

# AWALÉ RESOURCES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### For the twelve months ended December 31, 2021 and 2020

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 years ended December 31, 2021 and the notes attached thereto (“ Audited Financial Statements”).

The effective date of this MD&A is May 2, 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”.

At December 31, 2021 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 in 2021, drill programs to date have returned initial high-grade scout drilling intercepts over offset and extension targets at 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. This undertaking has revealed a 5km 3km wide CU-Au target at Sceptre. 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.

The company is now collecting and awaiting results from termitaria and soil sampling over the Sceptre target. Further scout drilling ground geophysics (gravity) and airborne magnetic/radiometric survey are also planned for the project.

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. 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.

At the Bondoukou Project, the Company completed geochemistry (soil/auger drilling) which was followed up with scout RC drill programs over the Samanda and Kodio Trends in March 2021.

At Samanda East, 8 drillholes for 585m were completed over the >300ppb Au core of a 1.5 km long >20ppb ppb Au in soil anomaly. Several holes of the program intercepted contiguous mineralisation and alteration across the 2 lines drilled – leaving 200m of open-ended strike for ongoing trenching and drill testing in 2022.

At Kodio an initial 2020 auger drill program defined a 15km-long, NNW-trending structural corridor, follow-up infill auger drilling in 202 delineated 10 "blind" gold targets under shallow cover. Surface rock chip sampling by the Company along the trend returned assays up to 9.8 g/t Au ("grams per tonne gold") from an artisanal pit on the Kodio Trend. Four (4) of the ten (10) identified targets were drill tested in May 2020 (51 holes for 3796m). 6 more target areas remain to be tested at the Kodio trend.

### ***Summary of activities for the twelve months ending December 31, 2021, and to the date of this report***

## EXPLORATION ACTIVITIES

During the reporting period, exploration activities continued at two of the Company's three Ivory Coast projects – Odienné and Bondoukou.

### 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.

The Company's 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, the crustal setting and metallogeny of the Odienné district is strikingly similar to other global IOCG provinces. This along with other orogenic targets within this highly prospective but underexplored Birimian terrain remains a focus for the company for further systematic exploration.

During the reporting period, exploration activities were focused on the Empire Corridor and the new Charger and Sceptre targets, drilling activities are summarised in table 1 and surface sampling in table 2. The company also completed 5 square kilometres of ground Magnetic surveys over the Empire Extension targets and the Charger target.

Table 1: All Drilling Odienné Project, January to December 2021

Drill Type	GAP/NW Offset		Empire Main		Charger		Extension Anomalies 1,2 & 3*		Totals	
	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
Auger**	521	2,843	-	-	341	1,641	-	-	862	4,484
DD	3	247	5	942	2	193	4	369	14	1,751
RC	19	1924	3	250	25	1,818	54	4,523	93	7,631
* Extension Anomalies and DD holes at Empire Main were drilled in Q4 2020, but final results reported Q1 2021										
** Auger Drilling at Charger and Empire Gap were drilled in Q4 2020 Q4 2020, but final results reported Q1 2021										

Table 2: All Geochemistry for the Odienné project from January to December 2021

	Charger	Empire Corridor	Sceptre	Total
Termitaria	325	1323	418	2066
Soil	-	-	466	466
Rock	8	15	79	70

## Summary

- i. Empire Main discovery - Resource definition drilling confirming step westerly plunge to high grade mineralisation. LeachWELL results return high cyanide recoveries (>95% in oxide and fresh material).
- ii. NW and Gap Targets- 'brownfields' scout drilling. These programs consisted of auger drilling over the Gap and NW targets which were followed up with RC and diamond drilling. New offset gold mineralisation found at both the Gap and NW targets hosted in diorite and alteration similar to Empire Main.
- iii. Empire East Greenfields (Empire Anomalies 1, 2 and 3) - Scout drilling along 3 km strike east of Empire main, completed in Q4 2020 and reported in Q1 2021. RC and DD over 3 auger targets, Anomalies 1 and 2 return positive results that warrant future follow up.
- iv. Charger IOCG Style Target – follow up drilling of gold in Auger anomalies. Discovery of Hematite/Magnetite IOCG style alteration system with significant gold and copper anomalism – 3 metres ("m") at 9 grams per tonne gold ("g/t Au") with up to 0.71% Copper (Cu) in RC drilling.
- v. Sceptre IOCG Style Target - Re interpretation of Gold and Base metal geochemistry leads to discovery of 5km long Cu-Au target at Sceptre – Ongoing Geochemistry (Soil and Termitaria) and planning for scout drilling.
- vi. Empire Corridor – Alliance Target - Termitaria Sampling leading to the discovery of the Alliance Target – a >1km long >100ppb gold in Termitaria anomaly with a peak value of 441ppb (see release dated 22<sup>nd</sup> Sept 2021)

## Empire Main Gold Discovery

Exploration activities at the Empire Main were focused on resource definition drilling. In addition, results from a preliminary metallurgical test work on mineralized drill core samples from the Empire discovery were reported, with the exceptionally high gold recoveries (average 95.4%) suggesting amenability of the Empire gold mineralization to industry standard processing - On March 2<sup>nd</sup>, 2021, the Company announced the results of preliminary metallurgical tests (LeachWELL analyses) undertaken on a total of 781 mineralized drill core samples from the Empire discovery. Exceptionally high gold recoveries (average 95.4%) were reported from the testwork.

