) Gold Project, Western Mali*

The Djelimangara project is located approximately 3km east of the Diba project. Four priority prospects have been discovered to date at Djelimangara, namely: Souroukoto, Kamana, Woyanda and Manankoto. These are each characterised by gold in soil anomalies of up to 2.5km in length, coincident with hard rock and / or alluvial artisanal gold workings in fine metasediments.

A regional soil sampling programme at Djelimangara completed by previous owners of the project on a 500m x 250m (and in places 250m x 100m) grid identified a gold in soil anomaly over a NE strike length of 2.7km. The programme was completed between 2005 and 2007 and was subsequently followed up with auger and termite mound sampling. In parallel to these programmes a HIRIP and ground magnetic survey was completed by Terra Tec between 2006 and 2007. A regional airborne VTEM survey was then completed by Geotech Airborne Limited in 2008 followed by a ground gravity survey. Diamond, RC and RAB drilling has been completed at the Djelimangara project and has reportedly returned intersections including 1.34g/t Au over 30m (Table 4). The Group has not verified the historic drilling data at Djelimangara project.

**Table 4:** Djelimangara project historic drill intersections

Hole ID	From (m)	To (m)	Intersection (m)	Grade (g/t Au)
MDRC05-01	32.00	62.00	30.00	1.34
Including	54.00	62.00	8.00	3.71
MDRC05-27	48.00	66.00	18.00	1.38
Including	58.00	60.00	2.00	10.33
MDRC05-22	30.00	48.00	18.00	1.30
Including	44.00	48.00	4.00	3.55

The next phase of work at the Djelimangara project is expected to include infill termite mound sampling, channel sampling of artisanal workings, trenching and infill auger sampling. The programme will aim to generate a number of priority drill targets.

#### Sebessoukoto Sud (28.5km<sup>2</sup>) Gold Project, Western Mali

The Sebessoukoto Sud project is located approximately 15km south east of the Diba project and hosts a 2.7km long gold in soil anomaly as well as a number of active and historic artisanal workings which are up to 150m long and 40m deep. Trenching results, undertaken by LSE listed Randgold Resources (LSE: RRS), which had a joint venture with Legend Gold Corp on the project, reportedly returned up to 0.68g/t Au over 61.4m. The joint venture between Legend and Randgold ended in 2016. A regional soil sampling programme completed by previous owners of the project on a 500m x 250m (and in places 250m x 100m) grid identified a number of gold in soil anomalies at Sebessoukoto Sud. The programme was completed between 2005 and 2007 and along with subsequent auger programmes and termite mound sampling a 2.7km long northeast striking anomaly has been defined.

In parallel to these programmes a HIRIP and ground magnetic survey was completed by Terra Tec between 2006 and 2007. A regional airborne VTEM survey was then completed by Geotech Airborne Limited in 2008 followed by a ground gravity survey.

After the end of the year the Group announced results from mapping and prospecting as well as the investigating of recently opened artisanal workings. Spoil (waste material) and termite mound sampling has defined the 2.3km long Soa gold prospect. The Group also recorded numerous and often interlinked vertical shafts as well as open pits excavations, the largest of which measured approximately 150m long and 40m deep. Artisanal mining was observed to focus on saprolite along a NNE striking, near vertical to shallow west dipping, brittle-ductile shear zone. The activity has exposed multiple alteration zones typically associated with shallow dipping en-echelon shear zones and stockworks, comprised of 'smoky quartz'. Separately a review of the historic VTEM data has identified an approximately 6.3km long NNE striking anomaly roughly 850m west of and parallel to the Soa prospect.

The next phase of work at Sebessoukoto Sud is expected to include trenching and auguring, in addition to further surface mapping and sampling along the geophysical target.

#### Tabakorole (100km<sup>2</sup>) Gold Project, Southern Mali

The Tabakorole project is located in southern Mali, approximately 280km south of the capital Bamako. The project sits on the Massagui Belt which hosts the Morila gold mine operated by Randgold Resources Ltd. Exploration to date has identified a 2.7km long shear zone which is up to 200m wide. Historic drilling as reported by Legend has returned intersections including 2.02g/t Au over 18m (Table 5).

