

# AWALÉ RESOURCES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

For three and six months ended June 30, 2022 and 2021

The Management Discussion and Analysis (“MD&A”) is an overview of the activities of Awalé Resources Limited (“Awalé”) and its subsidiaries (the “Company”). This MD&A describes the Company’s business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021 and the notes attached thereto (“ Audited Financial Statements”).

The effective date of this MD&A is August 29, 2022.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not assume the obligation to update any forward-looking statement, except as required by applicable law.

Management is responsible for the presentation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A is complete and reliable.

Financial statement information presented herein was prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board.

All amounts in the MD&A, Financial Statements and related notes are expressed in United States dollars (“\$”) unless otherwise noted.

Andrew Chubb, the Company’s Chief Operating Officer, who is a Qualified Person as defined by National Instrument 43-101, has reviewed the geologic information contained in the MD&A on behalf of the Company.

## 1. DESCRIPTION OF THE BUSINESS

### Company overview

Awalé Resources Limited (“Awalé” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on June 23, 2015.

The Company’s current primary activity is to identify and explore precious metals projects in Côte d’Ivoire (Ivory Coast).

The Corporate and Registered Office is located at 8681 Clay Street, Mission, British Columbia, Canada.

The Company trades on the TSXV under the symbol: “ARIC”.

A June 30, 2022 the Group consists of the following interests:

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.

## 2. OUTLOOK AND SUMMARY OF ACTIVITIES

### Outlook

The Company's exploration programs are focused on the discovery and delineation of mineral resources within its extensive portfolio of projects located in Côte d'Ivoire. At the Odienné Project, drill programs to date have returned consistent high-grade results from the Empire target and promising scout drilling intercepts over offset and extension targets from the Empire discovery. Further to this, Iron Oxide Copper Gold (IOCG) style Au-Cu mineralisation has been intercepted at the new Charger Target, approximately 3km north of the Empire discovery. This new mineralisation model has led Awalé geologists to re-interpret company and legacy geochemistry data for the project, and conduct further sampling, ground geophysics and mapping. This undertaking has revealed a 5km 3km wide Cu-Au target at Sceptre and provided new structural interpretations for Charger. Confirmation and infill sampling over legacy and company collected data at the target has confirmed the mineralisation and delineated high order areas for trenching and pitting.

At the Empire Targets company geologists are now working on understanding the geometry of mineralization and alteration intercepted which will culminate in planning for the next phase of drilling over the gold fertile Empire Corridor.

On May 31, 2022, the Company announced that Newmont Ventures Limited, a wholly owned subsidiary of Newmont Corporation (NYSE: NEM; TSX: NGT) ('Newmont'), had agreed, to make a strategic investment in Awalé and enter into an exploration agreement with venture option ("Exploration Agreement") on the Company's Odienné Project in northwest Côte d'Ivoire. Refer to Section *Corporate Activities* section for further details.

Over the next 12 months the Company plans to undertake permit-wide geophysics including detailed airborne magnetic/radiometric surveys, airborne gravity gradiometry, as well as geochemical and geological mapping surveys. Further to this, local targeted programs are planned for the Sceptre and Charger prospects with trench and Diamond/RC drill programs. This expenditure is fully funded by Newmont.

In addition, the Company will continue with its systematic exploration approach to both advance existing targets and generate new targets the Bondoukou project for drill testing.

### **Summary of activities for the six months ending June 30, 2022, and to the date of this report**

### EXPLORATION ACTIVITIES

Effective June 1, 2022, the Odienné project is subject to an earn-in joint venture agreement with Newmont) (see Company News Release dated May 31, 2022), through which Newmont retains the option to earn-in to a minimum 65% interest, from Awalé, in the project in return for sole funding USD 15M of the JV exploration program at Odienné. Awalé is the project manager for the first 3-year phase otherwise referred to as the "Odienné JV". Refer to *Corporate Activities* section for further details of agreement and *Odienné Project* section below for detail of work carried out to date.

On July 19, 2022, the Company announced that it had expanded its exploration footprint and focus in the Odienné Iron Oxide Copper Gold ("IOCG") district in Côte d'Ivoire. The expansion is executed through an option to purchase agreement with Turaco Gold Limited over the PR 840 "Sienso" permit in Côte d'Ivoire. The new 326 square kilometre granted permit borders the eastern flank of the recently announced Odienné JV. On July 29, 2022 the Company issued 291,735 shares at an agreed price of C\$0.197 (US\$0.15) as part of the option to purchase agreement. Awalé will complete exploration work on the Permit to confirm anomalism and geological setting similar to the Odienné Project. Upon the successful Renewal of the permit PR840 in 2023, and subject to Awalé wishing to proceed with the 100% acquisition of PR840, Awalé will issue Turaco Gold 680,715 Awalé shares as final payment. The shares will be issued at an agreed price today of C\$0.197 for value C\$134,100 subject to Exchange approval.

## Odienné Project

The Odienné project is in NW Ivory Coast and consists of one granted tenement (Odienné East) covering an area of 397 square kilometres and one contiguous application (Odienné West) covering 400 square kilometres. The Application for Odienné west remains in progress and is expected in the new year.