On March 10, 2021 Awalé reported assay results from the final 5 drill holes from the Phase 2 drill program. These results confirmed both the high-grade nature and steep westerly plunge of the Empire Main gold mineralization. Highlights reported include:

- **OEDD-37:** Confirms shallow mineralization and high-grade gold 25m up dip/plunge of 201 gram-meter intercept in OEDD-24.
  - 68 m at 2.4 'g/t Au from surface
    - Including 15.4m at 3.3g/t Au from 16.6m

- and 1m at 30.9 g/t Au from 31m
      - Including 22m at 4.1 g/t Au from 40m
        - and 5m at 8.1 g/t Au from 57m and 1m at 35.2 g/t Au from 58m
- **OEDD-33:** Confirms high-grade plunging mineralization at 120m vertical depth (350rl)
  - 39m at 1.4 g/t Au from 133m
    - Including 12m at 2.6 g/t Au from 160m
- **OEDD-35:** Confirms plunge mineralization at 100 to 120m vertical depth (350 rl) east of OEDD-33.
  - 0.8m at 25.5 g/t Au from 32m
  - 12m at 2.3 g/t Au from 117m
    - including 3m at 4 g/t Au from 117m .
  - 3m at 2.6 g/t Au from 146m
- **OEDD-34:** Confirms northern lode and broader mineralization down plunge of OEDD-9 (optimal drill direction) – hole ended in mineralization at 175m.
  - 28.3m at 1.2 g/t Au from 30.7m
    - Including 9.3m at 2 g/t Au from 30.7m
  - 22m at 1.9 g/t Au from 97m downhole
    - including 6m at 3.3 g/t Au from 97m
  - 9m at 1.1 g/t Au from 133m
  - 3.7m at 2.3 g/t Au from 171m – hole ended in mineralization

#### **Gap and NW Targets (Empire Main offset mineralisation)**

On March 23, 2021 the Company reported results from an 521 hole / 2843m auger drill program completed over the Empire West and Empire Gap targets. Empire Gap is a c.150m lateral offset from the Empire Main discovery.

Shallow auger drilling continues to be a key exploration tool used by the Company at Odienné and this program extended the initial discovery footprint of Empire Main from 200m to over 900m with the addition of significant Auger geochemical gold anomalies at Empire Gap (peak gold anomaly of 1.7 g/t within a 250m long, >50 “parts per billion” (ppb) gold anomaly) and Empire NW (peak gold anomaly of 731 ppb - within a narrow but continuous 350m long, >30ppb gold anomaly).

These anomalies were followed up with scout RC and DD drilling at both targets (3 DD holes for 247m and 19 RC holes for 1924m, results from this program were reported by the Company on June 23<sup>rd</sup> and September 1<sup>st</sup> 2021, and are summarised as follows:

- At Empire Gap, which is located approximately 150m S of Empire Main, significant widths of interpreted en-echelon offsets of the Empire Main-style gold mineralization were intersected.
  - Drillhole OERC-102 was collared 150 metres SSE of Empire Main and has intersected 55m interval of the Empire Main host diorite with the same brittle ductile deformation and associated alteration. OERC-102 is the first hole in this newly discovered zone and intercepts are comparable to holes at Empire Main that are marginal to high grade plunge (OEDD-28 or OEDD-3 on the west side of plunging mineralisation at Empire Main or OEDD-27 to the east). The intercept in OERC-102 is a 4-fold increase in diorite width intercepted in up dip hole OERC-16 (7 metres (“m”) at 0.3 grams per tonne gold (“g/t Au”)).
    - OERC-102 drilled 7m at 0.4 g/t Au from 80m downhole including 1m at 1.3 g/t Au from 80m downhole, and 1m at 2.8 g/t Au from 108m.
  - OERC-118 - 8m at 1.4 g/t Au from 110m downhole including 1 m at 8.4 g/t Au. This RC hole is a 40m step-out east of OERC102
  - OERC-119 – 9m at 1.9 g/t Au from 139m downhole including 3m at 3.9 g/t Au from 139m. This RC hole is a 40m step-out west of previously reported hole OERC102

- OEDD-39. 2m at 2g/t Au from 164m downhole. This DDH is a 50 metre step back from OERC-102
- Further mineralized intrusions with intermediate composition have also been intercepted to the NW (Empire West target) with hole OERC-106 returning:
  - OERC-106: 3m at 1.8 g/t Au from 21m

### **Empire East 'Greenfields' –Anomalies 1, 2 and 3**

The scout drill program consisted of with 54 holes drilled for 4,523m . This drilling partially covers a total strike length of 1.5km within the 20km long Empire Corridor. This successful scout program has resulted in two new bedrock gold discoveries at Anomalies 1 and 2. Which both warrant future follow up. Mineralisation at Anomaly 1 displays the same alteration and geology across three drill sections and has an open-ended strike of over 200m.

