THOR EXPLORATIONS LTD

Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(in Canadian Dollars)

THOR EXPLORATIONS LTD.

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THOR EXPLORATIONS LIMITED

Opinion

We have audited the consolidated financial statements of Thor Explorations Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the disclosures made in note 2 c to the financial statements which explain that the Group's cash flow projections indicate further funding is required to enable it to meet its liabilities as they fall due. As stated in note 2c this condition indicates the existence of a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's discussion and analysis ("MD&A").

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Stuart Barnsdall.

BDO LLP, Chartered Accountants
London
United Kingdom
June 15, 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Canadian dollars (audited)

	Note	December 31, 2019 $	December 31, 2018 $
ASSETS			
Current			
Cash		**5,402,920**	304,067
Amounts receivable	6	**1,145,837**	1,711,261
Prepaid expenses, advances and deposits	7	**200,349**	137,977
Total current assets		**6,749,106**	2,153,305
Investment		**2**	2
Deferred income tax assets	16	**15,075**	-
Prepaid expenses, advances and deposits	7	**23,327**	23,327
Right of use assets	8	**108,177**	-
Property, plant and equipment	9	**137,148**	255,482
Exploration and evaluation assets	5, 10	**46,679,892**	42,802,187
Total non-current assets		**46,963,621**	43,080,998
TOTAL ASSETS		**53,712,727**	45,234,303
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	**1,032,776**	1,506,438
Lease liabilities	8	**61,311**	-
Deferred payment	12	**-**	893,405
Total current liabilities		**1,094,087**	2,399,843
Non-current liabilities			
Lease liabilities	8	**35,354**	-
Deferred income tax liabilities	16	**-**	1,047
Total non-current liabilities		**35,354**	1,047
SHAREHOLDERS' EQUITY			
Common shares	13	**67,550,111**	52,268,870
Share purchase warrants	13	**533,000**	533,000
Option Reserve	13	**4,902,308**	4,764,308
Currency translation reserve		**559,126**	1,341,031
Deficit		**(20,961,259)**	(16,073,796)
Total shareholders' equity		**52,583,286**	42,833,413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**53,712,727**	45,234,303

These consolidated financial statements were approved for issue by the Board of Directors on June 15, 2020 and are signed on its behalf by:

(Signed) "Adrian Coates" *(Signed) "Olusegun Lawson"*

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31,
In Canadian dollars

	Note	2019 $	2018 $
Expenses:			
Audit and legal		**146,259**	165,091
Bank charges		**13,585**	15,439
Consulting fees		**578,447**	515,613
Accretion - unwinding of discount on deferred consideration	12	**-**	271,547
Directors fees	14	**821,330**	381,166
Depreciation	8,9	**126,733**	50,922
Foreign exchange loss		**244,000**	139,851
Listing and filing fees		**31,446**	31,542
Office and miscellaneous		**214,707**	184,037
Salaries and benefits		**232,442**	-
Shareholder information and transfer agent fees		**141,214**	141,299
Travel		**123,021**	166,783
Impairment of receivable	6	**2,026,301**	-
Share-based payments	13	**138,000**	2,110,354
Loss from operations		**(4,837,485)**	(4,173,644)
Interest expense	12	**(65,183)**	(35,449)
Net loss before taxes		**(4,902,668)**	(4,209,093)
Current income taxes	16	**(1,133)**	(1,166)
Deferred income tax recovery	16	**16,338**	18,198
Net loss for the year		**(4,887,463)**	(4,192,061)
Other comprehensive income			
Foreign currency translation (loss) / gain attributed to equity shareholders of the company		**(781,905)**	647,927
Total comprehensive (loss) for the year		**(5,669,368)**	(3,544,134)
Net loss per share - basic and diluted		**(0.01)**	(0.01)
Weighted average number of common shares outstanding - basic and diluted		**376,502,334**	335,082,147

All losses arose from continuing operations

The accompanying notes are an integral part of these consolidated financial statements.

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
In Canadian dollars

	Note	**2019**	2018
Cash flows from (used in):			
Operating activities			
Net loss for the period		**$ (4,887,463)**	$ (4,192,061)
Adjustments for:			
Foreign exchange loss / (gain)		**97,449**	158,609
Impairment of receivable	6	**2,026,301**	-
Accretion - unwinding of discount on deferred consideration	12	**-**	271,547
Depreciation		**126,733**	50,922
Share based payments		**138,000**	2,110,354
Current income taxes	16	**1,133**	1,166
Deferred income tax recovery	16	**(16,338)**	(18,198)
Interest expense	12	**65,183**	35,449
Changes in non-cash working capital items	15	**(110,010)**	(13,713)
Cash utilized in operations		**(2,559,012)**	(1,595,925)
Adjustments to net loss for cash items			
Realized foreign exchange loss		**(37,124)**	(25,182)
Net operating cash flows		**(2,596,136)**	(1,621,107)
Investing activities			
Acquisition of exploration and evaluation assets, net of cash acquired	5(a)	**(10,643)**	(11,707)
Payment of deferred payable	12	**(860,275)**	(1,776,935)
Purchases of property, plant and equipment	9	**(14,216)**	(193,878)
Exploration and evaluation expenditures	10	**(5,123,835)**	(5,725,747)
Net investing cash flows		**(6,008,969)**	(7,708,267)
Financing			
Proceeds from issuance of equity securities	13	**14,185,402**	10,146,921
Share issue costs	13	**(373,136)**	(707,153)
Payment of lease liabilities	8	**(58,468)**	-
Interest paid	8, 11	**(66,119)**	(29,451)
Net financing cash flows		**13,687,679**	9,410,317
Effect of exchange rates on cash		**16,279**	(16,481)
Net change in cash		**5,098,853**	64,462
Cash, beginning of the year		**304,067**	239,605
Cash, end of the year		**$ 5,402,920**	$ 304,067

Supplemental cash flow information (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
In Canadian dollars

	Note	Common Shares	Share subscription	Share purchase warrants	Option Reserve	Currency translation reserve	Deficit	Total shareholders' equity
Balance on December 31, 2017		**$ 41,324,813**	**$ 383,820**	**$ -**	**$ 2,582,308**	**$ 693,104**	**$ (11,881,735)**	**$ 33,102,310**
Net loss for the year		-	-	-	-	-	(4,192,061)	(4,192,061)
Comprehensive income		-	-	-	-	647,927	-	647,927
Total comprehensive loss						647,927	(4,192,061)	(3,544,134)
Private placements	13	11,852,592	-	-	-	-	-	11,852,592
Share issuance costs		(759,355)	-	-	-	-	-	(759,355)
Share subscription received		383,820	(383,820)	-	-	-	-	-
Issue of share warrants	13	(533,000)	-	533,000	-	-	-	
Share based payments		-	-	-	2,182,000	-	-	2,182,000
Balance on December 31, 2018		**$ 52,268,870**	**$ -**	**$ 533,000**	**$ 4,764,308**	**$ 1,341,031**	**$ (16,073,796)**	**$ 42,833,413**
Net loss for the year		-	-	-	-	-	(4,887,463)	(4,887,463)
Comprehensive income		-	-	-	-	(781,905)	-	(781,905)
Total comprehensive loss						(781,905)	(4,887,463)	(5,669,368)
Private placements	13	15,733,850	-	-	-	-	-	15,733,850
Share issuance costs	13	(452,609)	-	-	-	-	-	(452,609)
Share based payments		-	-	-	138,000	-	-	138,000
Balance on December 31, 2019		**67,550,111**	**-**	**533,000**	**4,902,308**	**559,126**	**(20,961,259)**	**52,583,286**

The accompanying notes are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Thor Explorations Ltd. N.P.L. was incorporated on September 11, 1968 under certificate number 81705 as a specially limited company pursuant to the Company Act (British Columbia, Canada). On December 4, 2001, Thor Explorations Ltd. N.P.L. changed its name to Thor Explorations Ltd. ("Old Thor"). On March 28, 2006 Old Thor transitioned to the British Columbia Business Corporations Act and on August 24, 2007 Old Thor resolved to remove the pre-existing company provisions applicable to Old Thor. Effective on September 1, 2009, Old Thor amalgamated with Magnate Ventures Inc. The amalgamated entity continued as Thor Explorations Ltd. ("Thor" or the "Company"). Thor trades on the TSX Venture exchange under the symbol "THX-V".