Geologically, the project area lies on a splay of the regional scale Sassandra fault which forms the partition between the Archean Kenema Man domain and the Proterozoic Baoule-Mossi Domain. Rocks in the project area consist of a felsic/acid volcanic to mafic greenstone belt of Birimian age intruded by a series of later plutons of varying size and orientation. The intrusions range from intermediate to mafic in composition.

Work on the project during the reporting period has value added and validated the Iron Oxide Copper Gold ("IOCG") model and proposed geological setting for Odienné. Interpretation of soil and termitaria data from the Sceptre prospect and the initial drill results from the adjacent Charger prospect (see Company news release dated 22<sup>nd</sup> July 2021) led the Company to see the geological setting of the Odienné district as comparable to that of other significant IOCG provinces globally. IOCG deposits are significant contributors to global copper and gold inventories, and the Company considers the Odienné project to contain significant potential for the discovery of the first major IOCG deposit known in west Africa.

Work completed during the period included follow-up soil/termitaria sampling which led to the definition of two distinct Cu-Au targets at the Sceptre anomaly – 'Sceptre East' and 'Sceptre West'

- Sceptre East forms a coincident 1.5 km long, >368ppm (parts per million) Cu / >20ppb (parts per billion) Au footprint with a peak value of 1,776ppm Cu and 554ppb Au.
  - Comparatively, this anomaly covers an area 4 times the size of the recently drilled Charger target, which returned 3m at 9 grams per tonne (g/t) Au and 0.4% Cu within a sulfide bearing hematite breccia (drill hole OERC-89, release dated 22<sup>nd</sup> July 2021).

The core of the Cu/Au footprint tested at Charger is a 400m long auger anomaly at >90ppb Au and > 100ppm Cu.

- Sceptre Main forms a larger, NE trending 2.6 km long and 1.5km wide >110ppm Cu anomaly with coincident >14 ppb Au anomalism.
  - The Sceptre Main target is known to contain a series of polymetallic veins that have returned high grade results with up to 26.7 g/t Au and 1.5% Cu in selective sampling from artisanal workings.

The continuing work at the Odienné project has focused on advancing the Sceptre and Charger gold-copper prospects toward an expected scout drill program in Q4, 2022. Recent pitting and geological mapping have confirmed the high order geochemical anomalism at Sceptre. Mapping at the Charger target revealed new shallow artisanal pits containing blind gossan outcrops just 100m from previously reported drill intercepts. Further prioritization of target areas at both Sceptre and Charger will be undertaken in Q3, 2022, utilizing a combination of ground geophysical surveys (Induced Polarisation or 'IP') and mapping to ready these targets for drilling.

The Odienné project is now subject to an earn-in joint venture agreement with Newmont) (see Company News Release dated May 31, 2022), through which Newmont retains the option to earn-in to a 65% interest, from Awalé, in the project in return for sole funding USD 15M of the JV exploration program at Odienné. Awalé is the project manager for the first 3-year phase.

The Odienné JV exploration activities are focused on the discovery of high-grade orogenic gold deposits and the new IOCG Style Au-Cu mineralisation now identified in the Odienné project area – this style of mineralisation has not been previously recognized in Cote d'Ivoire and is an exciting prospect for the Company.

## Bondoukou Project

The Company's large 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 and Wa-Lawra 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.

## Abengourou Project

The Abengourou Project consists of 2 prospective gold permits Amélékia and Nianda, in the Comoé district of southeastern Côte d'Ivoire. These 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.

During the period ended June 30, 2022 the Company recognized a write off against exploration and evaluation expenditure recorded at the Abengourou project to date as the Company intends to relinquish this license subsequent to the reporting period to focus its exploration activities at its remaining projects.

## Exploration expenditure

The exploration expenditure of the Companies for the six months ended June 30, 2022 is set out below.

Expenditure	Bondoukou \$	Odienné \$	Abengourou \$
Data analysis	-	24,435	-
Drilling and assay costs	-	138	-
Field Office & Camp	20,200	14,620	1,562
Exploration	105,597	136,549	-
Tenement costs	64,863	-	21
Health & safety	-	101	831
Administration	95,983	36,535	89,022
<b>TOTAL</b>	<b>286,643</b>	<b>212,378</b>	<b>91,436</b>

## CORPORATE ACTIVITIES

In May 2022 the Company announced that Newmont, has agreed, subject to certain closing conditions including Toronto Stock Exchange ("TSXV") approval, to make a strategic investment in Awalé and enter into an exploration agreement with venture option on the Company's Odienné Project. This was approved by the TSXV on June 15, 2022.

The Exploration Agreement gives Newmont the option to fully fund exploration activities up to a pre-feasibility phase and by funding qualifying expenditures of at least US\$15 million to earn up to a 75% interest in the Odienné Project on the following basis:

- Private Placement

Newmont invested US\$500,000 in Awalé based on a 30-day volume-weighted average price ("VWAP") which will be used to fund Awalé's Côte d'Ivoire activities.