Anomaly 1 Intercepts:

- OEDD-57 - 6m at 2.2g/t Au from 38m (including 1m at 5 g/t Au from 39m and 1m at 5.2 g/t Au from 41m) and 2m at 1.4g/t Au from 48m,
- OERC-67 - 2m at 4.1 g/t Au including 1m at 7.3 g/t Au from 72m downhole,
- OERC-71 - 1m at 1.9 g/t Au from 81m downhole,
- OERC-74 - 4m at 1.1 g/t Au including 1m at 3.5 g/t Au from 30m downhole,
- OERC-75 - 1m at 1 g/t Au from 87m downhole.

Anomaly 2 has intercepted mineralisation hosted in diorite displaying similar alteration and brittle ductile deformation to Empire Main.

- OEDD-20 - 1m at 1g/t Au from 66m (within a broader intercept of 4.1m at 0.3 g/t Au from 66m) and at 4.7 g/t Au from 85m.

### **Charger IOCG Style Target**

First drilling of the new Charger gold in auger anomaly was undertaken in May, 2021, with the Company reporting on June 14, 2021, that high-grade gold mineralization was reported from Charger RC hole OERC-89. The best intercepts returned from this drill hole were associated with hematite-rich breccias and included:

- OERC-89: 1m @ 20.3 g/t Au from 16m downhole and 3m @ 9.0 g/t Au from 30 m downhole

Furthermore, on July 22, 2021, the Company reported that elevated copper values (up to 0.76% Cu) were associated with the high-grade gold mineralization at Charger. Both the gold-copper metal association and distinct hematite-rich alteration at Charger are interpreted by the Company to be typical of Iron Oxide Copper Gold (IOCG) style systems, and therefore represents a mineralization style not previously identified either at Odienné or elsewhere in the Birimian-age greenstone belts of Ivory Coast.

### **Sceptre IOCG Style Target**

On August 10, 2021, the Company reported that significant copper-gold anomalism has been identified from soil geochemical surveys completed over the greater Odienné East permit. Highlights of these geochemical surveys include:

- Delineation of a >5 km long Cu-Au soil anomaly with Cu values up to 0.18% at the Sceptre Target, which is located 5km N of the Charger Prospect where individual drill results of up to 14.3 g/t Au and 0.76% Cu were reported on July 22, 2021. The new Sceptre Target was delineated using a combination of both Company geochemical data and former Randgold Resources (now Barrick) legacy data sourced by the Company.
- Significant gold anomalism is also associated with this copper anomaly, with a peak value of 1.6 g/t Au derived from Company soil sampling. Gold anomalies are not isolated and several >1km and up to 2km long trends have been delineated. Coincident nickel, arsenic, molybdenum and lead anomalies are also associated with the Sceptre Cu anomaly.

### **Empire Corridor – Alliance Target**

On September 22, 2021 the Company reported a new surface gold anomaly defined from termitaria sampling at the Alliance Prospect along the Empire Corridor. The Alliance Prospect extends the known strike extent of the Empire mineralized trend by 3km to >6km. This is a new 'blind' geochemical discovery under transported laterite cover, highlights for this target areas follows.

- 1km long, >100 part per billion (“ppb”) surface gold (“Au”) anomaly has been defined from termitaria sampling at the Alliance Prospect, Empire Corridor. Peak gold value returned was 441ppb.
- The 100ppb surface Au anomaly lies within a larger (3km in length), > 15ppb Au anomaly. Mineralization is open both along strike and to the north.

The Alliance Prospect mirrors the Empire Main discovery in a similar ‘pressure shadow’ structural position on the opposite side of a late intrusive body (the “Rebel Intrusion”) emplaced along the northern margin of the Empire structural corridor.

The Empire target covers just 3km of an interpreted 20km long, NW-trending structural corridor (the “Empire Corridor”) with significant potential for the discovery of further orogenic gold deposits. Exploration activities will continue to focus on evaluating this upside potential.

Further to this work along the empire corridor, it is important to note that detailed soil geochemistry has been completed over just 25% of the Odienné East permit area and has delineated gold and/or copper anomalism at all prospects sampled so far, in addition to leading to the original Empire high-grade gold discovery.

The Company plans to continue mapping and geochemistry over key target areas and is expected to begin to fly airborne magnetic and radiometric surveys followed by trench and drill programs Q4 2021 and Q1 2021. Results are also expected to flow for infill and targeted soil and termitaria geochemistry at the Charger and Sceptre targets.

### Bondoukou Project

On May 19, 2021, the Company announced the arrival of an RC rig at the Bondoukou Project. A scout RC drill program was designed to test 4 of the 10 “blind” gold targets identified under shallow cover within the 15km long, NNW-trending Kodio structural corridor. The priority gold targets were outlined through a combination of geology and gold in auger anomalies (32,694m in 6,816 holes).