The Company is a junior natural resources company with no revenue, engaged in the acquisition, exploration and development of mineral properties, and is currently focused on gold exploration and development projects located in West Africa.

The Company's registered office is located at 550 Burrard Street, Suite 2900, Vancouver, BC, Canada, V6C 0A3.

2. BASIS OF PREPARATION

a) Statement of compliance

These audited consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

b) Basis of measurement

These audited consolidated financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. A precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

2. BASIS OF PREPARATION (continued)

c) Nature of operations and going concern and Covid-19

The Group is a junior gold exploration and development company and is pre-revenue.

As at December 31, 2019, the Company had cash of $5,402,920 and net working capital of $7,658,294. On April 29,2020 the Company made the following announcement for the closing of a private placement for financing of its Segilola Gold Project in Nigeria and working capital:

- The issue of 28,215,750 Common Shares of the Company with the Africa Finance Corporation ("AFC") for gross proceeds of CAD$5,643,150 (US$4,250,000);
- The issue of 34,750,000 Common Shares against US$5,000,000 of invoices under its EPC schedule;
- Signing of definitive documents with AFC on a US$21,000,000 Stream Agreement; and
- Signing of definitive documents with AFC for the provision of a US$54,000,000 senior secured credit facility.

Following this announcement the Company was fully funded for the development of it's Segilola Gold Project.

Highlights of the Financing:

- Total expected fundraising of US$104,500,000;
- Tranche 1 private placement (closed on December 5 2019) raising gross proceeds of C$15,733,850 (US$11,830,000) through the issuance of 78,669,250 Common Shares at a price of C$0.20;
- Tranche 2 private placement offering of C$5,973,800 (US$4,250,000) through the issuance of 28,215,750 Common Shares at a price of C$0.20 per Common Share;
- Issuance of 34,750,000 shares at a price of C$0.20 per Common Share in lieu of US$5,000,000 (C$6,950,000) of EPC construction costs;
- US$21,000,000 gold stream prepayment;
- US$6,500,000 EPC deferred payment facility; and
- US$54,000,000 senior secured credit facility.

As at the date of signing this report the funds for the US$4.25 million private placement and US$21 million gold streaming prepayment had been received.

On June 12, 2020 the Company announced the undertaking of a private placement to raise up to US$10 million through the issue of new common shares.

The Board has reviewed the Group's cash flow forecasts up until June 30, 2021 having regard to its current financial position and operational objectives. The predominant focus of operational activites over the period to June 2021 will be the development of the Segilola Gold Project in Nigeria, for which it is fully funded. The Group has control over the timing of development costs at Segilola and will align the incurring of the costs with the availability of financing from both existing cash reserves and drawdowns from the senior secured credit facility. However the cash flow forecasts indicate that the Group currently needs additional funding to enable it to meet its ongoing working capital requirements over the next twelve months. The Board is satisfied that the private placement in raising US$10 million, will provide the Group with sufficient financial resources to meet its commitments for the next twelve months.

2. BASIS OF PREPARATION (continued)

c) Nature of operations and going concern (continued)

While the Board is confident that the private placement will close successfully on or before July 7, 2020, until such time as close is achieved there is the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The emergence of the Covid-19 coronavirus pandemic has caused a severe adverse effect on the business environment on a global scale. The Group may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of Covid-19 or other potential pandemics. The Group's Nigerian operations have been declared as an essential business by the Nigerian authorities and so are not subject to closure.

The Board is aware of the various risks that the pandemic presents that include but are not limited to financial, operational, staff and community health and safety, logistical challenges and government regulation. At present the Board believes that there should be no significant material disruption to its operations in Nigeria and continues to monitor these risks and the Group's business continuity plans. Management maintains constant dialogue with local Nigerian government and monitors the situation among the local communities as well as the broader environment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these audited consolidated financial statements unless otherwise stated.

a) Consolidation principles

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions and balances are eliminated upon consolidation.

b) Details of the group

In addition to the Company, these audited consolidated financial statements include all subsidiaries of the Company. Subsidiaries are all corporations over which the Company has power over the Subsidiary and it is exposed to variable returns from the Subsidiary and it has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity, with Subsidiaries being fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

In Canadian dollars, except where noted

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Details of the Group (continued)

The subsidiaries of the Company are as follows:

Company	Location	Incorporated	Interest
Thor Investments (BVI) Ltd. ("Thor BVI")	British Virgin Islands	June 30, 2011	100%
African Star Resources Incorporated ("African Star")	British Virgin Islands	March 31, 2011	100%
African Star Resources SARL ("African Star SARL")	Senegal	July 14, 2011	100%
Argento Exploration BF SARL ("Argento BF SARL")	Burkina Faso	September 15, 2010	100%
AFC Constelor Panafrican Resources SARL ("AFC Constelor SARL")	Burkina Faso	December 9, 2011	100%
Segilola Resources Operating Limited ("SROL")	Nigeria	August 18, 2016	100%
Segilola Gold Limited ("SGL")	Nigeria	August 18, 2016	100%

c) Foreign currency translation

Functional and presentation currency
The Company's presentation currency is the Canadian dollar ("$"). The functional currency for the Company, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency)

Exchange rates published by the Bank of Canada and Oanda were used to translate the Thor BVI, African Star, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL's financial statements into the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor BVI, African Star, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL are recognized in other comprehensive income (loss).

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

d) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial Assets

Under IFRS 9, the Group classifies its financial assets into the following categories: those to be held at amortised cost, and those to be measured subsequently at fair value through profit and loss.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group’s business model is primarily that of “hold to collect” (where assets are held in order to collect contractual cash flows).

Amortised cost: these assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Amounts receivables are measured at amortised cost using the effective interest rate method, less impairment.

Cash and cash equivalents
Cash and cash equivalents represent cash balances held at bank and on demand deposits. Cash and cash equivalents are measured at amortised cost.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost which comprise mainly of receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial Liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

Financial liabilities are initially recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost. These comprise accounts payable, accrued liabilities and deferred payment.

e) Property, plant and equipment

Recognition and Measurement

On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Gains and Losses
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation
Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

	Rate
Motor vehicles	20-33%
Plant and machinery	20-25%
Office furniture	20-33%
Software	20-25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Exploration and evaluation expenditures

Acquisition costs
The fair value of all consideration paid to acquire an unproven mineral interest is capitalized, including amounts due under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Exploration and evaluation expenditures
All costs incurred prior to legal title are expensed in the consolidated statement of comprehensive loss in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated realisable value, are written off to the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures (continued)

At such time as commercial feasibility is established, project finance has been raised, appropriate permits are in place and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Projects in Construction and upon commercial production being achieved, re-categorised as Mining Property. Upon achieving commercial production, any costs will be depleted using a units of production method.

Farm-in agreements

As is common practice in the mineral exploration industry, the Company may acquire or dispose of all, or a portion of, an exploration and evaluation asset under a farm-in agreement. Farm-in agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the party farming-in. The Company recognizes amounts payable under a farm-in agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under a farm-in agreement only when the party farming-in has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Amounts received under farm-in agreements reduce the capitalized costs of the optioned unproven mineral interest to nil, and are then recognized as income.

g) Impairment of non-current assets

Impairment tests for non-current assets are performed when there is an indication of impairment. At each reporting date, an assessment is made to determine whether there are any indications of impairment. Prior to carrying out impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell.

Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

(i) sufficient data exists that render the resource uneconomic and unlikely to be developed
(ii) title to the asset is compromised
(iii) budgeted or planned expenditure is not expected in the foreseeable future
(iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

If any indication of impairment exists, an estimate of the non-current asset's recoverable amount is calculated. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of comprehensive loss so as to reduce the carrying amount of the non-current asset to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognized in profit and loss, except for income taxes relating to items recognized directly in equity or other comprehensive income.

Current income tax, if any, is the expected amount payable or receivable on the taxable income or loss for the year, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Basic and diluted income or loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of commons shares outstanding during the year. Diluted income per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts for the basic and diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income (loss) that are excluded from net earnings (loss). The main element of comprehensive income (loss) is the foreign exchange effect of translating the financial statements of the subsidiaries from local functional currencies into Canadian dollars upon consolidation. Movements in the exchange rates of the US Dollar, Pound Sterling, Nigerian Naira and West African Franc to the Canadian dolar will affect the size of the comprehensive income (loss).

k) Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to income or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the options reserve. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate

l) Interest income

Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

m) Application of new and revised International Financial Reporting Standards

The following new and revised standards and interpretations, all of which are effective for accounting periods beginning on or after 1 January 2019, have been adopted in the current financial year.