- Phase 1

Newmont can earn a 51% interest in the Odienné Project by funding US\$5 million in exploration expenditures within three years of the effective date of the Exploration Agreement. The Odienné Project will be managed by Awalé during this time.

- Phase 2

Through funding a further US\$10 million in exploration expenditure and defining a minimum 2-million-ounce gold resource, Newmont may earn an additional 14% interest for a total of a 65% interest in the Odienné Project.

Newmont has the option to elect to become project manager upon commencement of Phase 2.

- Post-Phase 2

Awalé may maintain its 25% project interest by funding its proportionate cost of a feasibility study on the Odienné Project and development of a mine.

On March 25, 2022, the Company announced that it had completed the 1st tranche of its non-brokered private placement as announced on November 10, 2021 and revised on March 22, 2022, for 4,032,500 units at a price of \$0.16 (C\$0.20) per unit raising gross proceeds of \$642,500 (C\$806,500). The proceeds of the Offering to be used for ongoing exploration expenditure on its Odienné project in Côte D'Ivoire and for general overheads, working capital and operating expenses. 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 \$0.32

(C \$0.40) per share until expiry on March 24, 2024.

Pursuant to the Memorandum of Understanding (MoU) with Geodrill Limited (TSX: GEO "Geodrill") as announced April 12, 2021 the Company issued on January 6, 2022 218,249 shares in settlement of drilling services totalling \$40,102.

The Company's continuing operations are dependent upon its ability to either secure additional capital or generate consistent cash flow from operations in the future. The volatility of stock markets and precious and base metals have eroded investor confidence to the extent that both advanced and junior companies have had a difficult time obtaining equity financing on reasonable terms. The Company must seek additional equity funding to fund ongoing exploration activities and to meet its ongoing general and administrative costs. The Company cannot guarantee it will be successful in raising additional funding. Refer to section 8 for the going concern consideration.

### 3. RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2022

The following is a breakdown of material costs incurred:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Share based compensation	156,294	362,749
Salaries and director fees	137,737	140,673
Write off exploration expense	100,878	52,420
Professional and consulting expenditure	95,404	52,972
Office and regulatory expenditure	59,034	57,702
Investor relations expenditure	12,699	33,464
Travel expenditure	11,498	-
Foreign exchange (gain)/loss	(4,527)	14,262
Depreciation	14,079	13,988

*Six months ending June 30, 2022 compared to June 30, 2021*

For the six months ending June 30, 2022 the Company incurred a loss of \$577,165 (2021: \$728,230).

The decrease in the loss compared to the comparative prior period is due mainly to;

- share-based payments which fluctuate from period to period due to the cost of options issued being recognised over their vesting period.
- Salaries and directors' fees have remained consistent across the two periods.
- A write down of \$91,436 was recorded against exploration and evaluation expenditures incurred during the period at the Abengourou project. This write off reflects the refocus of the company's exploration activities at the Company's Odienné and Bondoukou projects. A further \$9,442 was written off in relation to the Odienné project in line with the Company's farm -out accounting policy as his expenditure occurred outside of the Newmont exploration agreement.
- Professional and consulting expenditure has increased from that of the prior period as a result of the legal fees incurred in relation to review of the Newmont exploration agreement.
- Office and general expenditure has remained consistent across the two periods.
- Investor relations costs have decreased by \$20,765 due to a difference in timing and attendance at conferences in the current period compared to that of the prior period.
- Travel costs have increased from the prior comparative period as COVID travel restrictions have lifted allowing increased travel.

#### 4. SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

<b>SUMMARY</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net sales or total revenue	6,414	-	-	-
Loss	(287,502)	(289,663)	(256,498)	(711,089)
Basic & diluted loss per share *	0.01	0.01	0.01	0.04
Total current assets	379,174	265,162	99,100	229,136
Total non-current assets	12,078,436	12,384,565	12,282,100	11,974,227
Total current liabilities	1,449,113	1,283,739	1,135,214	827,148
Total non-current liabilities	30,962	32,010	31,662	31,444
	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net sales or total revenue	-	-	-	-
Loss	(453,816)	(274,414)	(280,774)	(228,418)
Basic & diluted loss per share *	0.03	0.02	0.02	0.02
Total current assets	1,060,664	142,548	760,565	828,974
Total non-current assets	12,141,192	10,938,857	10,433,018	8,499,077
Total current liabilities	1,034,940	1,601,242	1,324,632	644,794
Total non-current liabilities	32,248	31,809	31,416	30,108

\* adjusted for impact of 8:1 share consolidation

The Company's quarterly financial results and position can be affected by many factors including, but not limited to; seasonal fluctuations, variations in capital markets, foreign exchange rate movements, share based payments, changes in exploration programs, changes to exploration portfolios and financing activities undertaken.

##### *Three months ending June 30, 2022*

The net loss of \$287,502 for the quarter ended June 30, 2022, is consistent when compared to the majority of the prior reported quarters. Costs have remained relatively consistent with prior periods with the exception of legal fees which have increased in the current quarter as a result of the review required in relation to the Newmont exploration agreement. This cost has been offset by a decrease in share based payments which fluctuate from period to period as costs are recognised over the vesting period of the instrument.

