

AWALÉ RESOURCES LIMITED

(previously known as Spada Gold Limited)

Condensed interim consolidated financial statements

September 30, 2018

and

September 30, 2017

(unaudited)

(expressed in United States dollars)

Awalé Resources Limited (previously known as Spada Gold Limited)
Condensed Interim Consolidated Statement of Financial Position
(unaudited)
(expressed in US dollars)

		30 Sept-18 USD	31 Dec-17 USD
Assets			
Current			
Cash and cash equivalents		888,071	3,002,141
Receivables		38,800	127,906
Prepaid expenses		69,558	56,908
		<u>996,429</u>	<u>3,186,955</u>
Non-current			
Cash deposit		5,484	2,918
Property, plant and equipment		69,280	79,794
Exploration and evaluation	5	4,435,787	2,643,958
		<u>4,510,551</u>	<u>2,726,670</u>
TOTAL ASSETS		<u><u>5,506,980</u></u>	<u><u>5,913,625</u></u>
Liabilities			
Current			
Accounts payable and accrued liabilities		299,835	422,822
Contractual obligation payable	7	295,930	318,840
		<u>595,765</u>	<u>741,662</u>
Non-current			
Contractual obligation payable	7	1,183,720	1,187,025
		<u>1,183,720</u>	<u>1,187,025</u>
Shareholders' equity			
Capital stock	6	4,248,871	3,589,790
Reserves		742,293	588,399
Accumulated deficit		(1,267,741)	(195,883)
Non-controlling interest		4,072	2,632
		<u>3,727,495</u>	<u>3,984,938</u>
TOTAL LIABILITIES AND EQUITY		<u><u>5,506,980</u></u>	<u><u>5,913,625</u></u>

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Awalé Resources Limited (previously known as Spada Gold Limited)
Condensed Interim Consolidated Statements of Loss and Other
Comprehensive Loss
(unaudited)
(expressed in US dollars)

	For the three months ended		For the nine months ended	
	30-Sept-18	30-Sept-17	30-Sept-18	30-Sept-17
	USD	USD	USD	USD
Other income				
Interest	238	-	468	-
	238	-	468	-
Expenses				
Professional fees	14,430	27,579	66,495	40,467
Salaries	105,318	-	338,620	-
Consulting fees	7,592	-	23,143	-
Share-based compensation	82,162	-	367,547	954
General and administrative	28,338	2,846	82,151	9,577
Investor relations	8,567	-	57,702	-
Travel	25,794	-	69,191	-
Depreciation	7,420	-	23,366	-
Foreign exchange loss (gain)	4,310	-	23,753	-
Interest	6,667	-	20,358	-
	290,598	30,425	1,072,326	50,998
Tax	-	-	-	-
Gain/(Loss)	(290,360)	(30,425)	(1,071,858)	(50,998)
Net movement in foreign currency translation reserve	(95,758)	13,535	(213,653)	20,390
Comprehensive (loss)/gain	(386,118)	(16,890)	(1,285,511)	(30,608)
Weighted average number of common shares outstanding	29,340,451	8,000,805	29,052,477	8,000,272
Basic and diluted loss per share	(0.01)	(0.0)	(0.04)	(0.0)

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Awalé Resources Limited (previously known as Spada Gold Limited)
Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in US dollars)

	Share Capital	Accum Deficit	Reserves	Non controlling interests	TOTAL
Balance, December 31 2016	336,616	(59,295)	11,359	-	288,680
Loss	-	(50,998)	-	-	(50,998)
Foreign exchange movements	-	-	20,390	-	20,390
Total comprehensive loss	-	(50,998)	20,390	-	(30,608)
<i>Transactions with owners in their capacity as owners:</i>					
Share based payments	-	-	954	-	954
	-	-	954	-	954
Balance, September 30, 2017	336,616	(110,293)	32,703	-	259,026
Balance, December 31, 2017	3,589,790	(195,883)	588,399	2,632	3,984,938
Loss	-	(1,071,858)	-	-	(1,071,858)
Foreign exchange movements	-	-	(213,653)	1,440	(212,213)
Total comprehensive loss	-	(1,071,858)	(213,653)	1,440	(1,284,071)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	659,081	-	-	-	659,081
Share based payments	-	-	367,547	-	367,547
	659,081	-	367,547	-	1,026,628
Balance, September 30, 2018	4,248,871	(1,267,741)	742,293	4,072	3,727,495