- IFRS 16 Leases.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Annual Improvements to IFRS Standards 2015-2017 Cycle.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation.

The most significant change in accounting policy arises from the adoption of IFRS 16 Leases, and this is described in detail below.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning on or after January 1, 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (continued)

The other new standards effective from January 1, 2019, as listed above, do not have a material effect on the Group's financial statements.

IFRS 16, Leases

IFRS 16 was adopted January 1, 2019 without restatement of comparative figures. The following policy applies subsequent to the date of initial application, 1 January 2019.

IFRS 16 replaces the current guidance in IAS 17 – 'Leases'. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

The standard is effective for periods commencing on or after January 1, 2019. Under the provisions of the standard most leases including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments.

IFRS 16 Leases has been applied for the first time in preparing the annual report and financial statements.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The following policy applies subsequent to the date of initial application, 1 January 2019.

The Group enters into leases in respect of leases of various office properties. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. Lease payments are discounted using the incremental borrowing rate (being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions), unless the rate implicit in the lease is available. The Group currently uses the incremental borrowing rate as the discount rate for all of its leases. For the purposes of measuring the lease liability, lease payments comprise fixed payments and variable lease payments based on an index or rate.

Right-of-use assets are measured at cost, which comprises the initial measurement of the lease liability, plus any lease payments made prior to lease commencement, initial direct costs incurred and the estimated cost of restoration or decommissioning; less any lease incentives received. Right-of-use assets are depreciated over the lease term.

Lease repayments made are allocated to capital repayment and interest so as to produce a constant periodic rate of interest on the remaining lease liability balance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (continued)

Right-of-use assets are presented within property, plant and equipment. Lease liabilities are presented under non-current liabilities unless due within 12 months of the reporting date, in which case they are included under trade and other payables in current liabilities. In the cash flow statement, lease repayments (both the principal and interest portion) are presented within cash used in operating activities.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Leases of low-value items (such as office equipment) and short-term leases (where the lease term is 12 months or less, which include the rental of drilling rigs) are expensed on a straight-line basis to the income statement.

The Group does not have any activities as a lessor.

Future accounting pronouncements

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning January 1, 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

The Group is currently assessing the impact of these new accounting standards and amendments. None of these are expected to have a significant effect on the Group.

(i) *There are no other standards issued by IASB, but not yet effective, that are expected to have a material impact of the group.*

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) *Fair value of share options and warrants*

The fair value of options is calculated using appropriate estimates of expected volatility, risk free rates of return, expected life of the options/warrants, the dividend growth rate, the number of options expected to vest and the impact of any attached conditions of exercise. See note 13 for further details of these assumptions.

b) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(i) *Impairment of exploration and evaluation assets*
In accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*, management is required to assess impairment in respect of the intangible exploration and evaluation assets. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Management has determined that there were no impairment indicators present in respect of the exploration and evaluation assets and as such, no impairment test was performed.

(ii) *Impairment of other receivable*
In accordance with IFRS 9 *Financial Instruments*, management is required to assess impairment in respect of financial assets. In making the assessment, management is required to make judgments on credit risk associated with receivables. Management has reviewed receivables outstanding as at the year end and assessed the likelihood of receiving the share subscription funds on the basis of historic receipts, the economic environment and the board's assessment of the subscribers' ability to pay. Accordingly an impairment of the receivables has been recognised in note 6.

In Canadian dollars, except where noted

5. ASSET ACQUISITION

a) Acquisition of Nigerian Exploration Licenses

In December 2018 the Company, through its wholly owned subsidiary Segilola Gold Limited ("SGL"), applied for two new gold exploration licences, located in southwest Nigeria. On April 1, 2019, the Office of the Nigera Mining Cadastre granted the two licenses to SGL. The new licences, which total 142 km^2, are located between 17km and 25km south of the Segilola Gold Project and cover significant sections of the structural trends that extend southwards from the Segilola high grade gold deposit.

The total consideration paid in 2018 upon application was comprised of the following:

Purchase price		
Acquisition of exploration licenses		
Cash (NGN 3,214,500)	$	11,707
Total consideration December 31, 2018	**$**	**11,707**

On October 2, 2019 the Office of the Nigeria Mining Cadastre granted a further two new licenses to SGL. The licenses are located between 2.5km and 14km from Segilola, with a combined area of 343.6 km^2 and cover significant sections of the structural trends that extend northwards from the Segilola high grade gold deposit.

The total consideration paid for the two licenses granted on October 2, 2019 was comprised of the following:

Purchase price		
Acquisition of exploration licenses		
Cash (NGN 2,905,000)	$	10,643
Total consideration December 31, 2019	**$**	**10,643**

The four licenses granted to date in 2019 are in addition to the four licences granted in December 2017, which total 334 km^2, are located between 30km and 80km north-east of the Segilola Gold Project and cover significant sections of the structural trends that extend northwards from the Segilola high grade gold deposit.

In Canadian dollars, except where noted

6. AMOUNTS RECEIVABLE

		December 31, 2019		December 31, 2018
Goods & Services Tax - Canada	$	**4,786**	$	952
Other receivables		**521**		557
Share subscriptions receivable		**3,166,831**		1,709,752
Impairment provision		**(2,026,301)**		-
	$	**1,145,837**	$	1,711,261

The majority of amounts receivable consists of share placement subscription funds totalling CAD$3,167,000. The Board has assessed the likelihood of receiving the share subscription funds at the end of the year and have recognized an impairment of CAD$2,026,000 on the basis of historic receipts, the economic environment and the Board's assessment of the subscribers' ability to pay. Post year end and as at the date of signing this report CAD$1,140,000 has been received.

The value of receivables recorded on the balance sheet is approximate to their recoverable value. Other than the impairment made as at year end there are no expected material credit losses. Please refer to note 17 for discussion on credit risk.

7. PREPAID EXPENSES, ADVANCES AND DEPOSITS

		December 31, 2019		December 31, 2018
Current:				
Insurance	$	**21,213**	$	18,084
Other deposits		**76,787**		111,165
Other prepaids		**102,349**		8,728
	$	**200,349**		137,977
Non-current:				
Other prepaids	$	**23,327**	$	23,327
	$	**23,327**	$	23,327

In Canadian dollars, except where noted

8. LEASES

The Group has adopted IFRS 16 using the modified retrospective approach with the effect of applying this standard at the date of initial recognition of 1 January 2019, consequently comparatives have not been restated. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. $61,108 (2018:$63,703) has been expensed in the year in relation to low value and short term leases.
In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in respect of an office lease . These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 of 4.25%.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

	Lease prepayments	Right of use asset	Lease liability	Income statement
Balance on transition	$ 14,400	$ -	$ -	$ -
Initial recognition	(14,400)	164,320	(149,920)	-
Depreciation		(55,694)	-	(55,694)
Interest		-	(5,414)	(5,414)
Lease payments		-	58,468	-
Foreign exchange movement		(449)	201	201
Carrying value at 31 December 2019	**$ -**	**$ 108,177**	**$ (96,665)**	**$ (60,907)**

In Canadian dollars, except where noted

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Plant and machinery	Software	Office furniture	Total
Costs					
Balance, December 31, 2017	$ 283,485	$ 363,387	$ 18,979	$ 90,716	$ 756,568
Additions	128,685	16,589	-	48,604	193,878
Foreign exchange movement	20,559	13,031	535	3,586	37,711
Balance, December 31, 2018	$ 432,729	$ 393,006	$ 19,514	$ 142,906	$ 988,157
Additions	-	5,526	-	8,690	14,216
Foreign exchange movement	(19,492)	(19,752)	(297)	(5,436)	(44,977)
Balance, December 31, 2019	**$ 413,237**	**$ 378,780**	**$ 19,217**	**$ 146,160**	**$ 957,397**
Accumulated depreciation and impairment losses					
Balance, December 31, 2017	$ 172,410	$ 362,853	$ 18,979	$ 60,278	$ 614,520
Depreciation	86,380	2,073	-	18,735	107,188
Foreign exchange movement	(3,722)	12,702	535	1,457	10,971
Balance, December 31, 2018	$ 255,068	$ 377,627	$ 19,514	$ 80,470	$ 732,679
Depreciation	97,262	5,532	-	36,223	139,017
Foreign exchange movement	(28,068)	(19,136)	(297)	(3,945)	(51,446)
Balance, December 31, 2019	**$ 324,262**	**$ 364,023**	**$ 19,217**	**$ 112,748**	**$ 820,249**
Carrying amounts					
Carrying value at December 31, 2017	$ 111,075	$ 534	$ -	$ 30,438	$ 142,048
Carrying value at December 31, 2018	$ 177,661	$ 15,379	$ -	$ 62,436	$ 255,478
Carrying value at December 31, 2019	**$ 88,975**	**$ 14,757**	**$ -**	**$ 33,412**	**$ 137,148**

During the year ended December 31, 2019, depreciation of $67,978 (year ended December 31, 2018 - $56,266) has been capitalized to exploration and evaluation assets. The accumulated depreciation capitalized to exploration expenditures to December 31, 2019 amounts to $663,879 (December 31, 2018 - $595,901).