Current assets have increased with the closure of the private placement for gross proceeds of \$642,500 in March 2022 and the strategic private placement from Newmont for gross proceeds of \$500,000. Non-current assets have decreased due to the impact of CFA:USD exchange rate fluctuations during the period, with this decrease offset by an increase in non-current receivable balance due to the recognition of \$100,000 as a result of the Exploration Agreement entered into with Newmont, with the Company advancing payment to the minority holders on behalf of Newmont. These funds are to be repaid by Newmont prior to December 31, 2023 and bears interest at a rate of US prime plus 4.5% .

Current liabilities increasing as a result of continued work at the Company's exploration projects and continued corporate operations supporting ongoing exploration work during the quarter.

##### *Three months ending March 31, 2022*

The net loss of \$289,663 for the quarter ended March 31, 2022, is consistent when compared to the majority of the prior reported quarters. Costs have remained relatively consistent with prior periods. Current assets have increased with the closure of the private placement for gross proceeds of \$642,500 in March 2022 with non-current assets and current liabilities increasing slightly as a result of continued work at the Company's exploration projects during the quarter.

##### *Three months ending December 31, 2021*

The net loss of \$256,498 for the quarter ended December 31, 2021 is lower in comparison to the immediate prior periods due mainly to the fluctuation from period to period in the cost of share based payments recognised and the recognition of the write down against the Abengourou property and property investigation costs incurred in the prior period. Other costs have remained relatively consistent when compared to the prior quarterly results.

Current assets have decreased when compared to the prior comparative quarterly period as the Company expended funds, raised in the private placement completed in Q2 2021, on its ongoing exploration activities in Côte d'Ivoire and corporate activities supporting these activities.

Non-current assets increased due to continued exploration activities during the period and relevant costs were attributed. This balance is also impacted by foreign exchange movements between the CFA (functional currency of the Côte d'Ivoire entities) and USD (reporting currency of the Company).

Current liabilities increased in the current quarter due mainly to an increase in payables in Côte d'Ivoire due to the exploration program undertaken at the Company's Odienné project in the latter part of 2021 fiscal year and an increase in corporate costs as the Company engaged specialist investor relation services to increase the profile of the Company's activities and timing of payments to creditors.

*Three months ending September 30, 2021*

The net loss of \$711,089 for the quarter ended September 30, 2021, is higher compared to prior quarterly losses due mainly to increased share-based payment expense recognised on options issued in the second half of the year ended December 31, 2020 and in Q2 2021 as well as the recognition of a write down of \$422,981 against the Company's Abengourou property reflecting its focus on its remaining projects in its portfolio. Investor relations costs also increased in Q3 2021 as the Company engaged additional investor relations expertise to assist in promoting its exploration portfolio. Other costs have remained relatively consistent when compared to the prior quarterly results.

Current assets have decreased when compared to the prior comparative quarterly period as the Company expended funds, raised in the private placement completed in Q2 2021, on its ongoing exploration activities in Côte d'Ivoire and corporate activities supporting these activities.

Non-current assets decreased in the current quarter due to the recognition of a write down \$422,981 against its Abengourou project, offset by exploration expenditure on its remaining projects Odienné and Bondoukou located in Côte d'Ivoire. This balance is also impacted by foreign exchange movements between the CFA (functional currency of the Côte d'Ivoire entities) and USD (reporting currency of the Company).

Current liabilities have decreased in the current quarter as the Company settled creditor and supplier balances recorded in Côte d'Ivoire incurred as a result of the drill programs undertaken at the Company's projects.

*Three months ending June 30, 2021*

The net loss of \$453,816 for the quarter ended June 30, 2021, is higher when compared to prior quarterly losses due mainly to the share-based payment expense recognised on options issued in the second half of the year ended December 31, 2020 and in Q2 2021. Professional fees increased in the current quarter due to legal fees incurred in relation to advice sought on shares for debt services and company share plan. The Company also incurred costs of \$50,000 in relation to property investigation costs as it looked for further exploration opportunities. Other costs have remained relatively consistent when compared to the prior quarterly results, with the exception of travel costs which have decreased as a result of the ongoing impact of the COVID-19 pandemic

Current assets have increased when compared to prior quarterly periods due to the completion of private placement of \$2,699,239 during the current quarter with cash reserves being used to fund ongoing operational and exploration expenditure.

Non-current assets increased in value as the Company continued exploration activities during the period and relevant costs were attributed.

Current liabilities continued to be higher in comparison to prior year comparative quarters due mainly to an increase in payables in Côte d'Ivoire due to the drill programs undertaken at the Company's projects in the current quarter.

*Three months ending March 31, 2021*

The net loss of \$274,414 for the quarter ended March 31, 2021, is higher when compared to the quarterly losses in Q1 and Q2 2020 due mainly to the share-based payment expense recognised on options issued in the second half of the year ended December 31, 2020, with no share-based payment expense being incurred in these prior comparative periods. Other costs have remained relatively consistent when compared to the prior quarterly results, with the exception of travel costs which have decreased as a result of the ongoing impact of the COVID-19 pandemic.

