

AWALÉ RESOURCES LIMITED

**Condensed interim consolidated financial statements
June 30, 2021, and June 30, 2020**

(unaudited)

(expressed in United States dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Awalé Resources Ltd. Awalé Resources Ltd's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

Awalé Resources Limited
Condensed Interim Consolidated Statement of Financial
Position
(expressed in US dollars)
(unaudited)

		As at	As at
		30-Jun-21	31-Dec-20
		USD	USD
Assets			
Current			
Cash and cash equivalents		990,170	646,373
Receivables	5	17,442	17,738
Prepaid expenses and other current assets		53,052	96,454
Total current assets		1,060,664	760,565
Non-current			
Deposit		8,324	9,206
Right of use assets		-	2,560
Property, plant and equipment		110,842	84,172
Exploration and evaluation	6	12,022,026	10,337,080
Total Non-current assets		12,141,192	10,433,018
TOTAL ASSETS		13,201,856	11,193,583
Liabilities			
Current			
Accounts payable and accrued liabilities	7	1,034,940	1,320,348
Lease liabilities		-	4,284
Total Current liabilities		1,034,940	1,324,632
Non-current			
Loan	10	32,248	31,416
Total Non-current liabilities		32,248	31,416
Shareholders' equity			
Capital stock	8	9,377,442	7,373,213
Reserves	9	6,480,422	5,457,271
Accumulated deficit		(3,726,723)	(2,998,493)
Non-controlling interest		3,527	5,544
Total Shareholders' equity		12,134,668	9,837,535
TOTAL LIABILITIES AND EQUITY		13,201,856	11,193,583

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

Awalé Resources Limited
Condensed Interim Consolidated Statements of Loss and Other
Comprehensive Loss
(expressed in US dollars)

	For the three months ended		For the six months ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	USD	USD	USD	USD
Other Income				
Interest	-	-	-	2
	-	-	-	2
Expenses				
Share based payments	(207,590)	-	(362,749)	-
Salaries and directors' fees	(76,476)	(62,969)	(140,673)	(125,714)
Office and regulatory	(37,111)	(33,579)	(57,702)	(50,240)
Professional fees	(40,703)	(11,196)	(52,972)	(18,194)
Property investigation costs	(52,420)	-	(52,420)	-
Investor relations	(15,549)	(3,989)	(33,464)	(23,712)
Travel	-	-	-	(12,082)
Consulting fees	-	(10,300)	-	(21,000)
Depreciation	(7,038)	(9,238)	(13,988)	(20,974)
Foreign exchange (loss)/gain	(16,929)	(7,411)	(14,262)	(11,024)
Total expenses	(453,816)	(138,682)	(728,230)	(282,940)
Tax	-	-	-	-
Loss after tax	(453,816)	(138,682)	(728,230)	(282,938)
Other Comprehensive Income/Loss				
Items that may be reclassified in				
future years to the statement of loss				
Net movement in foreign currency translation reserve net of tax	72,723	69,656	(221,276)	(118,196)
Total comprehensive loss	(381,093)	(69,026)	(949,506)	(401,134)
Weighted average number of common shares outstanding	155,655,105	79,651,712	139,949,382	79,651,712
Basic and diluted loss per share	17 (0.00)	(0.00)	(0.00)	(0.00)

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

Awalé Resources Limited
Consolidated Statements of Changes in Equity
(expressed in US dollars)
(unaudited)

	Share Capital (Note 8)	Accumulated Deficit	Reserves (Note 9)	Non controlling interests	TOTAL
Balance, January 1, 2020	7,432,597	(2,206,363)	2,343,462	3,758	7,573,454
Loss	-	(282,938)	-	-	(282,938)
Foreign exchange movements	-	-	(118,196)	-	(118,196)
Total comprehensive loss	-	(282,938)	(118,196)	-	(401,134)
<i>Transactions with owners in their capacity as owners:</i>					
Shares to be issued			615,144		615,144
Movement in non -controlling interest	-	-	-	622	622
Balance, June 30, 2020	7,432,597	(2,489,301)	2,840,380	4,380	7,788,056
Loss	-	(509,192)	-	-	(509,192)
Foreign exchange movements	-	-	618,933	-	618,933
Total comprehensive loss	-	(509,192)	618,933	-	(109,741)
<i>Transactions with owners in their capacity as owners:</i>					
Shares to be issued	-	-	(615,114)	-	(615,114)
Issue of shares	2,296,662	-	-	-	2,296,662
Share issue costs	(3,258)	-	-	-	(3,258)
Option cost	-	-	260,284	-	260,284
Warrant cost	(2,352,788)	-	2,352,788	-	-
Movement in non -controlling interest	-	-	-	1,164	1,164
Balance, December 31, 2020	7,373,213	(2,998,493)	5,457,271	5,544	9,837,535
Balance, January 1, 2021	7,373,213	(2,998,493)	5,457,271	5,544	9,837,535
Loss	-	(728,230)	-	-	(728,230)
Foreign exchange movements	-	-	(221,276)	-	(221,276)
Total comprehensive loss	-	(728,230)	(221,276)	-	(949,506)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	3,113,423	-	(162,344)	-	2,951,079
Share issue costs	(65,172)	-	-	-	(65,172)
Option cost	-	-	362,749	-	362,749
Warrant cost	(1,044,022)	-	1,044,022	-	-
Movement in non -controlling interest	-	-	-	(2,017)	(2,017)
Balance, June 30, 2021	9,377,442	(3,726,723)	6,480,422	3,527	12,134,668