At Samanda East, 8 drillholes for 585m were completed over the >300ppb Au core of a 1.5 km long >20ppb ppb Au in soil anomaly. The scout program was designed to intercept gold mineralization hosted within a NNE Structural trend. The following encouraging results for follow up were returned:

- BNRC0002 - 12m @ 0.4 g/t Au from 8m downhole,
- BNRC0007 - 10m @ 0.6 g/t Au from surface, including 2m @ 2.3g/t Au from 8m downhole

Mineralization at Samanda East is related to a NNE trending shear zone which exploits the contact between basalts to the west and a package of intermediate volcanic and-sedimentary rocks to the east. This sheared contact has been intruded by a granodiorite which has acted as a brittle host to mineralization. Moving forward the Company will define the margins of the intrusion and target ‘shadow zones’ for high grade and broader mineralization. Mineralization intercepted in these holes is traceable over 200m and is open in all directions. Alteration in and peripheral to mineralization consists of silica/sericite and carbonate alteration with up to 3% sulphide.

At Kodio, 51 holes for 3,796m were drilled over 4 targets, representing just 4km of the 15km gold in auger geochemistry trend. At all 4 prospects, the drilling has identified low grade mineralization associated with silica, sericite +/- fuchsite alteration and sulphides. Each of these alteration zones are spatially associated with strong deformation or shearing that are interpreted to be fluid pathways. The alteration and deformation observed in drilling matched expectations from mapping and high-grade samples selective rock chip sampling from artisanal workings in the area (9.85g/t Au from quartz veining in silicified shales and 7.03g/t Au from fractured, brecciated quartz vein with silica hematite infill).

The Kodio trend contains multiple gold targets within a newly discovered greenstone belt in Cote d’Ivoire, this greenstone bet is interpreted to be the southern extension of the Boromo/Wa Lawra belts in Burkina Faso and Ghana. The Company will continue with its systematic exploration approach continuing to refine and test targets to unlock the potential of this and other anomalous trends within the Bondoukou system.

Table 3: 2021 Drilling statistics - Bondoukou Project

Drill Type	Kodio Trend		Samanda East		Totals	
	Holes	Metres	Holes	Metres	Holes	Metres
Auger	3,696	18,464	-	-	3,696	18,464
RC	51	3796	8	585	59	4,381

## 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.

Initial work on the Abengourou Project has been completed with confirmatory soil sampling over the more advanced Amélékia permit. Amélékia was previously owned by Golden Star Resources Ltd whose legacy exploration uncovered significant gold in soil anomalies and due diligence sampling by the company has returned positive results. The Company has completed a mapping, pitting and trenching program to understand the geology and style of mineralisation that is the source of the gold anomalism in the soil geochemistry.

During the period ended December 31, 2021, 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.

## Royalty Application

The Danane permit lies on the same trend as the Endeavour Ity Mine which lies on a Birimian inlier associated along a regional scale structure that extends through Liberia and Côte d'Ivoire, and confluences with the Sassandara structure that extends northward toward the Odienné Project.

## Exploration expenditure

The exploration expenditure of the Companies for the twelve months ended December 31, 2021 is set out below.

Expenditure	Bondoukou \$	Odienné \$	Abengourou \$
Data analysis	164,064	220,602	218
Drilling and assay costs	488,955	669,289	-
Field Office & Camp	78,080	103,128	-
Exploration	355,256	514,001	2,107
Tenement costs	2,683	1,110	21
Health & safety	1,734	17,009	746
Administration	44,852	85,127	74,084
<b>TOTAL</b>	<b>1,135,624</b>	<b>1,610,266</b>	<b>77,176</b>

## CORPORATE ACTIVITIES

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 are 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.

On December 1, 2021, the Company received approval for its share consolidation on a 8:1 basis which became effective on December 6, 2021. Post consolidation the Company had 23,348,138 common shares issued and outstanding including rounding for fractional shares.

On November 10, 2021, the Company announced that the directors had approved a consolidation of its common shares on the basis of one new common share for every eight outstanding shares and further plans to complete a non-brokered private placement of up to 10,417,000 shares to raise gross proceeds of up to C\$2,500,000 on a post consolidated basis, at a price of \$0.24 per post consolidated common share. Gross proceeds of up to C\$2,500,000 will be used for exploration expenses and general working capital.

On April 27, 2021, the Company closed the first tranche of the private placement announced on March 31, 2021, comprising 17,207,200 units for gross proceeds of \$839,591 (C\$1,032,430) with the second tranche being

completed on May 13, 2021 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).

Each unit issued in the private placement consists 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) until expiry, being 24 months from the date of issue.

Pursuant to the Memorandum of Understanding (MoU) with Geodrill Limited (TSX: GEO "Geodrill") as announced April 12, 2021 the Company has issued the following shares in settlement of drilling services:

- May 26, 2021, 2,732,964 shares totalling \$119,117
- June 30, 2021, 2,223,016 shares totalling \$143,745
- July 30, 2021, 1,121,270 shares totalling \$65,232
- September 20, 2021, 297,013 shares totalling \$16,696; and
- January 6, 2022 218,249 shares 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 – TWELVE MONTHS ENDED DECEMBER 31, 2021

The following is a breakdown of material costs incurred:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Share based compensation	605,779	260,284
Write off exploration expense	487,186	-
Salaries and director fees	271,580	254,473
Office and regulatory expenditure	112,687	105,957
Professional and consulting expenditure	77,757	77,805
Investor relations expenditure	108,604	45,862
Travel expenditure	-	13,132
Foreign exchange (gain)/loss	3,785	(1,651)
Depreciation	28,460	36,273

*Twelve months ending December 31, 2021 compared to December 31, 2020*

For the twelve months ending December 31, 2021 the Company incurred a loss of \$1,695,817 (2020: \$792,130).