Current assets have decreased when compared to prior quarterly periods due mainly to cash balances being used to fund ongoing operational and exploration expenditure.

Non-current assets increased in value as the Company continued exploration activities during the period and relevant costs were attributed.

Current liabilities increased in the current quarter due mainly to an increase in payables in Côte d'Ivoire due to the exploration program undertaken at the Company's Odienné project in the latter part of 2020 fiscal year with costs continuing into the 2021 fiscal year as the program was completed.

#### *Three months ending December 31, 2020*

The net loss of \$280,774 for the quarter ended December 31, 2020, increased when compared to the quarterly losses incurred in Q4 2019 due to no share-based payment being recorded in Q4 2019 and an increase in professional fees incurred in Q4 2020 when compared to the prior year comparative quarter as a result of additional work undertaken in relation to tax and accounting matters. This increase has been offset by a decrease in salary and fees paid to corporate staff and consultants and a reduction in travel costs due to reduced activities as a result of the COVID -19 pandemic and travel restrictions imposed during the period.

Current assets decreased in the current quarter as cash raised in the July 2020 private placement was used for corporate activities and for exploration activities, resulting in an increase in non-current assets as value was attributed to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period. Current assets have decreased from the comparative prior period as the Company's cash balance was higher due to a private placement completed in December 2019 raising \$1,541,868 in funds.

Current liabilities increased in the current quarter due mainly to an increase in payables in Côte d'Ivoire due to the completion of an exploration program at the Company's Odienné project and ongoing exploration activities at the Bondoukou project during the quarter.

#### *Three months ending September 30, 2020*

The net loss of \$228,418 for the quarter ended September 30, 2020 increased when compared to the quarterly loss in Q3 2019 due mainly to the cost of options to staff and management of \$109,576 for options issued during the period being recorded. This increase has been offset by a decrease in salary and fees paid to corporate staff and consultants and a reduction in travel costs due to reduced activities as a result of the COVID -19 pandemic and travel restrictions imposed during the period.

Current assets increased during this quarter as a result of the private placement completed in July 2020 where gross proceeds of \$2,296,662 were receipted. These funds were used to continue exploration activities at the Company's Côte d'Ivoire projects and fund corporate costs. Prepayments were also made on equipment purchases for use at the Ivorian projects, with delivery to occur in Q4 202 and prepayment of drilling costs in connection with the upcoming drill program planned in Côte d'Ivoire.

Non-current assets increased due to costs incurred and attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period.

Current liabilities increased during the current quarter due mainly to increased supplier and creditor accounts in Côte d'Ivoire as a result of the increased exploration activities being undertaken at the Odienné and Bondoukou projects in Côte d'Ivoire when compared to the comparative quarter.

Non-current liabilities increased from that of the Comparative quarter as a result of the C\$40,000 loan receipted from the Canadian government to offset the effect of COVID-19 impacts (refer to discussion below-

## **5. DISCLOSURE OF OUTSTANDING SHARE CAPITAL**

The number of common shares outstanding to the date of this report is 31,123,615 (2021: 23,170,851).

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.

On July 29, 2022 the Company issued 291,735 shares at \$0.15 (C\$0.197) as an Option Payment to Turaco Gold Limited ("Turaco") as a result of the signing of an option to purchase agreement with Turaco over the PR 840 "Sienso" permit in Côte d'Ivoire.

On June 15, 2022, the Company announced it had finalized its non-brokered placement with Newmont and issued 3,232,994 units at a price of \$0.16 (C\$0.197) raising gross proceeds of \$500,000 (C\$ 636,900). The proceeds of the Offering to be used for ongoing exploration expenditure on the Company's Côte d'Ivoire projects.



All securities issued under the Offering are subject to a hold period trading restriction which will expire on October 16, 2022. As a result of the Offering, Newmont has become an insider of the Company having acquired 10.49% of the Company's current issued and outstanding shares.

On March 25, 2022, the Company announced that it had completed the 1st tranche of its non-brokered private placement as announced March 22, 2022, for 4,032,500 units at a price of \$0.16 (C\$0.20) per unit raising gross proceeds of \$642,500 (C\$806,500) and incurred share issue costs of \$5,210. The proceeds of the Offering to be used for ongoing exploration expenditure on its Odienné project in Côte D'Ivoire and for general overheads, working capital and operating expenses.

Pursuant to the MOUs, 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. Under the MOU, the Company issued 218,249 shares totalling \$40,102 on January 6, 2022, in settlement of drilling services.

The Company has the following warrants outstanding as at June 30, 2022 denominated in US\$:

	Number of warrants	Weighted average exercise price \$
Balance January 1, 2021	50,064,662	0.12
Issued	28,776,973	0.10
<b>Balance June 30, 2021</b>	<b>78,841,635</b>	<b>0.12</b>
Expired	(5,647,222)	0.32
Effect of share consolidation	(64,045,111)	-
<b>Balance December 31, 2021</b>	<b>9,149,302</b>	<b>0.80*</b>
Issued	2,016,250	0.32
<b>Balance June 30, 2022</b>	<b>11,165,552</b>	<b>0.71</b>

\*adjusted for impact of share consolidation

The Company issued 2,016,250 warrants as part of the closing of the first tranche of the private placement completed on March 25, 2022.