In Canadian dollars, except where noted

10. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets costs are as follows:

	Douta Gold Project, Senegal	Central Houndé Project, Burkina Faso	Segilola Gold Project, Osun Nigeria	Exploration licenses, Nigeria	Total
Costs					
Balance, December 31, 2017	$ 12,072,976	$ 1,556,955	$ 21,939,187	$ 13,643	$ 35,582,761
Acquisition costs	-	-	-	11,707	11,707
Exploration costs	1,508,986	12,577	5,030,150	-	6,551,713
Foreign exchange movement	315,287	37,878	301,738	1,103	656,006
Balance, December 31, 2018	$ 13,897,249	$ 1,607,410	$ 27,271,075	$ 26,453	$ 42,802,187
Acquisition costs	-	-	-	10,643	10,643
Exploration costs	259,944	14,634	4,363,716	43,401	4,681,695
Foreign exchange movement	(449,051)	(66,106)	(298,358)	(1,118)	(814,633)
Balance, December 31, 2019	**$ 13,708,142**	**$ 1,555,938**	**$ 31,336,433**	**$ 79,379**	**$ 46,679,892**

a) Douta Gold Project, Senegal:

The Douta Gold Project consists of an early stage gold exploration license located in southeastern Senegal, approximately 700km east of the capital city Dakar.

The Company is party to an option agreement (the "Option Agreement") with International Mining Company ("IMC"), by which the Company has acquired a 70% interest in the Douta Gold Project located in southeast Senegal held through African Star SARL.

Effective February 24, 2012, the Company exercised its option to acquire a 70% interest in the Douta Gold Project pursuant to the terms of the Option Agreement between the Company and IMC. As consideration for the exercise of the option, the Company issued to IMC 11,646,663 common shares, based on a Volume Weighted Average Price (VWAP) for the 20 trading days preceding the option exercise date of $0.2014 (or US$0.2018) per share, valued at $2,678,732 based on the Company's closing share price on February 24, 2012. The share payment includes consideration paid to IMC for extending the time period for exercise of the option.

Pursuant to the terms of the Option Agreement, IMC's 30% interest will be a "free carry" interest until such time as the Company announces probable reserves on the Douta Gold Project (the "Free Carry Period"). Following the Free Carry Period, IMC must either elect to sell its 30% interest to African Star at a purchase price determined by an independent valuer commissioned by African Star or fund its 30% share of the exploration and operating expenses.

While the main operational focus for the Company during 2019 was on the Segilola Gold Project in Nigeria, the Company did continue to make progress on it's Douta Project in Senegal. During 2019 a revised analysis of the soil geochemistry database was completed, four areas were selected for follow up auger/RAB drilling and, in Q4, preparations including drilling contract negotiations for an upcoming auger sampling program were undertaken.

10. EXPLORATION AND EVALUATION ASSETS (continued)

b) Central Houndé Project, Burkina Faso:

(i) Bongui and Legue gold permits, Burkina Faso:

AFC Constelor SARL held a 100% interest in the Bongui and Legue gold permits covering an area of approximately 233 km^2 located within the Houndé belt, 260 km southwest of the capital Ouagadougou, in western Burkina Faso.

(ii) Ouere Permit, Central Houndé Project, Burkina Faso:

Argento BF SARL held a 100% interest in the Ouere gold permit, covering an area of approximately 241 km^2 located within the Houndé belt.

The three permits together cover a total area of 474km^2 over the Houndé Belt which form the Central Houndé Project.

(iii) Acacia Option Agreement, Central Houndé Project, Burkina Faso:

On April 8, 2015, the Company entered into the Acacia Option Agreement with Acacia Mining plc (“Acacia”), whereby Acacia will have the exclusive option to earn up to a 51% interest in Central Houndé Project by satisfying certain conditions over a specified 4-year period and then the right to acquire an additional 29%, for an aggregate 80% interest in Central Hounde Project, upon declaration of a Pre-Feasibility Study. As at September 30, 2018, Acacia has met the minimum spending requirement for the Phase 1 Earn-in. As a result, Acacia earned a 51% interest in the Central Houndé Project. The Group currently holds a 49% interest in the Central Houndé Project.

In 2019 Barrick Gold Corp (“Barrick”) completed an acquisition of Acacia through the purchase of the ordinary share capital of Acacia that Barrick did not already own. The acquisition did not affect work undertaken at the Central Hounde Gold Project in Burkina Faso where Barrrick continued its exploration work as per its Joint Operation with Thor.

A drilling programme was undertaken in 2019 that continued into Q3 until early August when it was interrupted by the rainy season. A total of 16,175m of drilling was completed during the year, comprising 7,109m of reverse circulation drilling and 9,066m of air-core drilling, with some encouraging results received.

A total of 1,219 soil samples were collected with all assay results received.

During Q4 a desktop re-evaluation of all geochemical, geological and geophysical data across the prospecting license was undertaken with an aim to generate targets for further work.

The Company notes that post completion of Barrick’s acquisition of Acacia, the Option Agreement contains right of first refusal clauses regarding the Company’s right to reclaim Barrick’s interest in the Central Houndé Project and the Company will assess its options in this regard.

c) Segilola Project, Osun Nigeria

The Segilola Gold Project ("the Project") is located in Osun State of Nigeria, approximately 120km northeast of Lagos. The property comprises mining and exploration licenses that covers an area of 17.2km^2.

On February 4, 2019 the Company announced positive results of its Independent Definitive Feasibility Study ("DFS") for an open pit Gold Project on its 100% Segilola Gold Project in Nigeria ("Segilola"). The DFS demonstrated the existence of a robust open pit project with an NPV5% of US$138 million at an assumed gold price of US$1300/oz, a 50% IRR and a payback period of under 1.4 years (at a US$1,300/oz gold price) with pre-production Capex of US$87 million and and a life of mine all in sustaining cost of US$662/oz. The projected production from the open pit is 80,000 ounces per annum.

At the same time the Company also announced completion of an Independent Preliminary Economic Assessment ("PEA") for a proposed supplemental underground mining project at Segilola. The PEA demonstrated an accretive NPV5% of US$35 million and a development capital requirement of US$13 million to be funded from the open pit cash flow. The Underground Project considers an initial three year underground operation which can be brought on during the open pit mine life to supplement the open pit ore with high grade underground production. The deposit remains open below the resource considered in the underground project. The projected production from the underground is 33,000 ounces per annum.

On April 15, 2019 the Company announced that it had received Investment Committee approval for a US$78 million financing package with the Africa Finance Corporation ("AFC") for the construction and ramp-up of its Segilola Gold Project. The funding package was subsequently increased to US$86 million and concluded post balance date on April 29, 2020 consisting of US$54 million senior secured credit facility, a US$21 million gold stream prepayment and a US$11 million equity investment in Thor. Refer to the subsequent events section for further detail.

On April 16, 2019 the Company announced it had received a commitment from Norinco International Cooperation Limited ("Norinco International") for a 10% financing of a US$65 million turnkey, engineering, procurement and construction contract ("EPC Contract") awarded to Norinco International for the development of the Company's 100% owned Segilola Gold Mine.