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

Awalé Resources Limited
Condensed Interim Consolidated Statement of Cash Flows
(expressed in US dollars)
(unaudited)

Period ended	30-Jun-21 USD	30-Jun-20 USD
Cash flow from operating activities		
Interest received	-	2
Payments to suppliers and employees	(316,392)	(212,925)
Total cash outflows from operating activities	<u>15 (316,392)</u>	<u>(212,923)</u>
Cash flows from investing activities		
Payments for exploration activities	(1,878,257)	(1,103,278)
Payments for property, plant and equipment	(42,760)	-
Total cash inflows/(outflows) from investing activities	<u>(1,921,017)</u>	<u>(1,103,278)</u>
Cash flows from financing activities		
Proceeds from issue of share capital/shares to be issued	2,699,239	757,543
Share issue costs	(65,172)	-
Proceeds from loan	-	29,445
Lease payments	(4,382)	(10,747)
Total cash inflows from financing activities	<u>2,629,685</u>	<u>776,241</u>
Net increase/(decrease) in cash equivalents	392,276	(539,960)
Effect of fluctuations in exchange rate	(48,479)	(82,618)
Cash at the beginning of the period	646,373	1,346,204
Cash at the end of the year	<u>990,170</u>	<u>723,626</u>

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

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three and six months
ended June 30, 2021 and June 30, 2020
(expressed in USD)
(unaudited)

1. Nature of operations

Awalé Resources Limited (“Awalé” or the “Company”), 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 entities are involved in mineral exploration in Côte d’Ivoire.

The principal office is 8681 Clay Street, Mission, British Columbia, Canada and the registered office is 8681, Clay Street, Mission, British Columbia, Canada.

2. Basis of preparation

These condensed interim consolidated financial statements for the three and six months ended June 30, 2021, and June 30, 2020 (“interim financial statements”) have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim 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, 2020, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These interim financial statements of the Company and its subsidiaries for the three and six months ended June 30, 2021, were approved and authorized for issue by the Board of Directors on August 30, 2021.

Presentation currency

These interim financial statements are presented in United States dollars (US\$) this differs to the Parent Company’s functional currency which is Canadian Dollars (C\$). Functional currencies of each entity are set out below. Refer Note 3.

3. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these interim financial statements.

Basis of consolidation and functional currency

These interim financial statements include the accounts of the Company and its subsidiaries (the “Group”):

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)

*Entities acquired by the Company effective June 30, 2018 for nil value. These are dormant companies that were agreed to be acquired by the Company as part of an agreement with Sandstorm Gold (“Sandstorm”). These companies are currently in the process of being wound down.

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three and six months
ended June 30, 2021 and June 30, 2020
(expressed in USD)
(unaudited)

3. Significant accounting policies and future accounting changes (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income ("OCI").

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognized in or profit or loss, respectively).

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into US\$ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basis of consolidation

The interim financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Each Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary

Non-controlling interest

Non-controlling interest represents the minority shareholder's portion of the profit or loss and net assets of subsidiaries and is presented separately in the statement of financial position and statement of loss and comprehensive loss. Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank, petty cash and short-term deposits with a maturity of less than three months.

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three and six months
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(expressed in USD)
(unaudited)

3. Significant accounting policies and future accounting changes (continued)

Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses.

Depreciation is calculated on following basis over the estimated useful lives of property, plant and equipment:

Office equipment, software and licenses	Straight line over 2 -5 years
Fixtures	Straight line over 10 years
Motor vehicles	Straight line over 3 years

Exploration and evaluation assets

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 assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances indicate that the Group should test exploration and evaluation assets for impairment:

- (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area.
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

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 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-

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3. Significant accounting policies and future accounting changes (continued)

Exploration and evaluation assets (continued)

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.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Warrants

Proceeds from the issue of common share purchase warrants ("warrants") treated as equity are recorded as a separate component of equity. Costs incurred on the issue of warrants are netted against proceeds. Warrants issued with common shares are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise

Reserves

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currency to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Refer Note 3.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

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 June 30, 2021 and June 30, 2020, outstanding shares, stock options and warrants are anti-dilutive.

Going concern

These interim 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.

