DESERT LION ENERGY INC.
(FORMERLY DESERT LION ENERGY CORP.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Date: August 29, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") relates to the financial results and related data of Desert Lion Energy Inc. ("Desert Lion" or the "Company"), formerly Desert Lion Energy Corp. for the three and six months ended June 30, 2018. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and its consolidated financial statements for the year ended December 31, 2017. The Company's interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting* and do not include all the disclosures required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as otherwise disclosed all dollar figures in this report are stated in Canadian dollars.

The commentary is current to August 29, 2018. The reader should be aware that historical results are not necessarily indicative of future performance.

Mr. Mike Venter, Pr.Sci.Nat., the Company's Vice President, Exploration, is a Qualified Person as defined under National Instrument 43-101 guidelines and has reviewed the scientific and technical information contained in this MD&A.

The MD&A was prepared in accordance with the requirements set out in National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators. The audit committee of the board of directors of the Company has reviewed this MD&A and the condensed interim consolidated financial statements for the three and six months ended June 30, 2018, and the board of directors of the Company has approved these documents prior to their release.

OVERVIEW

The principal activity of Desert Lion Energy Inc. (the "Company" or "Desert Lion") is the exploration and evaluation of lithium minerals. 2523701 Ontario Inc. was incorporated under the laws of the Province of Ontario, Canada by Articles of Incorporation dated June 17, 2016 and on February 16, 2017 the Company was renamed Desert Lion Energy Corp. On November 10, 2016, the Company's subsidiaries, 9979735 Canada Inc. and 9979743 Canada Inc. were incorporated. On March 20, 2017, 9979735 Canada Inc., a wholly owned subsidiary of the Company, completed the acquisition of 80% of the shares of !HUNI-/URIB Investments (Pty) Ltd., a Namibian company that holds a 100% interest in eight mining claims comprising the Rubicon lithium property in Namibia and exclusive prospecting license 5439 ("EPL"), which comprises the surrounding 301km^2 prospecting area. On April 18, 2017, 9979735 Canada Inc. and 9979743 Canada Inc. amalgamated with the surviving corporation called 9979735 Canada Inc. On May 22, 2017, the Company incorporated Desert Lion Energy (Mauritius) Ltd. to serve the purpose of an intermediary holding company. On June 21, 2017, 9979735 Canada Inc. continued into the Province of Ontario and was renamed 1976567 Ontario Inc. On August 14, 2017 1976567 Ontario Inc. amalgamated with Desert Lion Energy Corp. ("Desert Lion" of the "Company"). On August 2, 2017, !HUNI-//URIB Investments (Pty) Ltd. changed its name to Desert Lion Energy (Proprietary) Ltd. On December 16, 2017, the Company completed the acquisition of the Helikon mining interests. On February 22, 2018, Desert Lion Energy Corp. completed its going public transaction with Camex Energy Corp. ("Camex") (TSXV: CXE.V) and was renamed Desert Lion Energy Inc. Refer to the management information circular filed on Feb 23, 2018 on www.sedar.com. The Company's head office is located at 65 Queen Street West, 8th floor, Toronto, Ontario, M5H 2M5, Canada.

PROPERTY

Desert Lion Energy Inc. holds an 80% interest through its Namibian subsidiary Desert Lion Energy (Pty) Ltd., in EPL 5439, granted on February 11, 2016, covering 301km^2 and located near the town of Karibib, within the Erongo Region, Namibia. An additional EPL (EPL5718) covering 200km^2 and located immediately south of EPL 5439 was acquired and transferred into Desert Lion Energy's name during the second quarter of 2018.

The Property is located on open grazing, scarcely populated lands and is proximal to excellent infrastructure including grid powerlines, the sealed B2 national highway and the national railway, which connects Windhoek to the ports of Swakopmund and Walvis Bay. Karibib is a centre for marble and granite quarrying and also supports the nearby Navachab gold mine. The Property is accessible via tarred and dirt roads throughout the year.

The lithium bearing pegmatites within the Erongo Region are part of one of the most extensive pegmatite fields in the world. The site was first discovered in the 1930s by a German mining company, herein referred to as Kloechner. There are three known significant historic mining sites within EPL 5439; Rubicon, Helikon and Microlite lithium mines. These mining sites were mined from 1950 to 1994 by the following groups: Anglo American, Awemde Holdings and Namibia Lithium Mining.

The previous miners of the Rubicon lithium mine extracted beryl, tantalum, amblygonite, petalite and lepidolite. Material that was either not required or did not meet the exceptionally high *in situ* grades was discarded in multiple stockpiles surrounding the Rubicon and Helikon mines.

On December 16, 2017, Desert Lion completed the purchase of the Helikon mining interests for ZAR 21 million ($2.1 million). The purchase was completed via an irrevocable surrender by the Helikon vendors of the Helikon mining interests back to the Government of Namibia with the legal effect that such Helikon mining interests were then subsumed and form part of the existing 301km^2 EPL.