On May 8, 2019 the Company announced the appointment of Mr Michael Kelly as General Manager of the Segilola Gold Project. Mr Kelly is a mining engineer with over thirty years experience and a proven track record in developing mining projects having worked in key senior mining positions for Zara Mining, Centerra Gold, AngloGold Ashanti and also as a mining contractor. Mr Kelly has achieved success in delivering projects and operating mines in several locations in Africa and Asia with wide ranging industry experience focused on gold, having managed mining operations, in both production and technical roles and having been involved in the planning and optimisation of several open pit mines.

On May 31, 2019 the Company announced that it had signed the EPC Contract with Norinco International. The EPC Contract was agreed on a lump sum turnkey basis and provided Thor with a fixed price of US$67.5 million for the full delivery of design, engineering, procurement, construction and commissioning of the proposed 650,000 ton per annum gold ore processing plant within 18 months of the commencement date and includes guarantees for construction schedule and plant performance.

The Company commenced a Resettlement Action Plan ("RAP") which requires no physical relocation, but compensation for economic displacement. The survey process began in May with a newspaper publication announcement in local newspapers. RAP sensitisation meetings were carried out in June 2019, with the RAP surveys on land delineation, valuation, asset and socio-economic surveys commencing on June 21st, 2019 and as at the date of signing this report are close to conclusion.

10. EXPLORATION AND EVALUATION ASSETS (continued)

During the year the Company made preparations as it moves towards development. The main initiatives undertaken were:

- Advancing the design of the facilities at site, furthering mine optimisation and working with the communities in and around the site;
- Holding meetings at the Yantai Orient Metallurgy Design & Research Institute, to further enhance the design of the Process Plant, Camp and Administration buildings;
- Work on the optimisation of the Open Pit Mine Design;
- Initiated a tender process for the contract mining works. Seven companies initially submitted tenders with three of these companies eliminated in the first round. The remaining bidders submitted revised tenders during Q4;
- Met with the newly appointed Minister of Mines and Steel Development to discuss financial incentives that the Company is seeking;
- Submitted construction drawings to the Osun State Government for approval who subsequently released the necessary permits, that would allow the company to start construction works at site.

d) Exploration Licenses, Nigeria

In December 2017 the Office of the Nigeria Mining Cadastre granted four licenses to Segilola Gold Limited, a wholly owned subsidiary of the Company. The licenses which total 334 km^2, are located between 30km and 80km north-east of the Segilola Gold Project and cover significant sections of the structural trends that extend northwards from the Segilola high grade gold deposit. See also Note 5(a).

On April 1, 2019 the Office of the Nigeria Mining Cadastre granted two new licenses to Segilola Gold Limited. The licenses located in southwest Nigeria are in addition to the four granted in December, total 142 km^2, are located between 17km and 25km south of the Segilola Gold Project and cover significant sections of the structural trends that extend southwards from the Segilola high grade gold deposit.

On October 2, 2019 the Office of the Nigeria Mining Cadastre granted a further two new licenses to Segilola Gold Limited, both valid for three years and are renewable for two further periods of two years. The licenses are located between 2.5km and 14km from Segilola, with a combined area of 343.6 km^2 and cover significant sections of the structural trends that extend northwards from the Segilola high grade gold deposit. See also Note 5(a).

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria.

The licences cover a strike length of 20km over the highly prospective gold-bearing Ilesha Schist Belt and the immediate northern extensions of the Segilola gold trend.

Thor's exploration tenure now comprises nine explorations licences. Together with the mining lease over the Segilola Gold Deposit Thor's total exploration tenure amounts to 912 km^2.

In Canadian dollars, except where noted

10. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration Statistics 2019

Type	No. Holes	Total Metres	No. Samples
Diamond drilling			
RC drilling	9	1,005	
Diamond Core			
RC			881
Stream sediment			520
Auger soil sample			
Surface soil sample			395
Rock chip			76
Trench			572
Total	9	1,005	2,444

Exploration 2019

To identify additional drilling targets, Thor undertook a reconnaissance stream sediment sampling program comprising a total of 520 sample sites.

The assay results clearly highlight the highly anomalous nature of the Segilola area with a peak assay of 1.96g/tAu returned from a sample located 750m east of the Segilola ore body. A duplicate sample from the same area returned 1.37g/tAu. Stream sediment anomalies of 2.84g/tAu and 0.45g/tAu were also located 5km along strike to the northfrom Segilola. A stream sediment anomaly of 0.49g/tAu was located 11km along strike from Segilola.

In addition, the results from the more regional reconnaissance stream sediment sampling program have returned anomalous gold assays ranging from 44 to 1,113ppbAu from areas 35km to the south and 66km to the north of Segilola.

Thor considers these initial results to be encouraging in that they establish the presence of anomalous gold in areas not previously explored.

A limited eight hole reverse circulation (RC) drilling program was completed over part of the northern strike length of the Segilola mineralised trend. Two holes that intersected the mineralised structure 600m north from Segilola returned anomalous results.

In Canadian dollars, except where noted

10. EXPLORATION AND EVALUATION ASSETS (continued)

HOLE ID	Easting	Northing	Total Depth (m)	Azimuth	Dip	From (m)	To (m)	Downhole Interval (m)	True Thickness (m)	Average Grade (Aug/t)
SGRC005	702071	832800	110	90	-60	78	79	1.0	0.85	0.82
SGRC009	702106	832806	86	90	-60	44	44	1.0	0.85	1.41

Table 1: Significant Results – Regional RC Drilling

Results were received from trench sampling and two RC holes that were completed within the resource area in late 2018 were received. Significant results included:

Type	HOLE ID	Easting	Northing	Total Depth (m)	Azimuth	Dip	From (m)	To (m)	Downhole Interval (m)	True Thickness (m)	Average Grade (Aug/t)
RC	SGRC007	701717	830975	120	90	-90	61.0	64.0	**3.0**	**1.60**	**3.08**
RC	SGRC007						81.0	93.0	12.0	6.60	1.25
RC	SGRC007						97.0	104.0	**7.0**	**3.60**	**4.10**
RC	SGRC008	701857	831575	37	90	-90	23.0	30.0	7.0	5.10	5.88
trench	SGTR001	701848	831551	50	90	0	22.4	29.1	**6.7**	**6.70**	**4.22**

Table 2: Significant Results – Infill RC Drilling and Trenching

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2019		December 31, 2018
Trade payables	**$**	**480,179**	$	1,087,873
Accrued liabilities		**552,597**		418,565
	$	**1,032,776**	$	1,506,438

Accounts payable and accrued liabilities are classified as financial liabilities and approximate their fair values.

In Canadian dollars, except where noted

12. DEFERRED PAYMENT

		Total
Balance as at December 31, 2017	**$**	2,245,498
Accretion		271,547
Interest expense		35,449
Principal repayments		(1,776,935)
Interest payments		(29,451)
Foreign exchange movement		147,297
Balance December 31, 2018	**$**	893,405
Interest expense		59,037
Principal repayments		(860,275)
Interest payments		(65,388)
Foreign exchange movement		(26,779)
Balance December 31, 2019	**$**	**-**

The deferred payment (US$2,000,000) forms part of the acquisition of the Segilola Project in Osun, Nigeria becoming payable at the earlier of August 22, 2018 or completion of the financing for full scale development of the Project. Upon acquisition of the Segilola Project the Deferred Payment was recognised at its discounted value using an annualized rate of 20%. Subsequent to initial recognition an accretion expense of the fair value of the Deferred Payment over a period of two (2) years until August 22, 2018 was charged through the Statement of Comprehensive Loss. The deferred payment became subject to an annual interest rate of LIBOR plus 2% from August 22 2018. In November 2018 a total of $1,806,386 was paid with agreement with the third party reached to defer the US$650,000 balance payable until February 28, 2019. Upon agreement for the deferral being reached, the annual interest rate increased to LIBOR plus 5%. On December 9, 2019 the Company made a payment of US$699,405 consising of US$650,000 principal and US$49,405 interest, in full settlement of the liability.