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three and six months
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(expressed in USD)
(unaudited)

3. Significant accounting policies and future accounting changes (continued)

Going concern (continued)

The Directors are satisfied that the continued application of the going concern basis of accounting is appropriate after considering the following factors:

- Management and the Directors have reviewed the Company's consolidated cashflow requirements and the forecast shows that the current cash on hand will be insufficient to meet the planned corporate activities, working capital requirements, planned Exploration and Mining activities;
- Therefore, in order to continue to operate as a going concern, it is the Board's intention to raise equity capital , or secure liquidity facilities including support from its larger shareholders, convertible debt arrangements, and/or enter into joint venture agreements with third parties, as required, to progress the Company's mining projects, pursue its strategic business plans and objectives and enhance the Company's liquidity and balance sheet strength; and
- The Company has no plans to wholly or in part dispose of any of its interests in mineral exploration and development assets, however, does retain the ability to do so if required.

Should the Company be unable to access further equity capital or execute any of other alternate funding arrangements, a material uncertainty exists with regards to the ability of the Company to continue to operate as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments that might be necessary should the Company not continue as a going concern.

There can be no assurance that the Company will be able to obtain or access additional funding when required, or that the terms associated with the funding will be acceptable to the Directors. If the Company is unable to obtain such additional funding, it may be required to reduce the scope of its operations, which could adversely affect its business, financial condition and operating results.

The directors are confident of raising additional capital based on previous experience to continue as a going concern. Despite this there remains a material uncertainty related to the Company's ability to continue as a going concern and 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.

Impact of the Coronavirus (COVID-19) outbreak

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The Company's planned corporate and exploration operations have been impacted by the uncertainty created by the global pandemic COVID-19 announced by the World Health Organization on March 11, 2020. Management put on hold its on-site exploration activities in Côte d'Ivoire at the outbreak of the pandemic in order to comply with government directives and ensure the safety and wellbeing of its workforce. The Company remobilized on the ground, in the middle of May 2020, and has recommenced its exploration activities and continues to actively assess and monitor the risks involved in this deployment. Furthermore, the Company has continued to enforce strict COVID-19 protocols to ensure a safe working environment and continues to re-evaluate these on an ongoing basis.

The scale and duration of these developments (including border closures) remain uncertain as at the date of this report however they are expected to have an impact on our exploration activities, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

Awalé Resources Limited
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3. Significant accounting policies and future accounting changes (continued)

Accounting Standards and Interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards *and interpretations, if applicable, when they become effective.*

Amendments to IAS 1: Classification of Liabilities as Current or Non-current - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have an impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities - As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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 consolidated financial statements.

Awalé Resources Limited
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ended June 30, 2021 and June 30, 2020
(expressed in USD)
(unaudited)

4. Significant accounting judgments, estimates and assumptions

These interim financial statements have been prepared in accordance with Note 1 Basis of Preparation and requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen an impact on our business to date, with some delays in operational activities being experienced as a result of restrictions imposed by governments in dealing with the pandemic. The scale and duration of these developments continue to remain uncertain as at the date of this report creating ongoing uncertainty and as a result certain assumptions and estimates used in the preparation of these interim financial statements are subject to greater volatility than normal.

Estimates

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 6.

Share based payments and warrants -The Company uses the Black-Scholes option pricing model in determining share-based payments and share purchase warrants, 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 and share purchase warrants may vary from the amounts estimated. See Note 9.

Contractual obligation payable - The Company has assessed the contractual obligation to Sandstorm as being more likely than not to not continue past 5 years. Refer to Note 9 for further details.

5. Receivables

	2021	2020
	\$	\$
Other receivable	15,236	14,031
GST Receivable	2,206	3,707
	17,442	17,738

Awalé Resources Limited
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(expressed in USD)
(unaudited)

6. Exploration and evaluation assets

	Jan 1, 2021	Additions	Foreign exchange movement	Jun 30, 2021
	\$	\$	\$	\$
Bondoukou	6,169,457	895,051	(126,530)	6,937,978
Odienne	3,807,613	936,183	(75,196)	4,668,600
Abengourou	360,010	64,722	(9,284)	415,448
	10,337,080	1,895,956	(211,010)	12,022,026

	Jan 1, 2020	Additions	Foreign exchange movement	Dec 31, 2020
	\$	\$	\$	\$
Bondoukou	5,093,166	705,880	370,411	6,169,457
Odienne	1,536,765	2,063,596	207,252	3,807,613
Abengourou	181,989	123,771	54,250	360,010
	6,811,920	2,893,247	631,913	10,337,080

Bondoukou

The Company's large flagship district scale exploration project in Côte d'Ivoire, the Bondoukou project, consists of three permits: Bondoukou Est, Bondoukou Nord and Bondoukou Nord Est. These 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. It is intended that the Company and the Awalé team will advance these exploration assets to multiple gold discoveries.