OUTLOOK

In light of the significant fall in lithium carbonate prices in recent weeks compounded with our offtake partner's decision to not exercise their option to invest $13 million in the Company, the Board is currently re-assessing the previously announced three-stage execution plan that included:

- Phase 1: Remediation, development and processing of the waste dumps, which commenced in December 2017 and will continue into the second half of 2019
- Phase 2: Development of a mine and concentrator near Karibib, with initial production expected Q4 2019
- Phase 3: Development of a conversion plant to produce lithium carbonate in Walvis Bay, first production expected end of 2020

The scope of the proposed Phase 1 operation includes reclaiming and processing of historic stockpiles to produce approximately 60kt of 1.7%-2.0% Li_2O and 70kt of 3.5-4.0% Li_2O concentrate over a 12- to 18-month period. Processing the historic stockpile rock includes screening, two-stage crushing and sorting to make a lepidolite concentrate. The 3.5-4.0% Li_2O concentrate will be produced using a single state flotation circuit to process fines from the historic stockpiles. Lepidolite concentrates will be transported from the Rubicon mine to export facilities in Walvis Bay. Reclaiming the historic stockpiles commenced in December 2017 and the Company plans to commission a flotation plant, to be used in Phase 1 operations, in late Q4 2018 / 2019. The Company delivered its first shipment of concentrate totaling 30,321 tonnes on April 24, 2018.

To support the development of Phases 2 and 3, Desert Lion is currently in the process of completing a detailed Preliminary Economic Assessment ("PEA"), due to be completed at the end of Q3 2018. To support the PEA, the Company is in the process of defining a Mineral Resource estimate via an extensive drilling program; the Company's Maiden Resource Estimate is also expected to be published imminently.

SECOND QUARTER HIGHLIGHTS

During the second quarter 2018, the Company's exploration and evaluation programmes comprised of the following activities:

- Completion of remaining Phase 3 drilling program that focused on scout drilling at the Marble Hill project;
- Completion of the geological logging and sampling of:
    - Helikon Mineral Resource definition drilling
    - Marble Hill scout drilling
- Database validation in preparation for Mineral Resource Estimation over the Rubicon and Helicon Projects;
- Geochemical discrimination study to support geochemical exploration programs;
- Soil geochemical orientation survey;
- Ground validation mapping of priority structural targets; and
- Identification of Tailings Storage Facility site and sterilisation drilling.

Rubicon

A total of 575 samples including QC from Phase 3 drilling were assayed and all results were received and processed. The combined Rubicon database was validated by MSA Geological consultancy and is currently being used for the MRE currently underway. The table below summarises the drilling and sampling inputs into the Rubicon MRE.

Prospect ID	Drill hole series	Drill hole Type	No of Holes	Total Meters
Rubicon	RRCH001 – RRCH024	RC	24	1,832,.00
	RDH001 – RDH087	DD	87	5,600.18
	RCDH001 – RCDH019	DD – RC precollar	19	1,612.84
	RDD01 – RDD12 *(Blackfire)*	DD	12	1,169.57
	RCS001 – RCS035	Channel sampling	35	65.36
		TOTAL		**10,279.95**

Helikon

A total of 1,847 samples including QC from Phase 3 Helikon 1-5 drilling were assayed and all results were received and processed. The combined Helikon database was validated by MSA Geological consultancy and is currently being used for the MRE currently underway. The table below summarises the drilling and sampling inputs into the Helikon MRE.

Prospect ID	Drill hole series	Drill hole Type	No of Holes	Total Meters
Helikon 1-5	HRCH001 – HRCH020	RC	20	1,563.00
	HDH001 – HDH100	DD	100	9,807.44
	HDD01 *(Blackfire)*	DD	19	139.46
	HCS001 – HCS065	Channel sampling	35	164.85
		TOTAL		**11,674.75**

Marble Hill Project

A total of 1,317m of Diamond Drilling (DD) were completed from 14 drill holes aimed at scout drill testing the Marble Hill mineralization and strike extents. A total of 349 samples including Quality Control (QC) insertions were analyzed, with poor results. Although no immediate follow up work is required at Marble Hill, these results will be incorporated into the structural field validation program, as Marble Hill forms part of a discrete structural target identified by the presence of a swarm of prospective pegmatites, including a lepidolite bearing pegmatite located 500m to the northeast.

Geochemical Discrimination Study

In order to further define and "fingerprint" more evolved or fractionated pegmatites such as lithium-caesium-tantalum (LCT) types, a litho-geochemical study was initiated. The study utilised all litho-geochemical data generated from drilling, outcrop channel sampling, pitting, trenching and rock grab sampling completed to date on the property. These included Rubicon, Helikon as well as numerous other outcropping pegmatites (barren and LCT type) located within the EPL. The study was successful in developing a Fractionation Index ("LiRub") that is proving to be a practical tool for better defining prospective pathfinder soil anomalies as well as screening out exposed pegmatite for drill target generation.