In Canadian dollars, except where noted

13. CAPITAL AND RESERVES

a) Authorized

Unlimited common shares without par value.

b) Issued

	December 31, 2019 Number		**December 31, 2019**	December 31, 2018 Number		December 31, 2018
As at start of the year	370,682,965	$	52,268,870	301,318,970	$	41,324,813
Issue of new shares:						
- Issue March 29, 2018 [i]	-		-	24,910,660		3,990,862
- Issue August 31, 2018[ii]	-		-	44,453,335		7,486,195
- Value of warrants Issue[ii]	-		-	-		(533,000)
- Issue December 4, 2019[ii]	78,669,250		15,281,241	-		-
	449,352,215	$	67,550,111	370,682,965	$	52,268,870

[i] Private placement of 24,910,660 common shares at a price of $0.17 per share.
[ii] Private placement of 44,453,335 units at a price of $0.18 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase a common share of the Company at a price of $0.28 for a period of 36 months.
[iii] Private placement of 78,669,250 common shares at a price of $0.20 per share.

c) Share subscription

On August 19, 2019 the Company announced a proposed non-brokered private placement to issue up to 100,500,000 Common Shares (“Common Shares”) at a price of $0.20 per Common Share for gross proceeds of $20,100,000. The placement closed on December 5, 2019 with 78,669,250 Common Shares being issued raising gross proceeds of $15,733,850.

d) Share-based compensation

The Company has granted directors, officers and consultants share purchase options. These options were granted pursuant to the Company’s stock option plan.

Under the current Share Option Plan, 44,900,000 common shares of the Company are reserved for issuance upon exercise of options.

Subsequent to reporting date on January 16, 2020, 14,250,000 stock options were granted at an exercise price of $0.20 per share for a period of five years. As the issue was post reporting date the share based compensation expense recognizing the issue of those options has not been recognised in these Financial Statements and will be recorded in subsequent financial year.

On October 5, 2018 750,000 stock options were granted at an exercise price of $0.14 per share for a period of five years.

On March 12, 2018 12,800,000 stock options were granted at an exercise price of $0.145 per share for a period of five years.

In Canadian dollars, except where noted

13. CAPITAL AND RESERVES (continued)

d) Share-based compensation (continued)

On May 7, 2017 500,000 stock options were granted at an exercise price of $0.12 per share for a period of three years. On July 5, 2019 the Company announced an extension of the expiry date from May 7, 2020 to May 7, 2022. All other conditions of the options remain the same.

On January 16, 2017 9,750,000 stock options were granted at an exercise price of $0.12 per share for a period of three years. On July 5, 2019 the Company announced an extension of the expiry date from January 16, 2020 to January 16, 2022. In addition the vesting conditions attached to 1.75 million options were removed with the options vesting immediately and the resulting charge recorded in the Consolidated Statement of Comprehensive Loss.

All of the stock options were vested as at balance date. These options did not contain any market conditions and the fair value of the options were charged to the statement of comprehensive loss or capitalized as an intangible asset in the period. The assumptions inherent in the use of these models are as follows:

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Options vested	Options granted	Expiry
5	01/16/2017	2.06	1.05%	$0.12	197.32%	$0.14	9,750,000	9,750,000	01/16/2022
5	05/07/2017	2.35	0.87%	$0.12	192.23%	$0.15	500,000	500,000	05/07/2022
5	03/12/2018	3.20	2.00%	$0.145	105.09%	$0.14	12,800,000	12,800,000	03/12/2023
5	10/05/2018	3.76	2.43%	$0.14	100.69%	$0.14	750,000	750,000	10/05/2023

The share price volatility measure for options granted in 2017 was the historical volatility in Thor's share price measured over same number of years as the life of the options granted. In 2018 the Company elected to measure volatility by calculating the average volatility of a collection of three peer companies historical share prices for the exercising period of each parcel of options. Management believes that given the transformational change that the Company has undergone since the acquisition of the Segilola Gold Project in August 2016, the Company's historical share price is not reflective of the current stage of development of the Company, and that adopting the volatility of peer companies who have advanced from exploration to development is a more accurate measure of share price volatility for the purpose of options valuation.

In Canadian dollars, except where noted

13. CAPITAL AND RESERVES (continued)

d) Share-based compensation (continued)

The following is a summary of changes in options from January 1, 2019 to December 31, 2019 and the outstanding and exercisable options at December 31, 2019:

				Contractual Lives	January 1, 2019	During the period			December 31, 2019	December 31, 2019 Number of Options	
Grant Date	Expiry Date		Exercise Price	Remaining (Years)	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2022	i	$0.12	2.06	9,750,000	-	-	-	9,750,000	9,750,000	-
7-May-2017	7-May-2022	ii	$0.12	2.35	500,000	-	-	-	500,000	500,000	-
12-Mar-2018	12-Mar-2023		$0.145	3.20	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023		$0.14	3.76	750,000	-	-	-	750,000	750,000	-
Totals				**2.73**	**23,800,000**	**-**	**-**	**-**	**23,800,000**	**23,800,000**	**-**
Weighted Average Exercise Price					**$0.134**	**-**	**-**	**-**	**$0.134**	**$0.134**	**-**

[i] On July 5, 2019 the Company announced an extension of the expiry date from January 16, 2020 to January 16, 2022. All other conditions of the options remain the same.

[ii] On July 5, 2019 the Company announced an extension of the expiry date from May 7, 2020 to May 7, 2022. All other conditions of the options remain the same.

In Canadian dollars, except where noted

The following is a summary of changes in options from January 1, 2018 to December 31, 2018 and the outstanding and exercisable options at December 31, 2018:

			Contractual Lives	January 1, 2018	During the period			December 31, 2018	December 31, 2018 Number of Options	
Grant Date	Expiry Date	Exercise Price	Remaining (Years)	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2020	$0.12	1.05	9,750,000	-	-	-	9,750,000	8,000,000	1,750,000
7-May-2017	7-May-2020	$0.12	1.35	500,000	-	-	-	500,000	500,000	-
12-Mar-2018	12-Mar-2023	$0.145	4.20	-	12,800,000	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023	$0.14	4.76	-	750,000	-	-	750,000	750,000	-
Totals			**2.87**	**10,250,000**	**13,550,000**	**-**	**-**	**23,800,000**	**22,050,000**	1,750,000
Weighted Average Exercise Price				**$0.120**	**$0.145**	**-**	**-**	**$0.134**	**$0.135**	**$0.12**

In Canadian dollars, except where noted

13. CAPITAL AND RESERVES (continued)

e) Share purchase warrants

On August 31, 2018 the Company issued 44,453,335 warrants pursuant to the private share placement closed on the same date, whereby one warrant was issued for every common share subscribed for (“Placement Warrants”). The warrants were issued with an exercise price of $0.28 for a period of thirty-six (36) months.

On August 31, 2018 the Company issued a total of 1,664,534 warrants to and Agent for broker and advisory services pursuant to the private share placement closed on the same date (“Broker Warrants”). The warrants were issued with an exercise price of $0.18 for a period of twenty-four (24) months.

Right to accelerate exercise of warrants

If at any time after four months and one day after August 31, 2018 the Common Shares trade on the TSX Venture Exchange (the "TSX-V”) at a closing price equal to or greater than $0.36 for a period of twenty (20) consecutive trading days, the Company may exercise a right to accelerate the expiry date of the Placement Warrants and/or Broker Warrants by giving notice to the holders of the Placing Warrants and, with respect to the Broker Warrants within five trading days after such event that the Placing Warrants and/or Broker Warrants shall expire (30) days from the date of such notice.

	Number of Warrants	Weighted Average Exercise Price	Carrying Value
Balance, December 31, 2017			$ -
Private placement	44,453,335	$0.28	475,000
Broker	1,664,534	$0.18	58,000
Balance, December 31, 2018	**46,117,869**		**533,000**
Balance, December 31, 2019	**46,117,869**		**533,000**

The value of the private placement and broker warrants is net of the value of the Company’s right to accelerate exercise of the warrants.

The aggregate value of the Warrants is $533,000 which was determined using the Black Scholes model. The inputs to the model are listed in the table below:

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expiry
3	31/08/2018	1.67	2.08%	$0.28	82.43%	$0.08	44,453,335	44,453,335	31/08/2021
2	31/08/2018	0.67	2.08%	$0.18	73.06%	$0.07	1,664,534	1,664,534	31/08/2020

The volatility was determined by calculating the average volatility of a collection of three peer companies historical share prices for the exercise period of each parcel of warrants.

In Canadian dollars, except where noted

13. CAPITAL AND RESERVES (continued)

e) Share purchase warrants (continued)

The Company's right to accelerate the exercising of the warrants arises in the event that the Common Shares trade on the TSX Venture Exchange (the "TSX-V") at a closing price equal to or greater than $0.36 for a period of twenty (20) consecutive trading days, the Company may give notice to the holders of the warrants requiring that they exercise the warrants with a period of thirty (30) days from the date of notice, failing which the Warrants shall expire.