Odienné

The Odienné licences lie in the north west of Côte d'Ivoire and consist of the granted 'Odienné East', and two licences in application; Odienné Ouest (adjacent to the granted Odienné East permit) and Zouan-Hounien (350km to the south). These licences are held under a separate agreement with ANGET with 90% being owned by Aforo (Ivory Coast) Holdings Limited. Odienne contains Awalé's most advanced asset and first gold discovery at its Empire prospect, as well the recent discovery of new elevated copper values (up to 0.76% Cu*) associated with the high-grade gold mineralization at Charger prospect, just 3km to the North. The Charger discovery has been interpreted by the Company to represent part of an Iron Oxide Copper Gold ("IOCG")-style system.

The Empire Prospect, with this gold discovery and now this newly discovered mineralization style at the Charger Prospect prioritizes the Company's focus to extend mineralization with the ultimate aim of developing a maiden resource statement and advancing the understanding of the new discovery.

Abengourou

The Abengourou project is located in the Comoe region, close to the city of Abengourou and consists of two granted licenses (Amélékia and Nianda) and one application (Abengourou). All licences are 100% owned by Awalé Resources. The project is located to the north of the interpreted structural extension of the Birimian Sefwi volcanic belt and Sunyani Basin from Ghana.

The Amélékia permit area was formerly held by Golden Star Resources who completed initial exploration over the project area.

The Group has potential commitments in relation to its Bondoukou, Odienné and Amélékia properties. Refer to Note 14 for details of these commitments.

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7. Accounts Payable and Accrued Liabilities

	2021	2020
	\$	\$
Trade creditors and accruals	625,087	1,028,999
Employment payables	149,545	141,097
Tax payables	260,308	144,893
Other creditors	-	5,359
	1,034,940	1,320,348

Trade creditors and accruals are unsecured and are generally on terms of 30 days.

8. Capital stock

The Company is authorized to issue ordinary shares.

	Number of shares	\$
January 1, 2020	79,651,712	7,432,597
June 30, 2020	79,651,712	7,432,597
Issue of shares- private placement	44,417,440	2,296,662
Warrant cost	-	(2,352,788)
Share issue costs	-	(3,258)
December 21, 2020	124,069,152	7,373,213
	Number of shares	\$
January 1, 2021	124,069,152	7,373,213
Issue of shares- private placement	54,862,933	2,699,239
Issue of shares- annual payment	1,478,747	162,344
Issue of shares- shares for debt	4,955,980	251,840
Warrant cost	-	(1,044,022)
Share issue costs	-	(65,172)
June 30, 2021	185,366,812	9,377,442

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 shares which are subject to escrow and hold provisions. 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.

On July 9, 2020, the Company announced it had closed a non-brokered private placement of 44,417,440 Units at a price of \$0.052 (C\$0.07) cents per Unit, raising gross proceeds of \$2,296,662 (C\$3,109,222). Each Unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.10 (C\$0.14) cents until expiry on July 8, 2023. Refer Note 9 (a) for further details.

On April 12, 2021, the Company announced it had entered into a binding Memorandum of Understanding ("MOU") with Geodrill Limited (TSX: GEO "Geodrill") for a US\$1 million drilling for equity program on Awalé's Odienné and Bondoukou gold projects in Côte d'Ivoire. On May 26, 2021, the Company issued 2,732,964 payment shares in settlement of \$119,117 drilling services pursuant to the MOU with Geodrill as announced April 12, 2021.

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8. Capital stock (continued)

On April 27, 2021, the Company closed the first tranche of the private placement announced on March 31, 2021, The first tranche comprised 17,207,200 units at a price of \$0.05 (C\$0.06) for gross proceeds of \$839,591 (C\$1,032,430). Each Unit consisted of one common share and one-half share purchase warrant; each whole share purchase warrant will be exercisable at a price of \$0.10 (C\$0.12).

On April 29, 2021, the Company settled its annual payment obligation with Sandstorm, with 1,478,747 number of shares being issued.

On May 13, 2021, the Company announced it had completed the second tranche of its non-brokered private placement for 37,655,733 units at a price of \$0.05 (C\$0.06) per unit raising gross proceeds of \$1,859,648 (C\$2,259,344). The units consist of one common share and one-half share purchase warrant each whole warrant entitling the holder to acquire one additional common share at a price of \$0.10 (C\$0.12) per share until expiry on May 13, 2023 to purchase a common share of the Company until expiry 24 months from issuance. In connection with the financing the Company paid an aggregate \$65,172 and issued an aggregate 1,345,506 finders warrants to eligible finders for a cost of \$43,164 which was recorded against equity for the six months ended June 30, 2021. The finders' warrants are subject to the same terms and conditions as the unit warrants.