Soil Orientation Survey

A soil orientation program was conducted over two buried, known LCT type pegmatite occurrences in order to determine the optimum sampling medium and analytical method to use. Although not all results have received results to date confirm the presence of the pegmatite, its orientation, and importantly tested and validated the use of the LiRub factor for use in geochemically "fingerprinting" potential LCT type pegmatites

Geophysical structural targets validation mapping.

Field validation of the 29 targets generated from airborne geophysics data interpretation commenced at the beginning of the quarter. To date, at least 30 individual sub parallel outcropping pegmatites have been discovered and appear as a series/swarms of sub parallel, shallow to steeply dipping bodies with strike lengths of up to 1km and variable thicknesses up to 250m. In most cases the pegmatites extend under cover so true extents and widths are not well established. In general, most pegmatites encountered are of the undifferentiated feldspar-quartz-muscovite type with no visual suggestion of being highly fractionated. As expected, analyses (received to date) of representative rock chip samples showed negligible Lithia and content, however application of the LiRub fractionation index suggests that the pegmatite dykes have LCT affinities and are therefore considered prospective.

Tailings Storage Facility Sterilisation Drilling

A suitable site for Phase 1B Tailing Storage facility (TSF) near to the Phase 1B plant was identified on the footwall of the Main Rubicon pegmatite, mapping of the site was conducted and 7 Reverse Circulation (RC) holes for 378m were drilled for sterilisation. A total of 153 samples including QC were submitted for analysis and results were pending at the end of the quarter.

Mining Operations

The process for producing concentrate from the sorting plant includes:

- Mining and reclamation of historic run of mine stockpiles
- Crushing and screening to produce sized material suitable for sorting
- Processing of screened material through XRT sorter and NIR sorter; the latter was commissioned in February 2018

The product produced is a 1.7-2% Li_2O coarse concentrate. The concentrate is trucked from the mine site to the Port of Walvis Bay, where it is stockpiled ahead of shipping. The Company produced its first 30,321 tonne shipment of concentrate on April 24, 2018. The total shipment value was $2,151,790 (USD 1,655,223) or an effective realized price per tonne of $70.97 (US$ 54.59) per tonne after a grade adjustment. The Company expects to make one additional 30,000 tonne shipment in September/October 2018 of 1.7-2% Li_2O coarse concentrate. As of the date of this MD&A, the Company had not declared the commencement of commercial production and hence the no revenues or cost of sales is presented in the consolidated statement of loss and comprehensive loss. Revenue received during the "pre-commercial production" period is credited against the mine development asset on the balance sheet.

Production Statistics

	Units	Q1 2018	Q2 2018	Total
Total Material Reclaimed	Tonnes	284,305	302,946	587,251
Concentrate Produced	Tonnes	18,224	20,741	38,965
Concentrate Sold	Tonnes	-	30,321	30,321

Acquisition of Additional EPLs

On March 13, 2018, the Company announced that it entered definitive transfer agreements for the acquisition of Exclusive Prospecting License 5555 and 5718 (the "Proposed Transaction"), both located adjacent to its existing Exclusive Prospecting Licenses ("EPL") 5439, where the historic Rubicon and Helikon lithium mines are located. EPL 5718 covers an area of 200km^2 and is located immediately adjacent to and south of Desert Lion's existing EPL 5439 and is believed to contain areas prospective for the delineation of LCT type pegmatites. EPL 5555 covers an area of 553km^2 and is located adjacent and immediately west of EPL 5439, and also is believed to contain multiple LCT type pegmatite occurrences and workings.

In separate Transfer Agreements, Desert Lion has agreed to pay an aggregate consideration of approximately $180,000 for each EPL 5555 and EPL 5718, of which $30,000 was paid in cash on execution of the respective Transfer Agreements. An additional cash payment of approximately $100,000 will be paid on closing of each transaction and Desert Lion will issue the respective vendors, in aggregate, a number of common shares of Desert Lion equal to $50,000 at a price per share equal to the closing price of Desert Lion's common shares on the TSX Venture Exchange on the day immediately prior to closing.

Both EPLs are largely underexplored with respect to LCT pegmatite mineralization. Abundant late stage pegmatites (including LCT types) intrude throughout the EPL area and are thought to have been emplaced during the end of phases of Pan African age granite intrusion. The proposed acquisition of these two EPLs represents an opportunity for the Company to increase its ground holding in this prospective part of the recognized Southern pegmatite zone/field in Namibia's Erongo region. Upon closing of the Proposed Transaction, the Company's ground holding in Namibia will cover a total of 1,054km^2.

Closing of the Proposed Transaction is subject to receipt of approval of the transfer of the EPLs to Desert Lion by the Namibian Ministry of Mines and Energy as well as any required regulatory approvals, including the TSX Venture Exchange. As of the date of this MD&A, the Namibian Ministry of Mines and Energy approved the transfer of EPL 5718.

Off-take Agreement

The Company and Jiangxi Jinhui Lithium Co Ltd. ("Jinhui"), a private arm's length Chinese corporation, signed an offtake agreement dated November 6, 2017, which was subsequently amended on February 13, 2018 (the "Jinhui Lithium Offtake Agreement"). The effective date of the Jinhui Lithium offtake agreement is November 16, 2017, being the date of receipt by the Company of a prepayment in the amount of US$4.5 million ($5,021,513) (the "Deposit").