The inputs to the model for the Company's right to accelerate the exercising of the warrants are listed in the table below:

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expiry
3	31/08/2018	1.67	2.08%	$0.36	82.43%	$0.07	44,453,335	44,453,335	31/08/2021
2	31/08/2018	0.67	2.08%	$0.36	73.06%	$0.04	1,664,534	1,664,534	31/08/2020

f) Nature and purpose of equity and reserves

The reserves recorded in equity on the Company's statement of financial position include 'Reserves', 'Currency translation reserve', and 'Deficit'.

'Share subscription' is used to record the share subscription monies received before a share placement has closed and shares issued, less any share issue costs incurred for the share placement to reporting date.

'Option reserve' is used to recognize the value of stock option grants prior to exercise or forfieture.

'Currency translation reserve' is used to recognize the exchange differences arising on translation of the assets and liabilities of foreign branches and subsidiaries with functional currencies other than Canadian dollars.

'Deficit' is used to record the Company's accumulated deficit.

'Share purchase warrants' is used to recognize the value of share purchase warrants prior to exercise or forfeiture.

In Canadian dollars, except where noted

14. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below. A number of these entities transacted with the Company during the current or comparative reporting periods.

a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors as follows:

	Nature of transactions
Goldstream Capital Corporation	Director Fees

The transactions with Goldstream Capital Corporation are included in the compensation value paid to Directors in part b) below.

b) Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended December 31, 2019 and 2018 were as follows:

			Year ended December 31, 2019		Year ended December 31, 2018
Consulting fees & salaries					
Current directors and officers	(i) (ii)	$	**176,667**	$	136,134
Directors fees					
Current directors and officers	(i) (ii)		**821,330**		381,166
Share-based payments					
Current directors and officers			**-**		826,000
		$	**997,997**	$	1,343,300

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2019 and 2018.

(ii) The Company paid consulting and director fees to private companies controlled by directors and officers of the Company for services. Accounts payable and accrued liabilities at December 31, 2019 include $nil (December 31, 2018 - $62,027) due to private companies controlled by an officer and director of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

In Canadian dollars, except where noted

15. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital are as follows:

		December 31, 2019		December 31, 2018
Amounts receivable	**$**	**(3,834)**	$	(98)
Prepaid expenses and deposits		**(82,243)**		(74,494)
Accounts payable and accrued liabilities		**(402,375)**		815,596
Change in non-cash working capital accounts	**$**	**(488,452)**	$	741,004
Relating to:				
Operating activities	**$**	**(110,010)**	$	(13,713)
Financing activities		**131,676**		52,202
Investing activities		**(510,118)**		702,515
	$	**(488,452)**	$	741,004

Accounts payable and accrued liabilities includes $417,177 (December 31, 2018 - $927,294) related to exploration and acquisition costs.

b) The Company has $nil income tax outlays for the year ended December 31, 2019 (December 31, 2018 - $nil).

16. INCOME TAX

The difference between tax expense for the year and the expected income taxes based on the Canadian statutory income tax rate is as follows:

		Year ended December 31, 2019		Year ended December 31, 2018
Loss before income taxes	**$**	**4,902,665**	$	4,209,092
Potential expected income tax recovery at a statutory rate of 27% (2018 – 27%)		**(1,324,020)**		(1,094,364)
Higher statutory tax rate on earnings of foreign subsidiaries		**(10,320)**		(11,753)
Permanent and other differences		**598,515**		555,184
Changes in unrecognized deferred tax assets		**720,620**		533,901
Current income taxes		**(1,133)**		(1,166)
Deferred income tax recovery	**$**	**16,338**	$	18,198

During the years ended December 31, 2019 and 2018 the Canadian federal corporate income tax rate remained unchanged at 15%. The British Columbia provincial corporate income tax increased from 11% to 12%.

In Canadian dollars, except where noted

16. INCOME TAX (continued)

Deferred Income Tax Assets and Liabilities (continued)

The Senegalese and Burkina Faso income tax rates remained unchanged at 30% and 28% respectively.

The Nigerian corporate income tax rate remained unchanged at 30%.

Deferred Income Tax Assets and Liabilities

Significant components of the Company's deferred income tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		Year ended December 31, 2019		Year ended December 31, 2018
Eligible capital	**$**	**25,449**	$	24,507
Share issue costs		**76,185**		73,363
Other timing differences		**165,441**		110,842
Resource related deductions		**51,847**		34,351
Non-capital losses carried forward		**2,738,913**		1,995,944
		3,057,835		2,239,007
Unrecognised deferred tax asset		**(3,042,760)**		(2,240,054)
Deferred income tax assets / (liabilities)	**$**	**15,075**	$	(1,047)

The Company will only recognize deferred income tax assets to the extent to which it is probable that sufficient taxable income will be realized, or taxable temporary differences will reverse, during the carry forward periods to utilize the deferred tax assets.

In Canadian dollars, except where noted

16. INCOME TAX (continued)

Deferred Income Tax Assets and Liabilities (continued)

The Company has available non-capital losses in Canada of approximately $9,861,000 (2018 - $ 7,510,000). The Canadian non-capital losses may be utilized to offset future taxable income and have carry forward periods of up to 20 years. The losses, if not utilized, expire through 2039. A summary of these tax losses is provided below.

Year of Expiry		Taxable Losses
2026		267,000
2027		245,000
2028		295,000
2029		287,000
2030		105,000
2031		468,000
2032		642,000
2033		535,000
2034		391,000
2035		427,000
2036		616,000
2037		1,349,000
2038		1,882,000
2039		2,352,000
	$	**9,861,000**

The other deductible temporary differences do not expire and may be utilized to reduce future taxable income. The only potential benefits of carry-forward non-capital losses and deductible temporary differences have have been recognized in these financial statements relate to the Company's Senegalese subsidiary African Star Resources S.A.R.L. No other potential benefits have been recognized as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

17. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, amounts receivable, accounts payable, accrued liabilities and lease liabilities.

Fair value of financial assets and liabilities
Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amount for cash, accounts receivable, and accounts payable, accrued liabilities and lease liabilities on the statement of financial position approximate their fair value because of the limited term of these instruments. The carrying value of deferred payment approximated its fair value. The investment is carried at cost as it is not traded on an active market.

Financial risk management objectives and policies
The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity and funding risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in these notes.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2019		Total
Assets		
Cash and cash equivalents	$	5,402,920
Amounts receivable		1,145,837
Total assets measured at amortised cost		**6,548,757**

		Total
Liabilities		
Accounts payable and accrued liabilities	$	1,032,776
Lease liabilities		96,665
Total liabilities measured at amortised cost	**$**	**1,129,441**

In Canadian dollars, except where noted

17. FINANCIAL INSTRUMENTS (continued)

31 December 2018		Total
Assets		
Cash and cash equivalents	$	304,067
Amounts receivable		1,711,261
Total assets measured at amortised cost		**2,015,328**

		Total
Liabilities		
Accounts payable and accrued liabilities	$	1,506,438
Deferred payment		893,405
Total liabilities measured at amortised cost	**$**	**2,399,843**

Credit risk
Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash and receivables is believed to be minimal.

Cash consists of cash on deposit in Canadian, UK, Nigerian, and Senegalese Chartered banks that are believed to be creditworthy.

At December 31, 2019 amounts receivable is comprised primarily of share subscription monies to be received from subscribers pursuant to private placements. The Company has formed the opinion that it is exposed to credit risk and counterparty risks. In accordance with the provisions of IFRS 9 the Company has undertaken a credit assessment risk with regards to this outstanding receivable and has determined it appropriate to make an impairment provision for $2,026,000 through Consolidated Statement of Comprehensive Loss.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at December 31, 2019 and 2018 were as follows:

		Year ended December 31, 2019		Year ended December 31, 2018
Cash	$	5,402,920	$	304,067
Amounts receivable		1,145,837		1,711,261
Total	**$**	**6,548,757**	**$**	**2,015,328**

Liquidity and funding risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and are available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments.

In Canadian dollars, except where noted

17. FINANCIAL INSTRUMENTS (continued)

Liquidity and fundraising risk (continued)

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at December 31, 2019 and 2018.