The Company has the following options outstanding as at June 30, 2022 denominated in US\$:

	Number of options	Weighted average exercise price \$
Balance January 1, 2021	7,380,000	0.22
Issued	8,500,000	0.10
Expired	(2,330,000)	0.28
<b>Balance June 30, 2021</b>	<b>13,550,000</b>	<b>0.13</b>
Effect of share consolidation	(11,856,250)	-
<b>Balance December 31, 2021</b>	<b>1,693,750</b>	<b>1.04*</b>
<b>Balance June 30, 2022</b>	<b>1,693,750</b>	<b>0.31</b>

\*adjusted for impact of share consolidation

For the six months ending June 30, 2022, the Company recognised \$156,294 in share based payment expense for options issued. This cost will fluctuate from period to period as the cost of issue is recognized over the vesting period of the options issued.

The Board of Directors, in order to align staff incentivisation with current market conditions, have approved the repricing of a total of 1,693,750 stock options of the Company from previously C\$2.00 and C\$0.96 to C\$0.40 per common share. The repricing of the Options has received the approval of the TSXV. The repricing of any of the 1,693,750 stock options held by insiders of the Company is also subject to the approval of disinterested shareholders of the Company at the Company's next annual general meeting of shareholders, in accordance with the policies of the TSXV. Details regarding the repricing of the Options will be further disclosed in the Company's information circular for its next annual general meeting.

## 6. LIQUIDITY AND CAPITAL RESOURCES

### ***Cash and cash equivalents***

As at June 30, 2022 the Company had cash of \$333,119 \$ (2021: \$56,999) and cash deposits of \$7,957 (2021: \$7,957).

As at June 30, 2022, the Company reported net current liabilities of \$1,449,113, including \$931,675 of trade creditors. Given the nature of the Company as an exploration entity, the Company does not generate profits or operating cash flows and therefore has historically been dependent on the capital markets to obtain funding.

On March 25, 2022, the Company announced that it had completed the 1st tranche of its non-brokered private placement as announced March 22, 2022, for 4,032,500 units at a price of \$0.16 (C\$0.20) per unit raising gross proceeds of \$642,500 (C\$806,500). And on June 15, 2022, the Company announced it had finalized its non-brokered placement with Newmont and issued 3,232,994 units at a price of \$0.16 (C\$0.197) raising gross proceeds of \$500,000 (C\$ 636,900).

Refer to section 8 for further details regarding the going concern consideration.

### ***Working Capital***

As at June 30, 2022, the Company had negative working capital of \$1,069,939 (2021: negative \$1,036,114). Given the nature of the Company as an exploration entity, the Company does not generate profits or operating cash flows and therefore has historically been dependent on the capital markets to obtain funding. 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.

In the period from June 30, 2022 to the date of this report the Company has sought to conserve cash by reducing corporate and exploration activities. A share placement for 4,032,500 shares at \$0.16 per share was completed on March 25, 2022 raising gross proceeds of \$642,500 (C\$806,500), which has been used to pay key creditors until a larger private placement or equity infusion is completed and a further strategic placement by Newmont of US\$500,000 was completed on June 15, 2022 to be used at the Company's Cote d' Ivoire operations as detailed under the Exploration Agreement. . During this time, the Company continues to be in discussions with its largest creditors and employees to discuss payment terms and plans. No debts or other amounts payable have been called at the date of this report. The Company continues to closely manage liquidity and rely on the informal financial support of its larger creditors and employees.

### ***Cash used in operating activities***

Cash used in operating activities during the six months ending June 30, 2022 was \$218,675 (2021: \$316,392). The cash used in operating activities represents general and administrative costs incurred, adjusted for non-cash items such as interest recognised, write down against deferred exploration and evaluation expenditure depreciation, foreign exchange movements, share based payments and movements in accounts payable and accounts receivable balances in the period.

### ***Cash used in investing activities***

Cash used in investing activities for the six months ending June 30, 2022 was \$569,529 (2021: \$1,921,017). This expenditure relates to the costs incurred in relation to ongoing exploration work undertaken at the Company's Odienné and Bondoukou projects in Côte d'Ivoire of \$660,415 and offset by proceeds of \$91,460 received from Newmont under the exploration agreement signed in Q2 2022.

### ***Cash from financing activities***

The Company received \$999,955 during the period as a result of the closure of the private placement tranche completed in March 2022, with \$137,335 being received in advance of the closure of the placement in the period ended December 31, 2021 as well as funds of \$500,000 received from Newmont as part of its strategic private placement completed in June 2022. These proceeds were offset by share issue costs of \$5,210.

## 7. GOING CONCERN

As at June 30, 2022 the Group reported net current liabilities of \$1,449,113 including \$931,675 of trade creditors. Cash on hand at June 30, 2022 was \$333,119. Given the nature of the Group as an exploration entity, the Group does not generate profits or operating cash flows and therefore has historically been dependent on the capital markets to obtain funding.