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

- the increased share-based payments due to the recognition of the cost attributed to the issue of options to employees, officers and directors of the Company during the period. The Company recorded share-based payments expense of \$605,779 (2020: \$260,284) for the twelve months ending December 31, 2021. This cost will fluctuate from period to period as the cost is recognised over the vesting period.
- A write down of \$437,186 was recorded against exploration and evaluation expenditures incurred to date at the Abengourou project. This write off reflects the refocus of the company's exploration activities at the Company's Odienné and Bondoukou projects. The Company also incurred property investigation costs of \$50,000 during the period as it looked for additional exploration opportunities.
- Salaries and directors' fees have increased marginally due to an increase in CFO and investor relation fees paid and annual leave provision costs incurred during the period.
- Increased general and administrative fees related to increased mainly due to listing fees incurred as a result of TSXV approval gained for the revised employee share plan and shares for services fees, as well as increased company secretarial fees, insurance, IT and general administrative costs, which were offset by decreased rental fees and telephone costs when compared to the prior comparative period.
- Professional and consulting expenditure has remained consistent with that of the prior year.
- Investor relations costs increased by \$62,742 as the Company engaged additional investor relations expertise during the period, this cost was offset by lower investor conferences costs and related expenses due to the impact of COVID-19 on these activities.

- Travel costs have decreased from the prior comparative period as a result of continued COVID-19 restrictions which has impacted on corporate travel to investor conferences and operations.

#### 4. SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2021 \$	Year ended December 31, 2020 \$
Net sales or total revenue	Nil	nil
Loss	(1,695,817)	(792,130)
Total assets	12,381,200	11,193,583
Total current liabilities	1,135,214	1,324,632
Total non-current liabilities	31,662	31,416
Total Shareholders' equity	11,214,324	9,837,535

The increase in the loss of \$903,687 for the twelve months ending December 31, 2021 when compared to that of the prior comparative period is due mainly to an increase in share based payments of \$345,495 due to options issued during the period to employees, consultants, director and officers of the company and the write down recognised on the Abengourou project of \$437,186 and property investigation costs of \$50,000. Increased costs were also record in relation investor relations of \$62,742 as the Company sought additional assistance in marketing the company's activities.

Total assets have increased due to costs attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period, offset by a decrease in cash used to fund the administrative activities required to support ongoing exploration programs.

Current liabilities of the Company include accounts payable, accrued liabilities, tax and social obligations payable which fluctuate from period to period depending on the level of exploration activity undertaken by the Company. As at December 31, 2021 liabilities include amounts owing to related parties of non-executive director fees payable of \$45,000, wages and fees payable and expense reimbursement to officers off the company of \$131,878 , audit fees accrued of \$46,223 and creditor accounts related to corporate activities of \$79,993. Current liabilities at December 31, 2021 includes payables balance of \$761,507 due to increased supplier and creditor accounts in Côte d'Ivoire as a result of the increased exploration activities undertaken at the Odienné and Bondoukou projects in Côte d'Ivoire in the latter part of 2021 and timing of payments to creditors.

Non-current liabilities have remained consistent with those of the comparative year. Non-current liabilities balance consists of of the loan receipted from the Canadian government to offset the effect of COVID-19. Funds of \$31,662 (C\$40,000) were received as part of the Bank of Montreal's Canada Emergency Business Account ("CEBA") program. 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.

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.

The Company completed a private placement during the twelve months ended December 31, 2021 with the first tranche of the private placement closing 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). The second tranche closed on May 13, 2021, 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.

The Company recorded against equity warrant cost of \$734,722 (including broker warrant cost of \$30,851). In connection with the financing the Company paid an aggregate \$65,172 in fees and issued an aggregate 1,345,504 finders warrants to eligible finders for a cost of \$30,851 which was recorded against equity for the twelve months ended December 31, 2021. The finders' warrants are subject to the same terms and conditions as the unit warrants.

Pursuant to the Memorandum of Understanding (MoU) with Geodrill Limited (TSX: GEO "Geodrill") as announced April 12, 2021 the Company issued the following shares in settlement of drilling services during the twelve months ended December 31, 2021:

- May 26, 2021, 2,732,964 shares totalling \$119,117.
- June 30, 2021, 2,223,016 shares totalling \$143,745.
- July 30, 2021, 1,121,270 shares totalling \$65,232; and
- September 20, 2021, 297,013 shares totalling \$16,696.

On April 29, 2021 the Company delivered to Sandstorm its annual payment of C\$200,000 (US\$162,343), calculated under the renegotiated criteria consisting of 1,478,747 shares at a price of C\$0.13 (US\$0.11).