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Awalé Resources Limited (previously known as Spada Gold Limited)
Condensed Interim Consolidated Statements of
Cash Flows (unaudited)
(expressed in US dollars)

		Nine months ended September 30, 2018 USD	Nine months ended September 30, 2017 USD
Cash flow from operating activities			
Payments to suppliers and employees		(764,006)	(31,291)
Interest received		466	-
	10	<u>(763,540)</u>	<u>(31,291)</u>
Cash flows from investing activities			
Payments for purchases of PP&E		(24,337)	-
Payments for exploration activities		(2,002,318)	-
		<u>(2,026,655)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of share capital		768,213	78
Payments for share issue costs		(83,826)	-
		<u>684,387</u>	<u>78</u>
Net increase in cash equivalents		(2,105,808)	(31,213)
Effect of fluctuations in exchange rate		(5,696)	11,175
Cash at the beginning of the period		3,005,059	306,907
Cash at the end of the period	10	<u><u>893,555</u></u>	<u><u>286,859</u></u>

Should be read in conjunction with the notes to the interim condensed consolidated financial statements

Awalé Resources Limited (previously known as Spada Gold Limited)

Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

1. Nature of operations

Awalé Resources Limited (“Awalé” or the “Company”) (previously known as Spada Gold Limited), was incorporated under the Business Corporations Act of British Columbia on June 23, 2015. On April 14, 2016 the Company completed an initial public offering and became a capital pool company as defined in the TSX Venture Exchange (“TSXV”) Policy 2.4.

The Company completed a Qualifying Transaction (“QT”) on December 29, 2017 which is filed on SEDAR and was approved by the TSXV, and acquired the following entities:

- 80% of Awalé Resources Limited (“Awalé Resources”) from Sandstorm Gold Limited (“Sandstorm”);
- 20% of Awalé from Awalé Holdings Limited (“Awalé Holdings”);
- 100% of Aforo (Ivory Coast) Holdings Pty Ltd (“Aforo”) from Sandstorm.

Concurrently, with the QT, the Company completed a private placement on the TSXV issuing 13,967,902 shares at approximately US\$0.20 (C\$0.25) each, raising \$2,783,560. The placement comprised of one common share and one-half of one transferable warrant, with each whole warrant being exercisable to purchase one additional common share, at a price of \$0.32 (C\$0.40) per share, for a period of two years.

The principal place of business is 1020, 625 Howe Street, Vancouver British Columbia, Canada and the registered office is 8681 Clay Street, Mission, British Columbia, Canada.

2. Basis of preparation

Statement of compliance with IFRS

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements of the Company and its subsidiaries for the nine months ended September 30, 2018 were approved and authorized for issue by the Board of Directors on November 27, 2018.

3. Significant accounting policies and future accounting changes

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2017.

Awalé Resources Limited (previously known as Spada Gold Limited)

Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

Basis of consolidation and functional currency

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries:

Entity	Ownership percentage	Country of incorporation	Functional currency
Awalé Resources Limited (the Company)	-	Canada	Canadian Dollar (CAD)
Awalé Resources Limited	100.0%	Guernsey	United States dollar (USD)
Awalé Resources (SARL)	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Srika Gold Limited	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Africa New Geological Technologies Côte d'Ivoire SARL	90.0%	Côte d'Ivoire	West African CFA franc (CFA)
Aforo Resources Côte d'Ivoire	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Aforo (Ivory Coast) Holdings Limited	100.0%	Australia	Australian Dollar (AUD)
Minera Mariana de Chile Limitada	100.0%	Chile	Chilean Peso (CLP)
AMG Chile Limitada	100.0%	Chile	Chilean Peso (CLP)
Altavista Gold Limited	100.0%	Canada	Canadian Dollar (CAD)

Exploration and evaluation

Recognition and measurement

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by areas of interest pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of each Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon each Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from an area of interest is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each area of interest is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

Impairment

Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of an area of interest exceeds its estimated recoverable amount. The recoverable amount of an area of interest used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the area of interest in an orderly

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(unaudited)
(expressed in USD)

transaction between market participants. For an area of interest that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the area of interest belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the area of interest's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any of its own shares held. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for any of its own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. As at September 30, 2018 and September 30, 2017, outstanding stock options and warrants are anti-dilutive.