**Table 5:** Tabakorole project historic drill intersections

Hole ID	From (m)	To (m)	Intersection (m)	Grade (g/t Au)
14TKRC02	9.00	27.00	18.00	2.02
14TKRC03A	0.00	29.00	29.00	1.25

14TKRC04	0.00	35.00	35.00	1.22
14TKRC10	4.00	20.00	16.00	1.85

A regional soil sampling programme completed on a 500m x 100m grid defined a strong gold in soil anomaly at Tabakorole. The programme was completed by BHP in the early 1990s. Since 2003 a total of 28,912m of diamond, 31,943m of RC, 6,577m of auger and 60,676m of air core drilling have reportedly been completed in addition to 1,400 line-km of airborne geophysics. A more recent 14 hole RC infill drilling program (totalling 741m) has reportedly been completed. The Group has not verified the historic drilling data at the Tabakorole project.

The next phase of work at Tabakorole is expected to include scoping studies and resource definition drilling.

#### *Pitangoma Est (106km<sup>2</sup>) Gold Project, Southern Mali*

The Pitangoma Est project is subject to a joint venture with ASX listed Resolute Mining Limited (“Resolute”). The project is located on the Syama shear zone in southern Mali, approximately 300km southeast of the capital Bamako. The project is 15km south of the Tabakoroni deposit and approximately 40km south of the Syama gold mine; both owned by Resolute.

Resolute have the right to earn up to a 70% interest in the Pitangoma Est project by funding US\$3M in exploration and completing a feasibility study. Thereafter Altus may elect to co-fund its 30% interest on a pro rata basis, or exchange its interest for a 2% Net Smelter Royalty.

Prior to the joint venture with Resolute, exploration included regolith sampling (6,930 soil and 1,230 auger samples), lithological mapping, airborne geophysics (VTEM), BLEG stream sediment sampling and RC drilling (2,160m) as well as diamond drilling (6,450m). These work programmes were completed by Endeavour, prior to the project being acquired by Legend Gold.

Resolute has reportedly completed 110 air core drill holes for a total of 4,869m and a gradient array IP survey focussed on the Misseni Prospect and this has reportedly been followed up by a 7 hole (3,167m) RC drilling programme in 2017. The Group has not verified the historic drilling data at the Pitangoma Est project.

The next phase of work at Pitangoma Est is expected to include exploration and resource definition drilling.

#### **Qualified Person**

Steven Poulton, a Fellow of the Geological Society of London and a Fellow of the Institute of Materials, Minerals and Mining is the Company’s Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A.

## **RESULTS OF OPERATIONS**

### **Three Months Ended December 31, 2017**

For the three months ended December 31, 2017 Altus had a net loss of £121,199 compared to a net loss of £171,309 for the three months ended December 31, 2016. The favourable variance was due to: impairment reversals in 2017 and lower exploration expenses offset by a gain on the sale of investments in 2016 and increased legal and professional fees in 2017. In 2017, there was a reversal of impairment losses on investments compared to a significant increase in impairments in 2016. In 2016, there was a significant gain on the sale of equity investments whereas there was no corresponding gain in 2017. Legal and professional fees were higher in 2017 due to the Legend acquisition legal fees and there was no corresponding acquisition in 2016.

## Year Ended December 31, 2017

For the year ended December 31, 2017 Altus had a net loss of £1,860,145 compared to a net loss of £649,091 for 2016. The unfavourable variance was due to: higher administrative expenses, acquisition and initial public offering costs and a lesser fair value gain on investments. Administrative expenses were higher in 2017 due to higher legal and professional expenses, increased employee costs and higher costs incurred on behalf of joint venture partners. Legal and professional costs were much higher in 2017 due to the acquisition of Legend. There was no corresponding transaction in 2016. Employee costs were higher in 2017 due to higher wages and salaries. These costs increased due to employee bonuses, whereas there were no bonuses awarded in 2016. The Company incurred initial public offering costs and acquisition costs of £371,753 to obtain its listing on the Alternative Investment Market (AIM) and to acquire Legend. There were no comparable costs for 2016. In 2017, Altus recorded a gain of £129,142 due to the increase in the market value of its equity investments compared to a fair value gain of £287,639 in 2016. These gains are based on the fair value of the Company's equity investments as at December 31, 2017 and 2016, and as a result will fluctuate from year to year based on the market values and the quantity of the investments held each year.

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2017 were £523,342 compared to £415,914 at December 31, 2016. The Company had working capital of £320,958 at December 31, 2017 compared to working capital of £327,512 at December 31, 2016. Cash and cash equivalents increased by £107,430. Altus raised £1,678,843 from proceeds of share issuances which was substantially offset by cash used in operations of £1,523,505 and equipment purchases of £46,235. During April 2018, Altus closed a private placement with gross proceeds of approximately £2,300,000 which will provide it with sufficient working capital to maintain its operations for the next twelve months.