On June 30, 2021 the Company issued a further 2,223,016 payment shares in settlement of \$132,723 in drilling services pursuant to the MOU. Pursuant to the MoU's, US\$1 million drilling for equity program, Awalé has the option to pay Geodrill for its services in cash or a combination of cash and/or shares of the Company pursuant to VWAP and Exchange policy governing market discounts. The shares being issued are subject to a hold period trading restriction which expires September 26, 2021.

9. Reserves

	Option Reserve	Warrant Reserve	FCTR	Other Reserve	Deferred Equity	TOTAL
	\$	\$	\$	\$	\$	\$
January 1, 2020	353,476	1,191,323	(307,568)	1,106,231	-	2,343,462
Shares to be issued	-	-	-	-	615,114	615,114
Foreign exchange difference	-	-	(118,196)	-	-	(118,196)
June 30, 2020	353,476	1,191,323	(425,764)	1,106,231	-	2,840,380
Shares to be issued	-	-	-	-	(615,114)	(615,114)
Share based payment	260,284	-	-	-	-	260,284
Warrant cost	-	2,352,788	-	-	-	2,352,788
Foreign exchange difference	-	-	618,933	-	-	618,933
December 31, 2020	613,760	3,544,111	193,169	1,106,231	-	5,457,271
Shares to be issued	-	-	-	-	-	-
Warrant cost	-	1,044,022	-	-	-	1,044,022
Option cost	362,749	-	-	-	-	362,749
Shares issued	-	-	-	(162,344)	-	(162,344)
Foreign exchange difference	-	-	(221,276)	-	-	(221,276)
June 30, 2021	976,509	4,588,133	(28,107)	943,887	-	6,480,422

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9. Reserves (continued)

(a) Warrants

A summary of the Company's warrants is presented below:

		Number of warrants	Weighted average exercise price \$
Balance January 1, 2020	(i) & (ii)	5,847,222	0.32
Balance June 30, 2020		5,847,222	0.32
Issued	(iii)	44,417,440	0.10
Expired	(ii)	(200,000)	0.20
Balance December 31, 2020		50,064,662	0.12
Issued	(iv) & (v)	28,776,973	0.10
Balance June 30, 2021		78,841,635	0.12

In connection with the private placement closed in April and May 2021 the Company paid an aggregate \$7,682 in costs and issued an aggregate 1,345,504 finders warrants to eligible finders. The finders' warrants are subject to the same terms and conditions as the unit warrants.

- (i) On December 13, 2019, the company issued 5,647,222 warrants, at a price of \$0.32 with an expiry date of December 12, 2021, in connection with the private placement completed on December 13, 2019. The Company has the right to accelerate early conversion of the warrants as long as the closing price of the Company's shares equals or exceeds C\$0.40 per common share for 20 consecutive trading days up to expiry December 12, 2021.

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

Risk free rate	1.67%
Expected volatility	198%
Expected life	2 years
Share price on date of grant	\$0.18
Exercise price	\$0.32
Expected dividend	nil

- (ii) On December 29, 2017, the company issued 200,000 warrants in connection with the acquisition of the minority interests in Awalé. These warrants expired during the period ending December 31, 2020.

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

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9. Reserves (continued)

- (iii) On July 9, 2020, the Company issued 44,417,440 warrants at a price of \$0.10 (C\$0.12) with an expiry date of July 8, 2023 in connection with the private placement completed on July 9, 2020. A cost of \$2,352,788 was recorded against equity in the period ended December 31, 2020.

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

Risk free rate	0.248%
Expected volatility	242%
Expected life	3 years
Share price on date of grant	\$0.08
Exercise price	\$0.10
Expected dividend	nil

- (iv) On April 27, 2021, the Company issued 8,603,600 warrants at a price of \$0.10 (C\$0.12) with an expiry date of April 27, 2023 in connection with the first tranche of the private placement completed on April 27, 2021. A cost of \$276,006 was recorded against equity in the period ended June 30, 2021.

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

Risk free rate	2.0%
Expected volatility	145%
Expected life	2 years
Share price on date of grant	\$0.05
Exercise price	\$0.10
Expected dividend	nil

- (v) On May 13, 2021, the Company issued 20,173,373 warrants (including 1,345,506 broker warrants) at a price of \$0.10 (C\$0.12) with an expiry date of May 13, 2023 in connection with the second tranche of the private placement completed on May 13, 2021. A cost of \$768,016 was recorded against equity in the period ended June 30, 2021.

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

Risk free rate	2.0%
Expected volatility	145%
Expected life	2 years
Share price on date of grant	\$0.05
Exercise price	\$0.10
Expected dividend	nil

(b) Options

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

		Number of options	Weighted average exercise price \$
Balance January 1, 2020	(i) & (ii)	2,330,000	0.28
Balance June 30, 2020		2,330,000	0.28
Issued	(iii)	5,050,000	0.18
Balance December 31, 2020		7,380,000	0.22
Issued	(iv)	8,500,000	0.10
Expired	(i)& (ii)	(2,330,000)	0.28

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Balance June 30, 2021	13,550,000	0.13
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9. Reserves (continued)

- (i) On April 14, 2016 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.