Subsequent to the period, the Company intends to relinquish the Abengourou project license. As a result, the annual payment related to this project (maximum C\$50,000 per year) will no longer be required in future periods.

The Company also recognised in equity a cost of \$605,779 related to options issued to employees, consultants and directors and officers of the company during the period ended December 31, 2021, Refer to Section 6 for further details.

## 5. SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

SUMMARY	Q4 2021 \$	Q3 2021 \$	Q2 2021 \$	Q1 2021 \$	Q4 2020 \$	Q3 2020 \$	Q2 2020 \$	Q1 2020 \$
Net sales or total revenue	-	-	-	-	-	-	-	-
Loss	(256,498)	(711,089)	(453,816)	(274,414)	(280,774)	(228,418)	(138,682)	(144,256)
Basic & diluted loss per share *	0.01	0.04	0.03	0.02	0.02	0.02	0.01	0.01
Total current assets	99,100	229,136	1,060,664	142,548	760,565	828,974	890,796	753,446
Total non-current assets	12,282,100	11,974,227	12,141,192	10,938,857	10,433,018	8,499,077	7,510,348	7,188,672
Total current liabilities	1,135,214	827,148	1,034,940	1,601,242	1,324,632	644,794	583,643	700,477
Total non-current liabilities	31,662	31,444	32,248	31,809	31,416	30,108	29,445	-

\* 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 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- *Three months ending June 30, 2020*). The movement in the balance from Q2 2020 is due to the fluctuation of USD: CAD the exchange rate.

*Three months ending June 30, 2020*

The net loss of \$138,682 for the quarter ended June 30, 2020 decreased when compared to the quarterly loss incurred in Q3 2019 due mainly to a reduction in salaries and fees paid to corporate staff and consultants, as well as a reduction in investor relations and travel costs due to the ongoing impact of COVID-19 on large gatherings and travel. These decreases were offset by higher administrative costs as a result of the filing fees incurred due to the private placement undertaken during the period.

Current assets increased in the current quarter as a result of a prepayment made in connection with the upcoming drill program to be undertaken in Côte d'Ivoire and cash received in relation to the private placement completed

in early July 2020. Non-current assets increased in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period.

Current liabilities decreased in the current quarter because of equity funds received being used to clear suppliers and commercial creditors and tax balances owing to government authorities.

Non-current liabilities increased during the period as funds of \$29,445 (C\$40,000) were received as part of the Bank of Montreal's Canada Emergency Business Account ("CEBA") program. 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. 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.

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

The net loss of \$144,256 for the quarter ended March 31, 2020 decreased when compared to the quarterly loss incurred in Q1 2019 due mainly to a reduction in salaries and fees paid to corporate staff and consultants, and a reduction in professional fees incurred.

Current assets decreased in the current quarter as cash raised as part of the private placement was spent on corporate and exploration activities. Non-current assets increased in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period.

Current liabilities decreased in the current quarter as suppliers and commercial creditor balances recorded at year end, in relation to the exploration program at the Company's Odienné and Bondoukou projects, were settled. Non-current liabilities have decreased from the prior quarter as all lease liabilities are now recorded as current.

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

The number of common shares outstanding to the date of this report is 27,598,886 (2020: 124,069,152).

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.

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 has issued the following shares in settlement of drilling services:

- May 26, 2021, 2,732,964 shares totalling \$119,117
- June 30, 2021, 2,223,016 shares totalling \$143,745
- July 30, 2021, 1,121,270 shares totalling \$65,232;
- September 20, 2021, 297,013 shares totalling \$16,696; and
- January 6, 2022 218,249 shares totalling \$40,102.

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 1,345,504 finders warrants to eligible finders for a cost of \$30,851 which was recorded against equity for the twelve months ended December 31, 2021.

On November 10, 2021, the Company announced the directors had approved a consolidation of its common shares on the basis of one new common share for every eight outstanding shares and further plans to complete a non-brokered private placement of up to 10,417,000 shares to raise gross proceeds of up to C\$2,500,000 on a post consolidated basis, at a price of C\$0.24 per post consolidated common share. Gross proceeds of up to C\$2,500,000 will be used for exploration expenses and general working capital. These transactions will be subject to Exchange acceptance. Finder's fees may be paid in accordance with TSX Venture Exchange guidelines.

On December 1, 2021, the Company received approval for its share consolidation on a 8:1 basis which became effective on December 6, 2021. Post consolidation and as at December 31, 2021 the Company had 23,348,138 common shares issued and outstanding including rounding for fractional shares.

In March 2022, the Company announced the terms of the non-brokered private placement, previously announced in November 2021, have been revised on the basis that each Unit now offered at \$0.16 (C\$0.20) will consist of one common share and one-half share purchase warrant; each whole share purchase warrant will be exercisable at a price of \$0.32 (C\$0.40) to purchase a common share of the Company until expiry 24 months from issuance.

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). The proceeds of the Offering are 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.

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.