Going concern

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred operating losses to date and has no source of revenues. The ability of the Company to continue as a going concern is dependent on the ability to raise additional capital to explore its mineral properties. However should additional capital not be available, the Company may be unable to continue as a going concern.

The directors are confident of raising additional capital based on market conditions and previous experience to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the combined group not continue as a going concern.

New accounting standards for application in future periods

The Company has adopted all applicable new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the reporting periods in these condensed interim consolidated financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. At this stage, it is not expected that these new accounting standards will have a material impact on the amounts reported in the Group's financial statements. Certain disclosures and presentation may change due to the new or amended standards.

4. Significant accounting judgments, estimates and assumptions

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Impairment of exploration and evaluation

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which each Company has the right to explore in a specific area, actual and planned expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. Management judgment is also applied in determining cash generating units, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. See note 5.

Share based payments

The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated.

Contractual obligation payable

The Company has assessed the contractual obligation payable to Sandstorm as being more likely than not to not continue past 5 years.

5. Exploration and evaluation assets

	Jan 1, 2018	Additions	Foreign exchange movement	Sept 30, 2018
	\$	\$	\$	\$
Bondoukou	2,241,026	1,817,381	(85,839)	3,972,568
Odienne	402,932	56,586	(8,461)	451,057
Abengourou	-	12,219	(57)	12,162
	2,643,958	1,886,186	(94,357)	4,435,787

There were no deferred exploration costs recorded in the nine months ended September 30, 2017.

Bondoukou

The Bondoukou project concessions lie along the southwestern extension of the Birimian-age Bole-Nangodi greenstone belt in adjacent Ghana, which is host to a number of orogenic-type gold deposits. During the reporting period the Company undertook a diamond drilling program for the Fako and Casino prospects as well as a soil sampling program at the Yanti prospect.

Odienné

The Company has one granted license in the north-west of Côte d'Ivoire, being its 90% interest in the Odienné Project area (400km² granted), along with a number of strategic permits under application. Anomalous active artisanal orpaillage workings are apparent along structural corridors

During the period the company announced extensive gold in soil anomalies from three target areas at the Odienné permit in north west Côte d'Ivoire.

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Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

Abengourou

The Abengourou Project now consists of 2 prospective gold permits Amélékia and Nianda, in the Comoé district of south eastern Côte d'Ivoire. The two granted permits and one application form the Company's Abengourou Project.

These permits now give the Company a district presence at Abengourou with 718 square kilometres of granted tenure.

Initial work on the Abengourou Project has been completed with confirmatory soil sampling on the initial, and more advanced, Amélékia permit.

6. Capital stock

The Company is authorized to issue ordinary shares.

	Number of shares	\$
January 1, 2017	8,000,001	336,616
September 30, 2017		
January 1, 2018	28,906,103	3,589,790
Issue of shares (net of costs)	6,856,060	659,081
September 30, 2018	35,762,163	4,248,871

All issued ordinary shares are fully paid and have no par value. The holders of the shares are entitled to receive dividends and are entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

Included in Capital Stock are the following shares which are subject to escrow and hold provisions; 2,137,200 shares issued to Sandstorm, 4, 800, 000, shares issued to the minority interest in Awalé and Aforo as part of the acquisition on December 29, 2017 in line with the Acquisition Agreements; and 13,967,902 share issued as part of the private placement. These escrowed shares will be released periodically over the next three years in line with the relevant agreements. These shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

During the period, the Company completed a private placement, issuing 6,660,000 ordinary shares at approximately US\$0.096 cents. All securities issued under the private placement are subject to a hold period trading restriction of four months and a day from the date of distribution which will expire January 25, 2019.

(a) Warrants

A summary of the Company's warrants is presented below (denominated in US\$):

		Number of warrants	Weighted average exercise price \$
Balance January 1, 2017	(i)	200,000	0.08
Balance September 30, 2017		200,000	0.08
Balance January 1, 2018	(ii) (iii)	7,383,951	0.31
Exercised		(196,060)	0.08
Expired		(3,940)	0.08
Balance September 30, 2018		7,183,951	0.31

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Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

(i) On April 14, 2016 the Company issued 200,000 share purchase warrants to the agent for the initial public offering

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	0.60%
Expected volatility	50%
Expected life	2 years
Share price on date of grant	\$ 0.08
Exercise price	\$ 0.08
Expected dividend	nil

(ii) On December 29, 2017 the Company issued 6,983,951 in connection with the private placement undertaken.