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) On January 16, 2018, the Board approved 960,000 options to be issued to directors and officers and 970,000 options to be issued to employees. The options shall be subject to one-year vesting period and are restricted from exercise until fully vested on January 16, 2019.

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

- (iii) On July 24, 2020, the Company reported that the Board has approved and granted an aggregate 2,400,000 stock options to employees and consultants and an aggregate of 2,650,000 stock options to directors and officers. All options granted are subject to a one-year vesting period, after which they become exercisable. The Company recorded a cost of \$315,250 for the six months ending June 30, 2021 (2020: \$nil) The total cost is to be recognised over the vesting period.

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

Risk free rate	0.248%
Expected volatility	242%
Expected life	3 years
Share price on date of grant	\$0.12

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Exercise price	\$0.18
Expected dividend	nil

9. Reserves (continued)

- (iv) On May 13, 2021, the Company announced that the Board has granted an aggregate 4,200,000 stock options to employees and consultants and an additional aggregate 4,300,000 stock options to directors and officers of the Company with an exercise price of \$0.10 (C\$0.12). All options are subject to a one-year vesting period, after which they become exercisable, and have a 3 year term with an expiry date of May 14, 2024. The Company recorded a cost of \$47,499 for the six months ending June 30, 2021 (2020: \$nil) The total cost of \$412,783 is to be recognised over the vesting period.

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

Risk free rate	2.%
Expected volatility	145%
Expected life	3
Share price on date of grant	\$0.07
Exercise price	\$0.10
Expected dividend	-

(c) Other reserve

The Company has a contractual obligation of \$943,887 in Other Reserves in relation to its acquisition of Awalé and Aforo on December 29, 2017.

On April 29, 2021 the Company delivered to Sandstorm its annual payment of C\$200,000 (US\$162,344), calculated under the renegotiated criteria (see below) consisting of 1,478,747 shares at a price of C\$0.13 (US\$0.11).

During the period ended December 31, 2019, the Company renegotiated the annual payments due under the agreement with Sandstorm. Annual payments will now become due by applying the following criteria:

- No annual payment due if market capitalization of the Company is less than C\$10 million on the anniversary date of payment.
- Annual payment of C\$200,000 due if market capitalization is between C\$10 million and C\$20 million on the anniversary date of payment; and
- Annual payment of C\$400,000 due if market capitalization is above C\$20 million on the anniversary date of payment.

The annual payments described above are payable in Company Shares, however the Company may elect to make a payment in cash. If the payments are made in Company Shares, the number of shares to be issued will be based on a price per Company Share equal to the greater of: (i) the 20-day trailing volume weighted average trading price of the Company Shares on the Exchange as at the due date for the applicable payment; and (ii) the minimum price that is acceptable to the Exchange.

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As the Company had agreed to settle the deferred payment in shares, the contractual obligation was reclassified to Other Reserves in the year ended December 31, 2018. Management continues to assess that it is highly likely that future obligated payments will be settled in shares considering the strong need for cash thus continued to classify the obligation under Other Reserves.

The Company has an obligation to make annual deferred payments (subject to the newly agreed criteria detailed above) on each anniversary of the acquisition of the projects for up to 15 years, payable in cash or shares at the Company's election, until commercial production is achieved on one of the subsidiaries' projects, or certain other events occur which are further described in detail below.

9. Reserves (continued)

The Company is required to make the annual payments referred to above until the earlier of:

- the date on which commercial production is achieved on the applicable project;
- if the Company has announced a mineral resource on one of the projects, the date that is 15 years after the Closing Date;
- the date that is 10 years after the Closing Date if a mineral resources has not been announced on the applicable project by such date;
- the date on which the Company makes a pre-payment in respect of a particular project in accordance with the provisions described below; and
- the date on which the Company transfers a project back to Sandstorm in accordance with the provisions described below.

Pursuant to the Awalé Acquisition Agreement, the Company may, at any time after the fifth anniversary of the Closing, elect to cease to make annual payments in respect of any or all of the projects by making a payment in cash in respect of such project or projects to Sandstorm as follows:

- in respect of the Bondoukou Project, C\$2,250,000.
- in respect of the Abengourou Project, C\$375,000; and
- in respect of the Odienné Project, C\$375,000.

In addition, the Company may, at any time after the Closing, elect to cease to make annual payments in respect of all or any of the projects by transferring the applicable project or projects back to Sandstorm, either by way of the transfer of shares of the subsidiary or subsidiaries that hold(s) the applicable project or projects or by way of transfer of the licenses and license applications comprising the project or projects.

In 2017 management assessed that the contractual obligation period will not extend beyond 5 years having taken into consideration the above factors and has therefore recognized the net present value of its obligation over 5 years, using an average discount rate of 1.86%.