The Jinhui Lithium Offtake Agreement provides for the sale by the Company to Jinhui of the material (as defined below) located in the stockpile at the Company's Rubicon lithium project in Namibia.

The material consists of the following: (i) up to a maximum of 120,000 tonnes of lepidolite minerals containing 1.7% to 1.99% Li_2O (the "low-grade concentrate"); and (ii) all lepidolite concentrate produced by the Company from the lepidolite minerals contained in the stockpile located at the mine site, which contain not less than 1.7% Li_2O. The purchase price for the materials is determined as of the first day of each month, for that month, calculated as a percentage of the previous 30-day moving average price of delivered 99.5% lithium carbonate as published by Asian Metals. The percentage of the benchmark is determined by the average lithium oxide and tantalum content of the material.

The prepayment depletes throughout the term by an adjustment to the purchase price, using a depletion factor of US$40.00 per tonne. Payments of the purchase price are to be collateralized by the delivery by Jinhui to the Company of irrevocable and unconditional letters of credit drawable on a major international bank with no less than an A credit rating.

The term of the Jinhui Lithium Offtake Agreement began on November 16, 2017 and ends on the earlier of 60 months following such date and the date that is 15 business days after all product produced from the stockpiled material has been delivered to Jinhui and been paid for by Jinhui.

On April 24, 2018, the Company completed delivery of 30,321 tonnes of lithium concentrate within the timeframe of the extended contract. As a result, the prepayment is no longer refundable (as outlined in the Jinhui Off Take Agreement) and the remaining balance shall continue to amortize against future shipments. The first shipment depleted the prepayment by $1,550,139 (US$1,212,845). After assaying the product in China, the Company and Jinhui agreed on a $1,630,849 (US$1,275,995) grade adjustment credit note. The realized shipment value was $2,151,790 (US$ 1,655,223). The total amount due to Jinhui after this credit note is $6,008,756 (US$4,563,150).

The offtake agreement provided for Jinhui to have a period of 60 days from the date of the first shipment to send a written notice that it elects to subscribe for an amount of common shares of the Company that after such subscription equals 15% of the issued shares, in consideration of the payment of $13.0 million ("The Option"). In June 2018, the Company extended this option to August 22, 2018. The Option was extended to August 22, 2018 and expired unexercised.

In the June 30, 2018 financial statements, this Option represented an embedded derivative. At the date of issue, the fair value of the embedded derivative was estimated at $798,000 using the Black-Scholes model with the following assumptions: risk-free rate of return 1.05%, expected volatility 59%, life 0.52 years, and expected dividend yield of nil. As at June 30, 2018, the fair value of the embedded derivative was estimated at $265,000 using the Black-Scholes model with the following assumptions: risk-free rate of return 1.26%, expected volatility 119%, life 0.13 years, and expected dividend yield of nil.

The offtake prepayment liability was initially recorded as $4,847,250, being the residual value after allocating the estimated fair value of the embedded derivative. The offtake prepayment liability is subsequently measured on an amortized cost basis using the effective interest method over the expected life. The effective interest rate was estimated to be approximately 14%. At June 30, 2018, the offtake prepayment liability of $5,485,192 was reclassified as unearned revenue as the deposit is no longer refundable but will deplete against future shipments at a rate of US$40/tonne (t). For the six months ended June 30, 2018, $463,680 was recorded as accretion expense and recorded to mine development asset within property, plant and equipment.

Other Activity in the Second Quarter

On April 17, 2018, the Company issued 549,450 of its common shares valued at $1.82 per share or $1,000,000 in aggregate ($200,000 worth of common shares to each Huni Vendor). This share payment represented compensation that was triggered after the reverse take-over transaction was completed.

On May 11, 2018, the Company announced that its common shares commenced trading on the OTCQB in the United States, under the trading symbol "DSLEF".

On May 15, 2018, 35,000 options were exercised at $0.50 and on May 23, 2018, 47,500 options were exercised at $0.50. Total proceeds to the Company from these two option exercises was $38,750.

On May 16, 2018, the Company announced the completion of the direct capital cost estimate for the Phase 1 floatation plant by Tulela Processing Solutions. The total estimated direct cost for the Company's Phase 1 floatation plant, capable of processing between 350,000t – 400,000t of feed per year, is approximately C$7.0MM (N$70.0MM). This estimate excludes associated indirect costs which are expected to be in the C$3 million range. The Phase 1 floatation plant will be used to process the fines from the historic run of mines stockpiles at the Rubicon and Helikon mines as part of a three-phase execution plan: (i) Phase 1, the processing of the historic run of mine stockpiles at the Rubicon and Helikon mines; (ii) Phase 2, large scale mining and concentrate production from in situ material to produce a total of 220,000t – 250,000t per year of lithium concentrate; and (iii) Phase 3, 20,000t per year of lithium carbonate production in Walvis Bay, Namibia.