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	1.55%
Expected volatility	100%
Expected life	2 years
Share price on date of grant	0.20
Exercise price	\$ 0.32
Expected dividend	nil

(iii) On December 29, 2017 the company issued 200,000 warrants in connection with the acquisition of the minority interests in Awalé.

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	1.55%
Expected volatility	100%
Expected life	3 years
Share price on date of grant	\$ 0.20
Exercise price	\$ 0.20
Expected dividend	nil

(b) Options

On December 3, 2015 the Company approved the creation of a stock option plan and authorised 400,000 incentive stock options to be issued to directors upon the closing date of the Company's initial public offering.

These 400,000 incentive stock options were granted on April 14, 2016., and have an exercise price of \$0.08, expire on April 14, 2021 and vested 50% upon grant date, 25% six months after grant date and 25% 12 months after grant date.

A summary of the Company's options is presented below (denominated in US\$):

		Number of options	Weighted average exercise price \$
Balance January 1, 2017	(i)	400,000	0.08
Balance September 30, 2017		400,000	0.08
Balance January 1, 2018		400,000	0.08
Issued	(ii)	1,930,000	0.32
Balance September 30, 2018		2,330,000	0.28

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Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

(i) The following assumptions were used in the Black-Scholes model at the date of grant and have not been adjusted :

Risk free rate	0.75%
Expected volatility	50%
Expected life	4.54 years
Share price on date of grant	\$ 0.08
Exercise price	\$ 0.08
Expected dividend	nil

(ii) During the period the Board approved 960,000 options to be issued to directors and officers and 970,000 options to be issued to employees. The Company recorded a cost of \$255,609 for the nine months ending September 30, 2018 in relation to these options.

The following assumptions were used in the Black-Scholes model at the date of grant and have not been adjusted:

Risk free rate	2.05%
Expected volatility	100%
Expected life	3 years
Share price on date of grant	\$0.30
Exercise price	\$0.32
Expected dividend	nil

(c) **Bonus shares**

On May 14, 2018 the Board granted bonuses in the aggregate amount of C\$143,000 (US\$111,938) to certain senior officers and employees of the Company as detailed below. The bonuses will be paid, as agreed, by the issuance of 572,000 shares at a deemed price of C\$0.25 (US\$0.196) per share.

The Bonus Shares are subject to a 4 month hold period under securities legislation and will be subject to a one year vesting period from date of grant. These shares have been recorded as a share based payment at September 30, 2018.

	Bonus C\$	Bonus shares to be issued @C\$0.25 per share	Bonus US\$
Andrew Chubb- COO	100,000	400,000	78,278
Sharon Cooper - CFO	20,000	80,000	15,656
Kathryn Witter – Company Secretary	4,000	16,000	3,131
Other employees	19,000	76,000	14,873
	143,000	572,000	111,938

Awalé Resources Limited (previously known as Spada Gold Limited)

Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

7. Contractual Obligation Payable

The Company has recognised a contractual obligation payable of \$1,479,650 in relation to its acquisition of Awalé and Aforo on December 29, 2017.

	2018
	\$
Current	295,930
Non-current	1,183,720
	1,479,650

The Company is able to make the first annual payment (approximately \$309,000, not discounted) of this obligation by way of shares.. Refer to Note 12 Subsequent Events for further details on this payment.

The Company has recognised a net present value of \$1,479,650 at September 30, 2018 using the following discount rate for each annual payment:

	Interest Rate
Year 1	1.57%
Year 2	1.78%
Year 3	1.90%
Year 4	1.98%
Year 5	2.05%

8. Related party transactions

During the nine months ended September 30, 2018 the Company incurred employment costs and fees to directors and officers, or to companies associated with these individuals as follows:

	9 months ended
	September 30, 2018
	\$
Non-executive directors' fees	45,000
CEO fees & entitlements	161,639
COO fees & entitlements	142,572
Accounting fees – CFO services	70,736
Company secretarial fees	23,682
Technical committee fees	9,000
Share based payment	223,308
	675,937

There were no related party transactions for the nine months ended September 30, 2017.