10. Loan

	2021	2020
	\$	\$
Loan	32,248	31,416
	32,248	31,416

The following table sets out the movements in the loan during the period:

2021	2020
\$	\$

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Balance January 1, 2020	31,416	-
Loan – CEBA	-	29,445
Foreign exchange movement	832	1,971
Balance June 30, 2021	32,248	31,416

In April 2020, the Company received C\$40,000 as part of the Bank of Montreal’s Canada Emergency Business Account (“CEBA”) program introduced as part of the Canadian Government’s COVID-19 relief measures. The Company entered into an interest-free loan of C\$40,000 with the Bank of Montreal, guaranteed by the Government of Canada, to help cover operating costs for businesses which may have been impacted by COVID-19.

10. Loan (continued)

The Government program payment timelines are as follows:

- The Canada Emergency Business Account will be funded as a revolving line of credit and is interest free until Dec. 31, 2020
- Any outstanding balance will be converted to a term loan on Jan. 1, 2021, and remains interest free until Dec. 31, 2022
- If repaid by Dec. 31, 2022, 25% of balance will be forgiven
- If outstanding on Jan. 1, 2023, 5% interest starts
- The remaining balance is to be paid in full no later than Dec. 31, 2025

The repayment of the loan will be through the Bank of Montreal, not the Canadian Government.

11. Determination of fair values

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.

Classification and fair values

<i>As at June 30, 2021</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	990,170	-	990,170	990,170
Liabilities				
Accounts payable and accrued liabilities	-	625,087	625,087	625,087
Loan	-	32,248	32,248	32,248

<i>As at December 31, 2020</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	646,373	-	646,373	646,373
Liabilities				
Accounts payable and accrued liabilities	-	1,034,358	1,034,358	1,034,358

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Loan	-	31,416	31,416	31,416
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11. Determination of fair values (continued)

As at June 30, 2021

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	990,170	-	-	990,170
Accounts payable and accrued liabilities	-	625,087	-	625,087
Loan	-	32,248	-	32,248

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	646,373	-	-	646,373
Accounts payable and accrued liabilities	-	1,034,358	-	1,034,358
Loan	-	31,416	-	31,416

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

12. Financial risk management

The activities of the Company expose them to a variety of financial risks that arise as a result of their exploration, development and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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The Board of Directors of the Company oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents. The Company holds its key operational bank accounts with reputable banks of international financial institutions.

12. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting their financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Company expects to settle its financial liabilities within normal trading terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices and foreign exchange rates will affect the Company's income or the value of its financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the Company financial performance will be affected by fluctuations in the exchange rates between currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when expenses are denominated in currencies other than the respective functional currencies). The Company manages this foreign currency risk by matching payments in the same currency and monitoring movements in exchange rates.

The following table details balances held and subject to foreign currency movements as at June 30, 2021:

	CAD	AUD	GBP	CFA	EUR
2021 Net exposure	(67,995)	2,412	(1,770)	65,081	2,520
2020 Net exposure	443,999	(65,831)	-	(94,630)	-

At June 30, 2021 with other variable remaining unchanged, a +/- 10% change in exchange rates would increase/decrease pre-tax loss of \$247 (2020: \$ 30,960).

The Company does not use derivatives to manage the exposure to foreign exchange risk.

Capital management

Capital of the Company consists of capital stock and deficit. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so it they can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to it in light of changes in economic conditions.

The Board of Directors of the Company has not established quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain the future development of the Company. In order to facilitate the management of their capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

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The Company's principal source of capital is from the issue of ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

13. Related party transactions

a) Related party transactions

For the six months ended June 30, 2021, the Company incurred employment costs and fees to directors and officers, or to companies associated with these individuals as follows:

	2021	2020
	\$	\$
CEO fees & expense reimbursement (i)	56,816	52,280
COO fees	90,000	90,000
Non-executive fees (ii & v)	30,000	30,000
Accounting fees – CFO services (iii)	28,383	21,702
Company- secretarial fees & reimbursement (iv)	15,962	12,523
Share based payments	208,820	-
	429,981	206,505

- (i) Includes an amount paid to Parsons Capital Superfund - a superannuation fund controlled by G. Parsons
- (ii) Includes fees paid to Austral Consulting Services, a company owned by E Roth for non-executive director fees
- (iii) Amount paid to Genco Professional Services Pty Ltd – a company controlled by S. Cooper
- (iv) Amount paid to Marketworks Pty Ltd – a company controlled by K Witter
- (v) Includes fees paid to DH Mining Advisory Services, a company owned by D. Hartman.

On April 29, 2021 the Company delivered to Sandstorm 1,478,747 shares at a price of C\$0.13 (US\$0.10) to fulfil the second annual payment in relation to the contractual obligation payable.