## SUMMARY OF QUARTERLY RESULTS

	2017		2017		2017		2017	
Quarter Ended	Dec. 31		Sep. 30		Jun. 30		Mar. 31	
Net loss from operations	£	(121,199)	£	(517,565)	£	(1,064,368)	£	(157,013)
Net loss per share – basic and diluted		(0.00)		(0.01)		(0.01)		(0.00)

  

	2016		2016		2016		2016	
Quarter Ended	Dec. 31		Sep. 30		Jun. 30		Mar. 31	
Net income (loss) from continuing operations	£	(200,714)	£	(421,981)	£	22,375	£	(78,176)
Net loss from continuing operations per share								
Basic		(0.00)		(0.01)		0.00		(0.00)
Diluted		NA		NA		0.00		NA
Net income (loss)		(171,309)		(421,981)		22,375		(78,176)
Net loss per share - basic		(0.00)		(0.00)		0.00		(0.00)
Net loss per share - diluted		NA		NA		0.00		NA

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

Altus had a loss of £121,199 for the quarter ended December 31, 2017 compared to a loss of £520,218 for the prior quarter. The favourable variance was due to impairment reversals and significantly lower professional fees and lower exploration expenses.

The Company had a loss of £517,565 in the quarter ended September 30, 2017 compared to a loss of £1,064,368 in the prior quarter. The favourable variance was due to lower costs for: directors' remuneration, staff salaries and reversal of impairment losses partially offset by higher costs for professional fees.

The Company had loss of £1,064,368 for the quarter ended June 30, 2017 compared to a loss of £157,013 in the prior quarter. The unfavourable variance was the result of lower revenue due to lower recharged costs and higher administrative expenses. Administrative expenses were higher due to significantly higher compensation costs for directors and staff which include the settlement of unpaid fees in equity and significantly higher legal and professional fees.

The Company had a loss of £157,013 for the quarter ended March 31, 2017 compared to a loss of £171,308 for the prior quarter. The favourable variance was due to higher revenue and lower administrative expenditures partially offset by lower other gains and losses. In the March quarter, revenue was higher due to increased billings from recharged costs. Administration costs were lower due to minor impairment recoveries compared to significant impairment losses in the prior quarter. These were partially offset by higher recharged costs and higher exploration expenditures.

Altus had a net loss of £200,714 from continuing operations for the quarter ended December 31, 2016 compared to net loss of £421,981 in the prior quarter. The main reasons for the variance were a much larger gain on Asterion investments and higher revenue from recharged costs compared to the prior quarter. These favourable variances were partially offset by higher impairment losses.

Altus had a net loss of £421,981 for the quarter ended September 30, 2016 compared to net income of £22,375 in the prior quarter. The main reason for the variance was due to higher administrative costs partially offset by higher revenue from recharged costs. There was a variance of approximately £361,000 regarding impairments / impairment recoveries included in administrative expenses. In the June quarter there was a recovery of impairments of £284,000 whereas in September there was a charge to impairment losses of £77,000. For the September quarter, director and staff remuneration was higher than the June quarter by approximately £105,000.

Altus had net income of £22,375 for the quarter ended June 30, 2016 compared to a net loss of £78,176 for the quarter ended March 31, 2016. The main reason for the favourable variance was due to lower administrative costs which were partly offset by lower revenue. Administrative costs were lower in the June quarter due to higher recoveries of impairments, lower recharged costs and lower exploration costs. Revenue was lower in June due to lower billings for recharged costs.

## SELECTED ANNUAL FINANCIAL INFORMATION

Years Ended	December 31, 2017	December 31, 2016	December 31, 2015
<b>Financial Results</b>			
Administration Expenses	£ 1,497,498	£ 920,620	£ 1,280,576
Net loss from continuing operations	(1,860,145)	(678,496)	(427,502)
Net loss per share basic and diluted	(0.02)	(0.01)	(0.01)
<b>Financial Position</b>			
Total assets	£ 1,389,8010	£ 1,250,492	£ 1,868,861
Total equity attributable to owners	1,146,758	974,954	1,710,524

For the year ended December 31, 2017, the Company had a net loss from continuing operations of £1,860,145 compared to a loss of £678,496 in 2016. The loss was greater in 2017 because the Company incurred additional professional fees and expenses for its initial public offering and for its pending acquisition of Legend Gold Corp. Altus also incurred higher staff costs as bonuses were declared whereas there were no bonuses paid in 2016. Total assets increased in 2017 compared to 2016 due to: the proceeds generated from an equity financing, and increase in the market value of its equity investments and additional capitalized acquisition costs for its exploration and evaluation assets. The cash raised from the equity financing was partially offset by cash consumed by operations and cash used in investing activities.