On June 27, 2018, the Company announced the appointment of Johan Coetzee to the role of Chie Operating Officer, effective July 1, 2018. Mr. Coetzee is a seasoned operational mining executive with over 20 years of Namibian work experience.

SELECTED QUARTERLY FINANCIAL INFORMATION

Three months ended	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17
	$	$	$	$
Cash flow from operating activities	**13,995**	3,083,522	7,902,588	(2,140,767)
Loss for the period	**5,660,664**	5,404,185	3,671,441	2,438,081
Comprehensive loss for the period	**4,646,035**	5,791,411	3,833,816	2,340,484
Loss per share	**0.10**	0.13	0.10	0.07
Total assets	**22,151,127**	25,889,257	25,714,922	8,442,036

Three months ended	30-Jun-17	31-Mar-17	31-Dec-16	June 17, 2016 to Sep 30, 2016
	$	$	$	$
Cash flow from operating activities	(2,151,797)	(1,090,165)	(594,406)	(32,999)
Loss for the period	2,860,601	1,177,477	793,326	137,833
Comprehensive loss for the period	2,850,658	1,177,477	793,326	137,833
Loss per share	0.09	0.04	0.04	0.02
Total assets	3,471,285	5,596,421	2,663,876	202,001

For the three months ended June 30, 2018, the Company reported a loss of $5,660,664 or $0.10 per share. For the three months ended June 30, 2017, the Company reported a loss of $2,860,601 or $0.09 per share. Losses in the three months ended June 30, 2018 were mainly a result of exploration and evaluation expenditures related to the Phase 1 and 2 drilling programs on the Rubicon lithium property in the amount of $1,906,783; marketing and promotion fees of $769,012; and share based compensation of $489,525. The consulting and management fees were $260,349 and professional fees totalled $65,997. There was also a change in the fair value of the offtake option liability which resulted in a gain of $503,000. There was an unrealized foreign exchange loss of $2,413,064 due to strengthening of the Canadian dollar against the South African Rand on the intercompany loans, which are denominated in South African Rand. Losses for the three months ended June 30, 2017 were mainly a result of exploration and evaluation expenditures in the amount of $2,045,513, consulting and management fees of $217,178, share based compensation of $369,071, marketing and promotion expenses of $65,191 and travel expenses of $107,894.

For the six months ended June 30, 2018, the Company reported a loss of $11,064,849 or $0.23 per share. For the six months ended June 30, 2017, the Company reported a loss of $4,038,078 or $0.13 per share. Losses in the six months ended June 30, 2018 were mainly a result of exploration and evaluation expenditures related to the Phase 1 and 2 drilling programs on the Rubicon lithium property in the amount of $3,644,335; marketing and promotion fees of $1,580,745; and share based compensation of $1,333,778. The consulting and management fees were $535,815 and professional fees totalled $349,639. There was also a change in the fair value of the offtake option liability of $1,504,000 (gain) and a non-cash transaction cost of $3,255,481 with the acquisition of Camex. There was an unrealized foreign exchange loss of $1,722,600 due to strengthening of the Canadian dollar against the South African Rand on the South African Rand denominated intercompany loans. Losses for the six months ended June 30, 2017 were mainly a result of exploration and evaluation expenditures in the amount of $2,823,401, consulting and management fees of $376,778, share based compensation of $518,171, marketing and promotion expenses of $79,311 and travel expenses of $153,150.

REVIEW OF FINANCIAL RESULTS

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
Loss for the period	**5,660,664**	2,860,601	**11,064,846**	4,038,078
Comprehensive loss for the period	**4,646,035**	2,850,658	**10,437,443**	4,028,135
Loss per share	**0.10**	0.09	**0.23**	0.13
General and administrative expenses:				
General office expenses	**56,746**	35,051	**114,184**	61,945
Consulting and management fees	**260,349**	217,178	**535,815**	376,778
Shareholder communications and filing fees	**43,542**	-	**106,659**	-
Marketing and promotion	**769,012**	65,191	**1,580,745**	79,311
Professional fees	**65,997**	14,203	**349,639**	21,833
Travel expenses	**112,734**	107,894	**161,974**	153,150
	1,308,380	439,517	**2,849,016**	693,017
Exploration and evaluation expenditures:				
Camp & support	**293,697**	111,339	**411,361**	306,230
Consulting and technical	**282,538**	165,495	**521,063**	195,168
Drilling & assay	**833,688**	1,162,834	**1,906,398**	1,579,502
Environmental permitting	**12,193**	75,187	**29,536**	181,589
Preliminary economic assessment	**139,040**	419,450	**149,557**	419,450
Legal	**-**	10,730	**-**	10,730
Field office and administration	**-**	16,884	**51,320**	16,884
Resource report	**32,129**	40,887	**92,815**	44,854
Travel	**313,498**	42,707	**476,285**	68,994
	1,906,783	2,045,513	**3,644,335**	2,823,401
Non-cash:				
Share based compensation	**489,525**	369,071	**1,333,778**	518,171
Amortization	**21,274**	7,736	**67,892**	10,699
Change in fair value of option liability	**(503,000)**	-	**(1,504,000)**	-
Foreign exchange loss (gain)	**2,413,064**	(2,108)	**1,722,600**	(10,001)
Transaction cost	**-**	-	**3,255,481**	-
Gain on debt settlement	**-**	-	**(370,000)**	-
	7,799	376,807	**2,783,151**	528,870