On May 13, 2021, the Company announced that the Board had granted an aggregate 4,300,000 stock options to directors and officers of the Company with an exercise price of \$0.10. All options are subject to a one-year vesting period, after which they become exercisable, and have a 3 year term with an expiry date of May 14, 2024. The total cost is to be recognised over the vesting period.

In addition to the above the Company's related parties includes intercompany loan balances with its subsidiaries as set out in Note 3. These balances are eliminated on consolidation.

b) Related party balances owing

	2021	2020
	\$	\$
CEO fees & expense reimbursement (i)	1,945	2,272
COO fees & expense reimbursement	13,169	23,505
Non-executive fees (ii & iv)	15,000	15,000
Company- secretarial fees & reimbursement (iii)	-	3,291
	30,114	44,068

- (i) Includes an amount paid to Parsons Capital Superfund - a superannuation fund controlled by G. Parsons

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- (ii) Includes an amount payable to Austral Consulting Ltd – a company controlled by E Roth
- (iii) Amount payable to Marketworks Pty Ltd – a company controlled by K Witter
- (iv) Includes fees paid to DH Mining Advisory Services, a company owned by D. Hartman

Amounts are unsecured and payable in cash.

13. Related party transactions (continued)

Compensation of key management personnel

The Company considers its officers and directors to be key management personnel. Transactions with key management personnel for the six months ended June 30, 2021, are set out below:

	2021	2020
	\$	\$
Short term benefits (i) & (ii)	186,532	172,116
Post - employment benefits (iii)	4,629	4,389
Share based payment benefits	208,820	-
Non-executive directors' fees (iv & v)	30,000	30,000
	429,981	206,505

- (i) Includes an amount paid to Genco Professional Services Pty Ltd – a company controlled by S. Cooper
- (ii) Includes an amount paid to Marketworks Inc. – a company controlled by K Witter
- (iii) Amount paid to Parsons Capital Superfund – a superannuation fund controlled by G.Parsons
- (iv) Includes fees paid to Austral Consulting Services, a company owned by E Roth for non-executive director fees
- (v) Includes fees paid to DH Mining Advisory Services, a company owned by D. Hartman.

14. Commitments and contingencies

The Company has the following commitments and contingencies. Payment is contingent on the continued operations based on successful exploration results at its properties:

Payment	Condition
<i>Contingent payments</i>	
US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant of the Odienné property, 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.
Maximum US\$3,500,000	Payable to Awalé Holdings a resource milestone payment, in accordance with the Share Purchase Agreement dated January 13,2017, of: <ul style="list-style-type: none"> • US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource delineated up to the first one million ounces; and • US\$1.00 per ounce of reported gold Mineral Resources for any Mineral Resource delineated over the first one million ounces; and • a catch-up payment of US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource ounces that were delineated prior to the delineation of a Mineral Resource greater than one million ounces, All subject to a maximum of US\$3.5 million.
US\$800,000	Payable to Newoka Resources upon the Bondoukou project changing from an exploration license to a mining license with intent of commercial production.

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<i>Commitment payments</i>	
Total	Minimum exploration spend commitment within the next three years at the following properties:
CFA 3,962,461,514	Bondoukou, CFA 2,811,263,329 (US\$5,031,523)
(US\$7,188,698 as at June 30, 2021)	Odienné CFA 38,659,911 (US\$ 769,192)
	Abengourou CFA 1,112,538,274 (US\$1,991,191)

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.

15. Cash flows

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	\$	\$
(Gain)/Loss after income tax	(728,230)	(282,938)
<i>Non cash flows in operating activities</i>		
Share based payment	362,749	-
Foreign exchange loss	14,262	11,024
Depreciation	13,988	20,974
<i>Changes in assets and liabilities</i>		
Movement in receivables and prepayments	13,547	(628)
Movement in payables	7,292	38,645
Net cash used in operating activities	<u>(316,392)</u>	<u>(212,923)</u>

16. Segment information

The Company operates in one business segment being gold exploration in Côte d'Ivoire. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

17. Loss per Share

Loss per share amounts are calculated by dividing the net loss attributable to shareholders for the period by the weighted-average number of shares outstanding during the period.

	2021	2020
Net loss attributable to equity holders	(728,230)	(282,938)
Basic and diluted weighted number of shares	139,949,382	79,651,712
Basic and diluted loss per shares attributable to equity holders of the parent	(0.0)	(0.0)

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All outstanding shares, options and warrants are considered anti-dilutive and have been excluded from the diluted weighted average number of common shares.

18. Subsequent events

On July 8, 2023, 44,417,440 warrants at a price of \$0.10 expired.

On July 30, 2021 the Company announced it had received Exchange approval and issued 1,121,270 payment shares in settlement of \$65,545 in drilling services pursuant to the MoU with Geodrill as announced April 12, 2021.

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

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British Columbia, CANADA

Investor Relations

Karen Davies

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