In the period from June 30, 2022 to the date of this report the Group has sought to conserve cash by reducing corporate and exploration activities. A share placement for 4,032,500 shares at \$0.16 per share was completed on March 25, 2022, with a further strategic investment completed on June 15, 2022 by Newmont Ventures Limited ("Newmont") of 3,232,994 shares @ \$0.16 which has been used to pay key creditors and fund continued operations until a larger private placement or equity infusion is completed. During this time, the Group has been in discussions with its largest creditors and employees to discuss payment terms and plans. No debts or other amounts payable have been called at the date of this report

Therefore, in order to continue to meet existing repayment obligations and to fund future exploration activities (including minimum expenditure commitments) and general operating expenditure, the following events are in process and need to occur:

- The Group is in discussions regarding a strategic value accretive acquisition opportunity, which would, in the opinion of Management, provide a further basis for which the Group could raise further funds in the market.
- Upon completion of the acquisition as described above, the Group intends to raise US\$2-3 million in capital via a private placement. The Group has confidence in the ability to raise these funds on the back of the proposed transaction above, its history of shareholder support and ability to raise funds in the capital markets. The funds raised will be used to repay existing creditors and fund future exploration work.

In the interim, the Group continues to closely manage liquidity and rely on the informal financial support of its larger creditors and employees.

Whilst the Group has no plans to wholly or in part dispose of any of its interests in mineral exploration and development assets, should the above events not occur, the Group does retain the ability to do so if required. Based on the opportunities above, the Directors are satisfied that the continued application of the going concern basis of accounting is appropriate, however acknowledge that an equity raise is required within three months in order to remain a going concern. There can be no assurance that the Group 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 Group 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.

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

Refer to Section 6 for details of equity placements completed to the date of this report.

## 8. TRANSACTIONS BETWEEN RELATED PARTIES

During the six months ended June 30, 2022 the Company incurred charges to directors and officers, or to companies associated with these individuals as follows:

	June 30, 2022	June 30, 2021
	\$	\$
Non-executive directors' fees (i)	30,000	30,000
CEO fees & entitlements (ii)	51,908	56,816
COO fees	86,000	90,000
Accounting fees – CFO services (iii)	28,047	28,383
Company secretarial fees (iv)	16,706	15,962
Share based payment	77,783	208,820
	<b>290,444</b>	<b>429,981</b>

(i) Includes fees paid to Austral Consulting Services, a company owned by E Roth & fees paid to DH Mining Advisory Services, a company owned by D. Hartman for non-executive director fees

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

The following balances were payable to related parties as at:

	June 30, 2022	December 31, 2021
	\$	\$
CEO fees & expense reimbursement (i)	33,277	27,559
COO fees & expense reimbursement	110,289	70,000
Accounting fees – CFO services & expense reimbursement (ii)	61,514	24,693
Non-executive directors' fees (iii)	45,000	45,000
Company secretarial & reimbursement (iv)	19,181	9,626
	<b>269,261</b>	<b>176,878</b>

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

### Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel for the six months ending June 30, 2022 are set out below:

	June 30, 2022	June 30, 2021
	\$	\$
Short term benefits (i) & (ii)	177,768	186,532
Post – employment benefits (iii)	4,893	4,629
Short-term benefits - Non-executive directors' fees (iv) & (v)	30,000	30,000
Share based payments	77,783	208,820
	<b>290,444</b>	<b>429,981</b>

- (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 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 for non-executive director fees

The Company's related parties includes intercompany loan balances with its subsidiaries. These balances are eliminated on consolidation.

A cost of \$77,783 was recognised as a share-based payment for key management personnel for the six months ending June 30, 2022. The total cost is to be recognised over the vesting periods of the options issued.

## 9. OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilise any off-balance sheet arrangement.

## 10. PLAN OF OPERATIONS AND FUNDING

The Company's plan of operation over the next twelve months is to progress an appropriate exploration program at its gold permits in Côte d'Ivoire by raising required capital to fund exploration programs and corporate costs to support and promote the Company's exploration activities. However, the COVID-19 pandemic is having a negative impact on current operations and the Company is not sure how long these conditions will prevail. Furthermore, stock markets, currencies and business activities globally, have been impacted by COVID-19; which may

potentially have negative impacts on the Company's ability to raise capital funds, planned exploration programmes, cash flows and liquidity

On June 15, 2022 the Company signed an Exploration Agreement with Newmont which gives Newmont the option to fully fund exploration activities up to a pre-feasibility phase and by funding qualifying expenditures of at least US\$15 million to earn up to a 75% interest in the Odienné Project on the following basis:

- Private Placement  
Newmont invested US\$500,000 in Awalé based on a 30-day volume-weighted average price ("VWAP") to be used to fund Awalé's Côte d'Ivoire activities.
- Phase 1  
Newmont can earn a 51% interest in the Odienné Project by funding US\$5 million in exploration expenditures within three years of the effective date of the Exploration Agreement. The Odienné Project will be managed by Awalé during this time.
- Phase 2  
Through funding a further US\$10 million in exploration expenditure and defining a minimum 2-million-ounce gold resource, Newmont may earn an additional 14% interest for a total of a 65% interest in the Odienné Project.