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2018

EXPENSES

General and Administrative

General office expenses of $56,746 for the three months ended June 30, 2018, include rent and office related expenses. The Company shares office space with several other resource companies and pays its proportionate share of expenses. In the comparative period ended June 30, 2017, the corresponding expenditure was $35,051.

The Company recorded consulting and management fees of $260,349 during the three months ended June 30, 2018 compared to $217,178 in the same period in the prior year. Additional management resources were added in 2018 to manage the Phase 1 and 2 drilling programs, commencement of mining operations and public listing efforts.

Professional fees of $65,997 and travel expenses of $112,734 were incurred during the three months ended June 30, 2018 compared to $14,203 and $107,894 in the comparative period last year.

The Company recorded marketing and promotion expenses of $769,012 and $43,542 for shareholder communications and filing fees during the three months ended June 30, 2018 compared to $65,191 for marketing and promotion in the same period in the prior year. The increase in marketing expenses in 2018 was incurred to prepare for the public listing via reverse take-over, which closed in February 2018.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of $1,906,783 during the three months ended June 30, 2018. The main expenses incurred were drilling and assaying of $833,688 and $12,193 for environmental permitting. $293,697 was incurred for camp and support costs while $282,538 was spent on consulting and technical work. $139,040 was spent on the preliminary economic assessment while $32,129 was incurred for the mineral resource estimate report. Travel related expenses for the project were $313,498. For the three months ended June 30, 2017, the Company recorded a total of $2,045,513 in exploration and evaluation expenditures. The main expenses incurred were drilling and assay of $1,162,834 while $75,187 was spent on environmental permitting. $111,339 was incurred for camp and support costs while $165,495 was spent on consulting and technical. $419,450 was spent on the preliminary economic assessment while $40,887 was incurred for the resource report. The legal fees were $10,730 and $16,884 was spent on the field office and administration. Travel related expenses for the project was $42,707.

Non-Cash Items

For the three months ended June 30, 2018, $489,525 of options vested to directors, officers and consultants of the Company. The options vest over three equal tranches. 468,333 options vested immediately, 468,333 options vest on August 26, 2018 and the final 468,334 options vest on February 26, 2019. For the three months ended June 30, 2017, 975,000 options were granted to officers and consultants of the Company which vested immediately and resulted in an expense of $369,071.

The Company recorded amortization expense of $21,274 during the three months ended June 30, 2018 on property, plant and equipment in Namibia. The Company recorded $7,736 amortization expense for the three months ended June 30, 2017.

The offtake option liability decreased $503,000 from its March 31, 2018 value of $768,000 to $265,000 at June 30, 2018. Refer to note 10 in the condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017.

For the three months ended June 30, 2018, the Company also recorded a non-cash unrealized foreign exchange loss of $2,413,064 on its South African Rand denominated intercompany loans due to the strengthen of the Canadian dollar vs. the Rand.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018

EXPENSES

General and Administrative

General office expenses of $114,184 for the six months ended June 30, 2018, include rent and office related expenses. The Company shares office space with several other resource companies and pays its proportionate share of expenses. $61,945 of general and office expenses were spent in the six months ended June 30, 2017.

The Company recorded consulting and management fees of $535,815 during the six months ended June 30, 2018 compared to $376,778 in the same period in the prior year. Additional management resources were added in 2018 to manage the Phase 1 and 2 drilling programs, commencement of mining operations and public listing efforts.

Professional fees of $349,639 and travel expenses of $161,974 were incurred during the six months ended June 30, 2018 compared to $21,833 and $153,150 in the comparative period last year. The higher professional fees were incurred in connection with the public listing via reverse take-over which closed in February 2018.

The Company recorded marketing and promotion expenses of $1,580,745 and $106,659 for shareholder communications and filing fees during the six months ended June 30, 2018 compared to $79,311 for marketing and promotion in the same period in the prior year. The increase in marketing expenses in 2018 was incurred to prepare for the public listing via reverse take-over, which closed in February 2018.

Exploration and Evaluation Expenditures

The Company recorded exploration and evaluation expenses of $3,644,335 during the six months ended June 30, 2018. The main expenses incurred were drilling and assaying of $1,906,398 and $29,536 for environmental permitting. $411,361 was incurred for camp and support costs while $521,063 was spent on consulting and technical work. $149,557 was spent on the preliminary economic assessment while $92,815 was incurred for the mineral resource estimate report. $57,320 was spent on the field office and administration. Travel related expenses for the project were $476,285. For the six months ended June 30, 2017, the Company recorded a total of $2,823,401 in exploration and evaluation expenditures. The main expenses incurred were drilling and assay of $1,579,502 while $181,589 was spent on environmental permitting. $306,230 was incurred for camp and support costs while $195,168 was spent on consulting and technical. $68,994 was spent on travel related expenses and $44,854 was spent on the resource report. $419,450 was spent on the preliminary economic assessment, $10,730 was spent on legal and $16,884 on field office and administration.