For the year ended December 31, 2016 the Company had a net loss from continuing operations of £678,496 compared to a loss of £427,502 in 2015. The loss was greater in 2016 due to lower other income partially offset by lower administrative expenses and due to a higher gain on disposal of financial assets held at fair value through profit or loss (FVTPL). Other income was lower in 2016 compared to 2015 due to lower fees charged to exploration partners in Africa (2016 - £455,475; 2015 - £1,411,257). This revenue varies from year to year depending on how much exploration work the Company does on behalf of its partners. Administrative expenses were lower in 2016 compared to 2015 due to lower exploration expenses and lower recharged costs incurred. In 2016, the Company had a fair value gain on its investments of £287,639 compared to a gain of £8,911 in 2015. These listed equity investments are valued at their market prices on the statement of financial position date. For the year ended December 31, 2016 total assets declined by £618,369 mainly due to the consumption of cash and cash equivalents by operations.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The Company entered into a number of transactions with key management personnel. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company are as follows:

Year ended December 31, 2017	Remuneration	Pension Contribution	Total
Directors	£ 315,443	£ 49,138	£ 364,582

<b>Year ended December 31, 2016</b>	Remuneration		Pension Contribution		Total
Directors	£	229,400	£	58,562	£ 297,962

The above payments for director compensation are payments made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Remuneration Committee reviews executive compensation annually. The Board of Directors considers any changes recommended by the Remuneration Committee and approves these changes if appropriate.

All balances due to or from related parties are included in trade or other payables or trade and other receivables. The consulting contracts with senior management are ongoing monthly commitments which can be terminated by either party with sufficient notice. The following are the related party assets at December 31, 2017 and December 31, 2016:

<b>Related party current assets</b>	<b>December 31 2017</b>		<b>December 31 2016</b>	
Aegis Asset Management Ltd	£	-	£	1,024
Asterion AV Ltd.	£	-	£	57,000
Canyon Resources Ltd	£	31,468	£	-
	£	31,468	£	58,024

#### **Aegis Asset Management Ltd**

The company was a wholly owned subsidiary of Altus Strategies Ltd until ownership changed in the year. As at December 31, 2017 the balance owing from Aegis Asset Management Ltd is £1,024 (2016: £0). This is included in other debtors and has been settled after the balance sheet date.

#### **Aegis Asterion Ltd**

The company was a wholly owned subsidiary of Altus Strategies Ltd until ownership changed in the year. As at December 31, 2017 the balance owing from Aegis Asterion Ltd is £nil (2016: £1,024). This is included in other debtors and was settled after the balance sheet date.

#### **Canyon resources Ltd**

David Netherway is a director and shareholder of the company. He is also a director of Canyon Resources Ltd. Altus had a joint venture arrangement with Canyon Resources Ltd in relation to the Birsok and Mandoum projects. Altus incurred and recharged expenses to Canyon Resources Ltd. As at 31 December 2017, the balance owing to Altus was £18,969 (2016: £nil)

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying

amount of assets and liabilities are outlined below.

## **Critical Judgments**

### **Share based payment**

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity settled transactions with employees at the grant date, the Company uses the Black Scholes model.

### **Stability of Joint Venture Partners**

The stability of the Group's joint venture partners is periodically reviewed in determining the likelihood of future funding for related projects.

### **Impairment of Deferred Exploration Costs**

Deferred exploration costs had a carrying value as at 31 December 2017 of £ 151,875 (31 December 2016: £105,640). Management tests annually whether deferred exploration costs have a carrying value in accordance with the accounting policy stated in note 1.7. Each exploration project is subject to an annual review either by a consultant or senior Company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure as well as the likelihood of on-going funding from joint venture partners. In the event that a project does not represent an economic exploration target and results indicate that there is no additional upside, or that future funding from joint venture partners is unlikely, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and do not consider any impairment necessary.

## **FINANCIAL RISK MANAGEMENT**

Altus's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low risk financial instruments such as term deposits or by holding funds in the highest yielding savings accounts with major United Kingdom banks. By using this strategy, the Company preserves its cash resources and can marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

### **Currency Risk**

The Company's functional currency is the pound sterling, and major purchases are transacted in pounds sterling, US dollars, West African francs, Ethiopian birr, Moroccan dirham and the Liberian dollar. The Company's head office expenditures are mainly incurred in pounds sterling and the majority of its exploration costs are incurred in the local African currencies. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations, and therefore does not hedge its foreign exchange risk. For the year ended December 31, 2017, the Company had an exchange gain of £14,318 (2016 - £38,605) which was not material to its operations.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

changes in the market interest rates. When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2017 the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

### Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company's credit risk is primarily attributable to receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of trade receivables and amounts due from associates.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its current obligations and its future business requirements for a minimum of twelve months. The Company had working capital of £320,958 at December 31, 2017. Altus completed a private placement in April 2018 raising gross proceeds of approximately £2,300,000 and has sufficient working capital to discharge its current liabilities and fund ongoing operations for the next twelve months.