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out below:

	9 months ended	9 months ended
	September 30, 2018	September 30, 2017
	\$	\$
Salaries	273,322	-
Non-monetary benefits	19,211	-
Post - employment benefits	11,678	-
Share based payment	223,308	954
CFO fees	70,736	-
Company Secretarial fees	23,682	-
Technical Committee fees	9,000	-
Non-executive director fees	45,000	-
	675,937	954

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Notes to Condensed Interim Consolidated Financial Statements for the nine months ended September 30, 2018 and September 30, 2017

(unaudited)
(expressed in USD)

9. Commitments and contingencies

The Company has the following commitments and payment is contingent on the continued operations based on successful exploration results at its Odienné property at each date disclosed below.

Date	Payment	Condition
September 2020	US\$80,000	48 months from the grant of First Grant (First Grant being grant of title)
	US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant, the approval of a mining plan by the relevant authority, and securing finance to carry out that mining plan so as to take the mine to production stage.

Awalé is required to pay a 2% net smelter royalty to Sandstorm on any products sold from the Awalé and Aforo properties as detailed in the Net Smelter Returns Royalty Agreements dated December 29, 2017.

Awalé has five leases in place:

- Corporate cost - one administrative office in Vancouver; and
- Project cost - one administrative office in Abidjan, a project office in Bondoukou; as well as two leases for accommodation at Bondoukou and Odienné.

The lease commitments are as follows:

	<u>2018</u>
	<u>\$</u>
<i>Within one year</i>	
Corporate	5,750
Project	30,189
	<u>35,939</u>
<i>After one year</i>	
Corporate	4,320
Project	21,900
	<u>26,220</u>

10. Cash flows

	<u>9 months ended</u>	<u>9 months ended</u>
	<u>September 30, 2018</u>	<u>September 30, 2017</u>
	<u>\$</u>	<u>\$</u>
<i>(Gain)/Loss after income tax</i>	(1,071,858)	(50,998)
<i>Non cash flows in operating activities</i>		
Share based compensation	367,547	954
Foreign exchange	23,753	-
Depreciation	23,366	-
Contractual obligation payable interest	20,358	-
<i>Changes in assets and liabilities</i>		
Movement in receivables	(76,459)	(2,551)
Movement in payables	(50,247)	21,304
	<u>(763,540)</u>	<u>(31,291)</u>
Net cash used in operating activities	(763,540)	(31,291)

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(unaudited)
(expressed in USD)

	September 30, 2018	September 30, 2017
<i>Current</i>	\$	\$
Cash and cash equivalents	888,071	286,859
<i>Non-current</i>		
Cash deposit	5,484	-
Total	893,555	286,859

11. Segment information

The Company operates in one business segment being gold exploration in Côte d'Ivoire.

12. Subsequent events

Effective November 15th, 2018, the Company is required to deliver to Sandstorm the first annual payment, in relation to the contractual obligation payable, of approximately \$309,000 (C\$400,000) in shares. As agreed with Sandstorm, this payment is to be made in 4,705,882 shares @ \$0.0656 (C\$0.085) but will be deferred, as the issuance of these shares will cause Sandstorm to hold, directly or indirectly, more than 19.9% of the outstanding shares of Awale. Under the terms of the agreement, the issuance of these shares will be deferred until five business days after Sandstorm delivers written notice to the Company that the issuance of such deferred shares will no longer cause Sandstorm to exceed this threshold.

No other matters or circumstances have arisen since the period end which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

CORPORATE DIRECTORY

Awalé Resources Limited

Directors & Management

Ron Ho – Non-executive Director
Derk Hartman – Non-executive Director
Eric Roth – Non-executive Director
Glen Parsons – Director & Chief Executive Officer
Andrew Chubb – Chief Operating Officer
Sharon Cooper – Chief Financial Officer

Company Secretary

Kathryn Witter
Marketworks Inc
8681 Clay Street, Mission
British Columbia, CANADA

Investor Relations

Karen Davies
+1 (604) 314 6270

Principal place of business

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British Columbia CANADA

Registered office

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British Columbia, CANADA

Auditor

Ernst & Young
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phone: +61 2 9248 5555
fax: +61 2 9248 5959

Share Registry

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Toronto, Ontario
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