Non-Cash Items

For the six months ended June 30, 2018, 1,405,000 options were granted to directors, officers and consultants of the Company with an exercise price of $1.82 per common share. The options vest over three equal tranches. 468,333 options vested immediately, 468,333 options vest on August 26, 2018 and the final 468,334 options vest on February 26, 2019. The fair market value of the options vested was estimated to be $1,333,778 at June 30, 2018. For the six months ended June 30, 2017, 325,000 options were granted to officers and consultants of the Company which vested immediately on March 31, 2017 and another 975,000 options were granted and vested on June 21, 2017 which resulted an expense of $518,171.

The Company recorded amortization expense of $67,892 during the six months ended June 30, 2018 on property, plant and equipment in Namibia. The Company recorded $10,699 amortization expense for the six months ended June 30, 2017.

The offtake option liability decreased $1,504,000 from its December 31, 2017 value of $1,769,000 to $265,000 at June 30, 2018. Refer to note 10 in the condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017.

The acquisition of Camex had a transaction cost of $3,255,481, which is the excess of purchase price over fair value of liabilities for the six months ended June 30, 2018. Refer to note 16 in the condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017.

For the six months ended June 30, 2018, the Company issued 65,935 common shares of Desert Lion at a deemed price of $1.82 per share to settle $490,000 of unpaid consulting fees owed to Emprise Capital Corp., a private company of which Scott Ackerman, the former President and CEO of the Camex, is a principal. This resulted in a gain on debt settlement of $370,000.

For the six months ended June 30, 2018, the Company also recorded a non-cash unrealized foreign exchange loss of $1,722,600 on its South African Rand denominated intercompany loans due to the strengthen of the Canadian dollar vs. the Rand.

CASH FLOWS

The Company's cash flows used for operating activities were $13,995 and $3,597,517 during the three and six months ended June 30, 2018. The Company received the cash from the December 2017 private placement financings tied to the amalgamation with Camex on February 22, 2018. Expenditures in the period were primarily related to marketing and promotion, consulting and management fees, travel, exploration and evaluation expenditures on Rubicon. Cash raised by financing activities for the three and six months ended June 30, 2018 was $41,250 and $91,578 for the exercise of 250,500 options on February 23, 2018, 656 warrants on March 15, 2018, 35,000 options on May 15, 2018 and 47,500 options on May 23, 2018. The Company's investing activities for the three and six months ended June 30, 2018 were $7,445,169 and $10,120,610. The funds were used in the development of the mine asset, building and infrastructure and purchase of vehicles, computers, furniture and equipment at the camp. Also, a $500,000 loan was extended to an officer of the Company with an annual interest rate of 5% and maturity date of August 12, 2019.

The Company used cash of $2,151,797 and $3,241,962 in operating activities during the three and six months ended June 30, 2017. Expenditures in the period was primarily related to consulting and management fees, drilling and assay, and for consulting and technical work on the Rubicon Lithium Project. Cash raised by financing activities in the six months ended June 30, 2017 of $3,417,619 relates to the private placements held on March 20 and March 28, 2017. There were no financing activities for the three months ended June 30, 2017. The Company's investing activities for the three and six months ended June 30, 2017 of $41,663 and $112,362 was for the purchase of vehicles, computers, furniture and equipment for use at the camp.

	For the three months ended		**For the six months ended**	
($ Canadian)	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017
Cash flows (used in) operating activities	**$ 13,995**	$ (2,151,797)	**$ 3,597,517**	$ (3,241,962)
Cash flows (used in) financing activities	**41,250**	-	**91,578**	3,417,619
Cash flows (used in) investing activities	**(7,445,169)**	(41,663)	**(10,120,610)**	(112,362)
Effect of exchange rate changes on cash	**1,014,629**	8,743	**627,403**	8,322
Net change in cash	**$ (6,375,295)**	$ (2,184,717)	**$ (5,804,112)**	$ 71,617

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, the Company has no producing properties in commercial production. The recovery of the amounts expended for resource properties is dependent on the ability of the Company to obtain necessary financing to complete the development of the Rubicon land Helikon lithium projects or other potential projects and attain future profitable production. The Company's financial success will depend on its ability to raise financing to construct potential projects. At present, the Company has no established sources of income and the success of its exploration and development programs will be contingent upon the Company's ability to raise sufficient equity financing on terms favorable to the Company. The Company does not expect to generate any internal cash flows to help finance the development costs.