The Company has the following warrants outstanding as at December 31 2021 denominated in US\$:

	Number of warrants	Weighted average exercise price \$
Balance January 1, 2020	5,847,222	0.32
Issued	44,417,440	0.10
Expired	(200,000)	0.20
<b>Balance December 31, 2020</b>	<b>50,064,662</b>	<b>0.12</b>
Balance January 1, 2021	50,064,662	0.12
Issued	28,776,973	0.10
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>

\*adjusted for impact of share consolidation

On April 27, 2021, the Company issued 8,603,600 warrants as part of the closing of the first tranche of the private placement initially announced on March 31, 2021.

On May 13, 2021, the Company issued 20,173,373 (including broker warrants of 1,345,504) warrants as part of the closing of the second tranche of the private placement initially announced on March 31, 2021.

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 December 31, 2021 denominated in US\$:

	Number of options	Weighted average exercise price \$
Balance January 1, 2020	2,330,000	0.28
Issued	5,050,000	0.18
<b>Balance December 31, 2020</b>	<b>7,380,000</b>	<b>0.22</b>
Balance January 1, 2021	7,380,000	0.22
Issued	8,500,000	0.10
Expired	(2,330,000)	0.28
Effect of share consolidation	(11,856,250)	-
<b>Balance December 31, 2021</b>	<b>1,693,750</b>	<b>1.04*</b>

\*adjusted for impact of share consolidation

On July 24, 2020, the Company 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 with an exercise price of \$0.18 (C\$0.25). All options granted are subject to a one-year vesting period, after which they become exercisable, and have a 3-year term with an expiry date of July 24, 2023.

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.

For the twelve months ending December 31, 2021, the Company recognised \$605,779 in share based payment expense for all 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 \$1.44 and \$0.80 to \$0.63 per common share (prices adjusted for impact of share consolidation).

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.

At the Annual General Meeting, shareholders of the Company approved the Company's proposed new restricted share unit plan (the "RSU Plan"). Restricted share units ("RSUs") granted under the RSU Plan will rise and fall in value based on the value of the Shares. Unlike Options, RSUs will not require the payment of any monetary consideration to the Company. Instead, each RSU represents a right to receive one Share following the attainment of vesting criteria determined at the time of the award.

The RSU Plan is a fixed plan pursuant to which the number of Shares that may be issued pursuant to RSUs granted under the RSU Plan is fixed at 3,662,875; provided, however, that the total number of Shares which may be issued pursuant to RSUs and Options granted under the Amended Option Plan is a maximum of 10% of the issued and outstanding Shares at the time of grant.

The Company has reserved up to a maximum of 3,662,875 Shares for issuance upon the redemption of RSUs granted under the RSU Plan, representing approximately 1.96% of the Company's issued and outstanding Shares; and when combined with the maximum number of Shares which may be reserved for issuance under all other security based compensation arrangements of the Company shall not exceed 10% of the total number of Shares issued and outstanding from time to time. Each RSU will vest in such manner as determined by the Board of Directors or the Committee at the time of grant with settlement of RSUs being on the vesting date, the Company at its sole and absolute discretion have the option of settling the RSUs in cash (if applicable) or Shares to be issued from the treasury of the Company. The cost of RSU will be recorded as a share-based payment on granting of the RSUs

## 7. LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2021 the Company had cash of \$56,999 \$ (2020: \$646,373) and cash deposits of \$7,957(2020: \$9,206).

As at 31 December 2021, the Company reported net current liabilities of \$1,135,214, including \$694,329 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 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 for gross proceed of \$839,591 (C\$1,032,430). 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). Funds raised were used for ongoing exploration activities and working capital requirements.

On November 10, 2021 the Company announced its intention to raise gross proceeds of up to C\$2,500,000 through private placement with funds to be used for exploration expenses and general working capital. A further announcement was made on March 22, 2022 whereby the terms of the non-brokered private placement, previously announced in November 2021, were revised on the basis that each Unit offered at \$0.16 (C\$0.20) will consist of one common share and one-half share purchase warrant; each whole share purchase warrant will be exercisable at a price of \$0.32 (C\$0.40) to purchase a common share of the Company until expiry 24 months from issuance.

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) . The proceeds of the Offering are to be used for ongoing exploration expenditure on its Odienné project in Côte D'Ivoire and for general overheads, working capital and operating expenses.

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

### ***Working Capital***

As at December 31, 2021, the Company had negative working capital of \$1,036,114 (2020: negative \$564,067). 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 31 December 2021 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, which has been used to pay key creditors until a larger private placement or equity infusion is completed. During this time, the Company 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. The Company continues to closely manage liquidity and rely on the informal financial support of its larger creditors and employees.

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 and November 2021, 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).

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

Cash used in operating activities during the twelve months ending December 31, 2021, was \$345,895 (2020: \$424,024). 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 twelve months ending December 31, 2021, was \$3,079,517 (2020: \$2,662,688). This expenditure relates to the costs incurred in relation to drill programs undertaken at the Company's Odienné and Bondoukou projects in Côte d'Ivoire and payments for plant and equipment acquired.