Contractual maturity analysis as at December 31, 2019

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable	232,860	247,319	-	-	480,179
Accrued liabilities	552,597	-	-	-	552,597
Other current liabilities	-	-	-	-	-
	785,457	**247,319**	**-**	**-**	**1,032,776**

Contractual maturity analysis as at December 31, 2018

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable	888,522	199,351	-	-	1,087,873
Accrued liabilities	418,565	-	-	-	418,565
Other current liabilities	893,405	-	-	-	893,405
	2,200,492	**199,351**	**-**	**-**	**2,399,843**

Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company’s financial instruments. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets or liabilities. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

17. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

The following table shows the interest rate profile of interest-bearing financial instruments as at December 31, 2019 and December 31, 2018:

	Year ended December 31, 2019	Year ended December 31, 2018
Variable rate instruments		
Financial assets	$ -	$ -
Financial liabilities	-	(893,405)
	$ -	**$ (893,405)**

The deferred payment was not subject to interest until August 18, 2018.

Sensitivity analysis

An increase of 100 basis points in interest rates at each reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Profit and loss	
	Year ended December 31, 2019	Year ended December 31, 2018
Variable rate instruments	$ -	$ 8,934

b) Foreign currency risk

The Group seeks to manage its exposure to this risk by ensuring that where possible, the majority of expenditure and cash of individual subsidiaries within the Group are denominated in the same currency as the functional currency of that subsidiary.

The Group's exploration expenditures, certain acquisition costs and other operating expenses are denominated in United States Dollars, and UK Pounds Sterling. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian Dollars and the United States Dollars and UK Pounds Sterling. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

The following table shows the currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2019:

In Canadian dollars, except where noted

17. FINANCIAL INSTRUMENTS (continued)

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2019 CAD$	December 31, 2019 CAD$	December 31, 2019 CAD$	December 31, 2019 CAD$	December 31, 2019 CAD$	December 31, 2019 CAD$
Canadian dollar	(384,467)	-	-	-	-	(384,467)
US dollar	6,300,514	-	-	400	-	6,300,914
Pound Sterling	(128,754)	-	9	-	-	(128,745)
Nigerian Naira	-	-	-	35,580	-	35,580
West African Franc	-	-	-	-	(303,941)	(303,941)
Australian dollar	(3,360)	-	-	-	-	(3,360)
Total	5,783,933	-	9	35,980	(303,941)	5,515,981

The following table shows the currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2018:

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2018 CAD$	December 31, 2018 CAD$	December 31, 2018 CAD$	December 31, 2018 CAD$	December 31, 2018 CAD$	December 31, 2018 CAD$
Canadian dollar	(245,994)	-	-	-	-	(245,994)
US dollar	623,661	-	-	421	-	624,082
Pound Sterling	(185,567)	-	9	-	-	(185,558)
Nigerian Naira	-	-	-	(80,707)	-	(80,707)
West African Franc	-	-	-	-	(244,190)	(244,190)
Australian dollar	(90,843)	-	-	-	-	(90,843)
Total	101,257	-	9	(80,286)	(244,190)	(223,210)

The following table discusses the Company's sensitivity to a 5% increase or decrease in the Canadian Dollar against the United States Dollar:

December 31, 2019	Canadian Dollar Appreciation By 5%	Canadian Dollar Depreciation By 5%
Comprehensive income (loss)		
Financial assets and liabilities	$ 315,000	$ (315,000)
December 31, 2018		
Comprehensive income (loss)		
Financial assets and liabilities	$ 36,116	$ (36,116)

In Canadian dollars, except where noted

18. CAPITAL MANAGEMENT

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to explore its unproven mineral interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow, acquire or dispose of assets or adjust the amount of cash.

19. SEGMENTED DISCLOSURES

Geographic Information

The Company's operations comprise one reportable segment, being the exploration of mineral resource properties. The carrying value of the Company's assets on a country-by-country basis is as follows:

December 31, 2019	**Senegal**	**Burkina Faso**	**British Virgin Islands**	**Nigeria**	**Canada**	**Total**
Current assets	$ 3,337	$ 4,996	$ -	$ 341,997	$ 6,398,776	$ 6,749,106
Investment	-	-	-	-	2	2
Deferred income tax assets	15,075	-	-	-	-	15,075
Prepaid expenses and deposit	-	-	-	-	23,327	23,327
Right of use assets	-	-	-	-	108,177	108,177
Property, plant and equipment	23,806	1,228	-	111,456	658	137,148
Exploration and evaluation assets	15,290,442	1,551,359	-	29,838,091	-	46,679,892
Total assets	$ 15,332,660	$ 1,557,583	$ -	$30,291,544	$ 6,530,940	$53,712,727

In Canadian dollars, except where noted

December 31, 2018	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Current assets	$ 11,235	$ 5,339	$ -	$ 149,880	$ 1,986,851	$ 2,153,305
Investment	-	-	-	-	2	2
Prepaid expenses and deposit	-	-	-	-	23,327	23,327
Property, plant and equipment	33,216	1,687	-	212,487	8,092	255,482
Exploration and evaluation assets	13,897,249	1,607,410	-	27,297,528	-	42,802,187
Total assets	$ 13,941,700	$ 1,614,436	$ -	$27,659,895	$ 2,018,272	$45,234,303

20. SUBSEQUENT EVENTS

On January 17, 2020 announced that the TSX Venture Exchange has accepted filing of the Company's Stock Option Plan ("2020 Stock Option Plan", or "the Plan"). The Plan reserves a fixed number of shares, 44,900,000, being less than 10% of the Company's issued shares.

The Company at the same time announced the grant of 14,250,000 stock options under the terms of the Plan to directors and officers and group consultants of the Company. The options were granted at an exercise price of $0.20 per share for a period of five years and amount to 3.17% of the issued share capital at the date of issue. Following this issue there are a total of 38,050,000 stock options outstanding.

On April 29, 2020 the Company announced the execution of definitive documents with the Africa Finance Corporation to reach full funding of the Segilola Gold Project in Nigeria (the "Project") and made the Final Investment Decision to proceed with construction of the Project. The Company decided to proceed with construction, following the implementation of Covid-19 procedures at the Project, established in accordance with industry best practice and the guidelines set out by the Osun State Government and the Ministry of Mines and Steel Development. Construction commenced in February 2020 and first gold production is scheduled for Q2 2021. The Company also announced issuance of 34,750,000 Common Shares against US$5,000,000 of invoices under its EPC schedule.

Highlights of the financing are:

- Total fundraising of US$104,500,000;
- Tranche 1 private placement (closed on December 5 2019) raising gross proceeds of C$15,733,850 (US$11,830,000) through the issuance of 78,669,250 Common Shares at a price of C$0.20;
- Tranche 2 private placement offering of C$5,643,150 (US$4,250,000) through the issuance of 28,215,750 Common Shares at a price of C$0.20 per Common Share closed on April 29, 2020;
- Issuance of 34,750,000 shares at a price of C$0.20 per Common Share in lieu of US$5,000,000 (C$6,950,000) of EPC construction costs;
- US$21,000,000 gold stream prepayment;
- US$6,500,000 EPC deferred payment facility; and
- US$54,000,000 senior secured credit facility

The proceeds of the private placements will be used to advance the construction of the Project and general working capital purposes.

On June 12, 2020 the Company announced the undertaking of a private placement to raise up to US$10 million through the issue of new common shares.

The emergence of the Covid-19 coronavirus pandemic has caused a severe adverse effect on the business environment on a global scale. The Group may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of Covid-19 or other potential pandemics. The Group's Nigerian operations have been declared as an essential business by the Nigerian authorities and so are not subject to closure.

The Board is aware of the various risks that the pandemic presents that include but are not limited to financial, operational, staff and community health and safety, logistical challenges and government regulation. At present the Board believes that there should be no significant material disruption to its operations in Nigeria and continues to monitor these risks and the Group's business continuity plans. Management maintains constant dialogue with local Nigerian government and monitors the situation among the local communities as well as the broader environment.

The Group has conducted an review of operations in Senegal and has determined that given the size of the operations to be undertaken in the near term and the limited number of personnel involved, that with the introduction of rigorous hygiene practices including the wearing of masks and regular hand sanitization, operations will continue. The Board continues to monitor the situation closely.

Work on the Joint Operation in Burkina Faso has been restricted to remote desk work in 2020 to the date of signing this report.