As at June 30, 2018, the Company had working capital deficit of $8,047,920 and $749,555 in cash compared to a working capital deficit of $1,627,192 and $6,553,667 of cash as at December 31, 2017. The Company's primary cash flow needs are for development of its mining and exploration activities, administrative expenses and working capital. The Company will maintain its excess working capital in a combination of Canadian and U.S. dollars, which will only be converted to Namibian Dollars as required.

RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation:

		Three months ended June 30, 2018		Three months ended June 30, 2017		Six months ended June 30, 2018		Six months ended June 30, 2017
Directors & officers compensation	**$**	**167,499**	$	127,999	**$**	**334,998**	$	205,498
Share-based payments		**461,651**		373,731		**1,272,832**		415,665
	$	**629,150**	$	501,730	**$**	**1,607,830**	$	621,163

During the three and six months ended June 30, 2018, the Company paid or accrued $629,150 and $1,607,830 of management compensation relating to officers and directors of the Company and $501,730 and $621,163 for the three and six months ended June 30, 2017.

All of the related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

COMMITMENTS AND CONTINGENCIES

Management Commitments

The Company is party to certain management contracts. These contracts require payments of approximately $1,640,000 to the officers of the Company upon the occurrence of a change in control of the Company, as such term is defined in each officers' respective consulting agreement. The Company is also committed to payments upon termination of approximately $355,000 pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these condensed interim consolidated financial statements.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Contractor Commitments

The Company engaged third party contractors for its sorting operations in Namibia. The estimated cost to terminate the agreements unilaterally before the terms expire is approximately $1.8 million.

Royalties

The Company's products are subject to a royalty rate on revenue of 2% payable to the Namibian government.

ACCOUNTING POLICIES

Accounting changes:

The Company will monitor the development of the relevant IFRS and change its accounting policies accordingly. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Accounting pronouncements not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2019 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16, Leases ("IFRS 16") was issued in January 2016. It replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 is effective from January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

New accounting standards

During 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9, Financial Instruments ("IFRS 9") was issued July 2014 and introduced new requirements for financial assets. This standard addresses; classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. A new general hedge accounting standard, which aligns hedge accounting more closely with risk management also forms part of IFRS 9. The mandatory effective date is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements for the three and six months ended June 30, 2018 are as follows:

Significant judgments in applying accounting policies

The areas which require management to make significant judgments in applying the Company's accounting policies in determining carrying values include, but are not limited to:

(i) Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets.

(ii) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(iii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Significant accounting estimates and assumptions

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with NI 43-101, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities.

The Chief Executive Officer and Chief Financial Officer have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the issuer is made known to them as of June 30, 2018.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Risk Factors

Investing in the Company involves risks that should be carefully considered. The business of the Company is speculative due to the high-risk nature of Lithium mining and exploration in Namibia. Investors should be aware that there are various risks, that could have a material adverse effect on, among other things, title to the projects, permitting, the operating results, earnings, business and condition (financial or otherwise) of the Company.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties, which are explored and ultimately developed into producing mines.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation.

The Company may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if the Company's mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company has currently decided not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The Company's exploration and development activities require licenses, permits and approvals from various governmental authorities and are subject to extensive federal, departmental and local laws and regulations. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. The Company will be required to obtain additional licenses and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company, for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history, earnings or cash flows from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical risks

All of the Company's operations are in Namibia, and as a result, the operations of the Company may be exposed to various levels of political, economic and other risks and uncertainties associated with operating in Namibia, including approval of acquisitions by local authorities, regulation of the mining industry and licenses of the Company, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits and licenses, opposition to mining from environmental and other non-governmental organizations, expropriation of property, nullification of existing or future concessions and contracts, ownership of assets, war, terrorism, political boundary disputes, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations and profitability of the Company.

Current Global Financial Conditions

Financial markets have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Government debt and deficits are at an all-time high. Access to financing has been negatively impacted by liquidity crises and the state of government finances throughout the world. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Litigation

Legal proceedings may arise from time to time in the course of the Company's business. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The process of defending such claims could take away from management time and effort and the resolution of any particular legal proceeding, to which the Company or one or more of its subsidiaries may become subject could have a material effect on the Company's financial position and results of operations.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Outstanding Share Data

As at the date of this MD&A, the Company has:

a) 47,262,937 common shares outstanding;
b) 4,286,293 stock options outstanding with expiry dates ranging from October 25, 2021 to February 26, 2023 with exercise prices ranging from CAD$0.20 to CAD$1.82. If exercised, 4,286,293 shares would be issued for proceeds of CAD$3,472,747; and
c) 8,712,424 warrants outstanding, see note 12 in the condensed interim consolidated financial statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Desert Lion certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the Rubicon lithium project, the future price of Lithium minerals; the Company's ability to new assets; the Company's investment in Desert Lion Energy (Pty) Ltd., timing and possible outcome of pending litigation and regulatory matters; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as ''plans'', ''expects'' or ''does not expect'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'' or ''does not anticipate'', or ''believes'', or variations of such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', ''might'' or ''will be taken'', ''occur'' or ''be achieved''. Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Desert Lion to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of Lithium; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.