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

The Company received \$2,699,239 as a result of the private placement tranches completed in April and May 2021. These proceeds were offset by share issue costs of \$65,172 and lease costs paid of \$4,382. A further \$137,335 was received in advance as at December 31, 2021 for the placement announced in November 2021 for which the first tranche closed on March 25, 2022 with gross proceeds of \$642,500 being raised.

## **8. GOING CONCERN**

As at 31 December 2021, the Group reported net current liabilities of \$1,135,214, including \$694,329 of trade creditors. Cash on hand at year end was \$56,999. 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 31 December 2021 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, which has been used to pay key creditors 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

Management and the Directors continue to actively monitor the Group's liquidity and have reviewed its consolidated cashflow requirements. The Group's consolidated cashflow forecast shows the Group's current cash on hand is insufficient to meet its existing liabilities and minimum expenditure commitments for the 2022 financial year. The Group's current cash reserves are also insufficient to meet its planned corporate activities and working capital requirements and planned Exploration and Mining activities. Satisfaction of the Group's minimum exploration expenditure commitments is critical to the maintenance of the Company's exploration tenures, failure to, may result in non-renewal or relinquishment of these exploration tenures in the future.

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 progressing negotiations with a partner to enter into a farm in agreement over one of its project area.
- Should the above transaction not complete as intended, the Group is in discussions regarding a strategic 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 above farm in and/or 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 either proposed transactions 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.

## 9. TRANSACTIONS BETWEEN RELATED PARTIES

During the twelve months ended December 31, 2021 the Company incurred charges to directors and officers, or to companies associated with these individuals as follows:

	Twelve months ending December 31, 2021	Twelve months ending December 31, 2020
	\$	\$
Non-executive directors' fees (i)	60,000	60,000
CEO fees & entitlements (ii)	103,525	104,808
COO fees	180,000	180,000
Accounting fees – CFO services (iii)	54,858	45,626
Company secretarial fees (iv)	31,731	26,278
Share based payment	320,517	136,585
	<b>750,631</b>	<b>553,297</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:

	December 31 2021	December 31, 2020
	\$	\$
CEO fees & expense reimbursement (i)	27,559	2,272
COO fees	70,000	23,505
Accounting fees – CFO services & expense reimbursement (ii)	24,693	-
Non-executive directors' fees (iii)	45,000	15,000
Company secretarial & reimbursement (iv)	9,626	3,291
	<b>176,878</b>	<b>44,068</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 twelve months ending December 31, 2021 are set out below:

	Twelve months ending December 31, 2021	Twelve months ending December 31, 2020
	\$	\$
Short term benefits (i) & (ii)	361,262	347,925
Post – employment benefits (iii)	8,852	8,787
Short-term benefits - Non-executive directors' fees (iv) & (v)	60,000	60,000
Share based payments	320,517	136,585
	<b>750,631</b>	<b>553,297</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.

On April 29, 2021, the Company delivered to Sandstorm 1,478,747 shares at a price of \$0.10 (C\$0.13) 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.

A cost of \$320,517 was recognised as a share-based payment for key management personnel for the twelve months ending December 31, 2021. The total cost is to be recognised over the vesting periods of the options issued.

## **10. OFF BALANCE SHEET ARRANGEMENTS**

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

## **11. 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

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.

The Company closed a private placement in two tranches in April and May 2021 with funds used for ongoing exploration activities and working capital requirements.

In November 2021, The Company announced its intention to complete a non-brokered private placement to raise gross proceeds of up to C\$2,500,000. The terms of the placement were revised and on March 25, 2022, the Company announced that it had completed the 1st tranche of its non-brokered private placement for 4,032,500 units at a price of \$0.16 (C\$0.20) per unit raising gross proceeds of \$642,500.

## 12. 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 2,002,411,021 (US\$3,472,856) at December 31, 2021	Minimum exploration spend commitment within the next three years at the following properties: Bondoukou, project CFA 1,714,116,466 (US\$2,972,856) Odienné project CFA 288,294,555 (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.

## 13. 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.

## 14. EVENTS SUBSEQUENT TO THE PERIOD ENDED DECEMBER 31 2021

On January 6, 2022 the Company announced pursuant to the MOU with Geodrill as announced on April 12, 2021 218,249 shares were issued in settlement of drilling services provided totaling \$40,102.

In March 2022, the Company announced the terms of the non-brokered private placement, previously announced in November 2021, were revised on the basis that each Unit now offered at \$0.16 (C\$0.20) will consist of one common share and one-half share purchase warrant; each whole share purchase warrant will be exercisable at a price of \$0.32 (C\$0.40) to purchase a common share of the Company until expiry 24 months from issuance.

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). The proceeds of the Offering are 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.

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.

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

## 15. 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 December 31, 2021 include \$176,878 owing to related parties of which \$108,520 was settled subsequent to the year end. 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.

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

### **Changes in accounting policy**

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

### **New accounting standards**

All new and amended accounting standards and interpretations effective for the financial year ended 31 December 2021 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.

#### *Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

*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 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 recognises 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 a material impact on the Group.

*Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

*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 between 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.

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

*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.

## **17. 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, 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.	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; 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.

## **18. BOARD**

The Board of the Company comprise the following members:

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

## **19. 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.

## **20. 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).