This agreement was effective from June 1, 2022 with Newmont funding of the Odienné project commencing from this date.

At present, the Company's operations do not generate cash inflows and the Company's continued existence depends on management's ability to raise additional equity financing, discover recoverable mineral deposits and sell or otherwise participate in the development of those projects. Many factors influence the Company's ability to raise funds, including the health of the commodity resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

Management believes it will be able to raise equity capital as required over time but recognizes there are risks involved that may be beyond its control. If those risks fully materialize, the Company may not be able to raise adequate funds to continue its operations.

## 11. 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.
Resource milestone payments to a 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"> <li>• US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource delineated up to the first one million ounces; and</li> <li>• US\$1.00 per ounce of reported gold Mineral Resources for any Mineral Resource delineated over the first one million ounces; and</li> <li>• 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,</li> </ul> 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.
<i>Commitment payments</i>	
Total CFA 2,027,576,437 (US\$3,234,187) at June 30, 2022	Minimum exploration spend commitment within the next three years at the following properties: Bondoukou, project CFA 1,714,116,466 (US\$2,734,187) Odienné project CFA 313,459,971 (US\$500,000)

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.

## 12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties in the single geographical segment Côte d'Ivoire.

## 13. EVENTS SUBSEQUENT TO THE PERIOD ENDED JUNE 30, 2022

Subsequent to the period, the Company intends relinquishing the Abengourou project license.

On July 29, 2022 the Company issued 291,735 shares at \$0.15 (C\$0.197) as an Option Payment to Turaco Gold Limited ("Turaco") as a result of the signing of an option to purchase agreement with Turaco over the PR 840 "Sienso" permit in Côte d'Ivoire.

## 14. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist, of cash, receivables and trade payables. Receivables are classified as financial assets at amortised costs which give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount

Outstanding. Financial assets at amortised costs are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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 section 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 in the financial statements.

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, short-term investments and amount due from Cartier. The Company holds its key operational bank accounts with reputable banks of international financial institutions.

### **Liquidity and Financing risk**

Liquidity and financing risk are the risks that the Company will encounter difficulty in raising capital funds and as a result experience difficulty in meeting its 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. Current liabilities as at June 30, 2022 include \$269,261 owing to related parties. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Company's ability to carry out its planned exploration activities and its ability to continually meet its obligations is dependent upon financing from its existing shareholders and new investors. However, should additional capital not be available, the combined group may be unable to continue as a going concern. Refer to *Section 7 – Liquidity and Capital Resources* section for further discussion on liquidity.

### **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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group'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.

### **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 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.

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. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

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.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

## **15. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

### **Changes in accounting policy**

All mandatory standards, amendments to standards and interpretations have been adopted in the current period. None had a material impact on these consolidated financial statements.

### **New accounting standards**

All new and amended accounting standards and interpretations effective for the period ended June 30, 2022 have been adopted by the Group. The adoption of these new and amended accounting standards and interpretations had no impact on the Group.

### **Accounting Standards and Interpretations issued but not yet effective**

Certain new and amended accounting standards and interpretations have been issued by the IASB but are not yet effective. The Group has not early adopted these accounting standards and interpretations. The relevant new and amended accounting standards and interpretations issued but not yet effective are as follows:

#### *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 Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

*Definition of Accounting Estimates - Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

*Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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.

**Key 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.

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.

Contractual obligation payable - The Company has assessed the contractual obligation to Sandstorm as being more likely than not to not continue past 10 years from inception.

**16. FORWARD LOOKING STATEMENTS**

The MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.



Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward looking information	Assumptions	Risk factors
The Company's anticipated plans, costs, timing and capital for future development of the Company's mineral exploration properties.	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company ; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	The Global impact of COVID-19 on stock markets, currencies and business activities globally may potentially have negative impacts on the Company's ability to raise capital funds, planned exploration programmes, cash flows and liquidity  Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to carry out anticipated exploration on its mineral exploration properties.	The operating and exploration activities of the Company for the twelve months ending December 31, 2022, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets,	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation;

Forward looking information	Assumptions	Risk factors
	exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company no title disputes exist with respect to the Company's properties.	interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
Management's outlook regarding future trends.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for precious and base metals.	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable.	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward looking statements are risks, uncertainties and other factors beyond the control of the Company's ability to predict or control. Please make reference to those risk factors referenced in the "Risk factors" section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and development are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements outlined in this MD&A.

Forward-looking statements include known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by the cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise review any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## 17. BOARD

The Board of the Company comprise the following members:

- Mr Ronald Ho
- Mr Eric Roth
- Mr Derk Hartman
- Mr Glen Parsons

## 18. DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

## 19. ADDITIONAL INFORMATION

For further detail, see the Company's Audited Financial Statements and other documents available on SEDAR. [www.sedar.com](http://www.sedar.com).