## FINANCIAL INSTRUMENTS

### Fair Values

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investments, and trade and other payables. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments. The Company has classified its financial instruments as follows:

<b>As at December 31, 2017</b>	Investments at FVTPL	Loans and receivables	Other financial liabilities	<b>Total</b>
Cash and cash equivalents	£ -	£ 523,342	£ -	£ 523,342
Receivables		32,519	-	32,519
Non-current investments	601,536	-	-	601,536
Trade and other payables	-	-	(298,055)	(298,055)
	£ 601,536	£ 555,861	£ (298,055)	£ 859,342

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **RISKS AND UNCERTAINTIES**

### **No Assurance of Titles or Borders**

The acquisition of the right to exploit mineral properties is a very detailed and time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that those rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface rights or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

### **Mineral Property Exploration and Mining Risks**

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main responses to operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. There can be additional risks involved in some countries where pending applications for claims or licenses can be affected by government changes to application procedures.

Some of the Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee that, despite having the legal right to access a mineral property and carry on exploration activities, that the Company will be able to negotiate a satisfactory agreement with the existing land owners or communities for this access. Therefore, the Company or one of its joint venture partners may be unable to carry out exploration activities on a property. In those circumstances where access has been denied by a local community or land owner, the Company may need to rely on the assistance of local officials or the courts to gain access or it may be forced to abandon the property.

Altus has acquired some of its properties through option agreements and anticipates that it will continue to acquire some exploration properties this way in future. Acquisition of title to the properties under these kinds of agreements is only completed when all the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of pre-feasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

### **Joint Venture Funding Risk**

When appropriate, Altus seeks partners through joint ventures or option agreements to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital to satisfy exploration and other expenditure terms in a particular option agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether Altus can find another partner or has enough capital resources to fund the exploration and development on its own.

### **Commodity Price Risk**

Altus is exposed to commodity price risk. Declines in the market prices of gold, base metals and other minerals may adversely affect its ability to raise capital or attract joint venture partners to fund exploration on its mineral properties. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

## **Financing and Share Price Fluctuation Risks**

Altus has limited financial resources, has no reliable source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity issues, debt financing or the sale of some of its exploration properties. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets often experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Legend, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. As a result, there can be no assurance that the Company will be able to attract additional capital or whether share prices will be strong to enough to make private placements advisable.

## **Political and Currency Risks**

The Company is operating in Africa, where there is a higher risk of political uncertainty and instability. The Company regularly monitors the political situation in each country in which it operates. Changing political situations may affect the manner the Company operates. The Company's equity financings are sourced in pounds sterling and Canadian dollars but it incurs a significant portion of its expenditures in Euros and West African francs. There are no currency hedges in place. Therefore, a weakening of its funding currencies against the Euro or West African franc could have an adverse impact on the amount of exploration conducted.

## **Insured and Uninsured Risks**

During exploration, development and production on mineral properties, the Company is subject to many risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather, floods, and earthquakes. Such occurrences could result in damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect itself against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and cause a decline in the value of the Company's securities. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities because of their work on a project.

## **Environmental Risks and Hazards**

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation will not adversely affect Legend's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

## **Conflicts of Interest**

The Company's directors and officers may serve as directors or officers of other companies or have significant

shareholdings in other resource companies and to the extent that such other companies may participate in ventures in which the Company may participate, some directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether the Company will participate in a program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **Key Personnel Risk**

The Company's success is dependent upon the performance of key personnel working in management and administrative capacities. The loss of the services of any senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations.

### **Competition**

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified consultants and employees.

### **OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company had 176,132,686 ordinary shares issued and outstanding. There were also 36,977,331 share purchase warrants outstanding as follows:

<b>Warrants outstanding</b>	<b>Exercise price</b>	<b>Expiry date</b>
110,000	£0.10	10th August 2018
6,613,854	C\$1.833	5th September 2018
1,950,000	C\$0.083	8th September 2019
911,861	C\$0.225	18th April 2021
27,391,616	C\$0.30	18th April 2023