

AWALÉ RESOURCES LIMITED

Consolidated financial statements December 31, 2019

(expressed in United States dollars)



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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Independent Auditor's Report to the Shareholders and Directors of Awale Resources Limited

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$667,265 during the year ended 31 December 2019. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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



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

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

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is Ryan Fisk.

Ernst & Young

30 April 2020

Sydney, Australia

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

		As at 31-Dec-19 USD	As at 31-Dec-18 USD
Assets			
Current			
Cash and cash equivalents		1,346,203	328,456
Receivables	5	184,889	22,236
Prepaid expenses		16,252	19,692
Total current assets		1,547,344	370,384
Non-current			
Deposit		6,843	6,982
Right of use assets	12	14,305	-
Property, plant and equipment	6	73,320	103,748
Exploration and evaluation	7	6,811,920	4,673,934
Total Non-current assets		6,906,388	4,784,664
TOTAL ASSETS		8,453,732	5,155,048
Liabilities			
Current			
Accounts payable and accrued liabilities	8	861,640	244,114
Lease liabilities	12	14,705	-
Total Current liabilities		876,345	244,114
Non-current			
Lease liabilities	12	3,933	-
Total Non-current liabilities		3,933	-
Shareholders' equity			
Capital stock	9	7,432,597	4,248,890
Reserves	10	2,343,462	2,197,790
Accumulated deficit		(2,206,363)	(1,539,098)
Non-controlling interest		3,758	3,352
Total Shareholders' equity		7,573,454	4,910,934
TOTAL LIABILITIES AND EQUITY		8,453,732	5,155,048

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

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

Year ended		31-Dec-19 USD	31-Dec-18 USD
Other Income			
Interest		17	488
Expenses			
Salaries and directors' fees		(315,037)	(414,721)
Office and regulatory expenses		(107,747)	(94,924)
Professional fees		(50,041)	(86,907)
Investor relations		(52,322)	(89,246)
Travel		(51,181)	(84,110)
Consulting fees		(48,000)	(30,620)
Depreciation	6	(36,196)	(32,494)
Share based compensation		-	(451,672)
Foreign exchange gain/(loss)		(6,758)	(32,020)
Interest		-	(26,989)
Total expenses		(667,282)	(1,343,703)
Tax		-	-
Loss after tax		(667,265)	(1,343,215)
Other Comprehensive Income/Loss Items that may be reclassified in future years to the statement of loss			
Net movement in reserves net of tax	10	(48,053)	(252,741)
Total comprehensive loss		(715,318)	(1,595,956)
Weighted average number of common shares outstanding		50,233,885	30,836,538
Basic and diluted loss per share	19	(0.01)	(0.04)

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

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

	Share Capital (Note 9)	Accumulated Deficit	Reserves (Note 10)	Non controlling interests	TOTAL
Balance, January 1, 2018	3,589,790	(195,883)	588,399	2,632	3,984,938
Loss	-	(1,343,215)	-	-	(1,343,215)
Foreign exchange movements	-	-	(252,741)	-	(252,741)
Total comprehensive loss	-	(1,343,215)	(252,741)	-	(1,595,956)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	659,119	-	-	-	659,119
Share issue costs	(19)	-	-	-	(19)
Conversion of liability to equity	-	-	1,410,460	-	1,410,460
Share based payments	-	-	451,672	-	451,672
Movement in non -controlling interest	-	-	-	720	720
	659,100	-	1,862,132	720	2,521,952
Balance, December 31, 2018	4,248,890	(1,539,098)	2,197,790	3,352	4,910,934
Balance, January 1, 2019	4,248,890	(1,539,098)	2,197,790	3,352	4,910,934
Loss	-	(667,265)	-	-	(667,265)
Foreign exchange movements	-	-	(48,053)	-	(48,053)
Total comprehensive loss	-	(667,265)	(48,053)	-	(715,318)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	3,794,976	-	(416,167)	-	3,378,809
Share issue costs	(1,377)	-	-	-	(1,377)
Warrant cost	(609,892)	-	609,892	-	-
Movement in non -controlling interest	-	-	-	406	406
	3,183,707	-	193,725	406	3,378,838
Balance, December 31, 2019	7,432,597	(2,206,363)	2,343,462	3,758	7,573,454

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

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

Year ended	31-Dec-19	31-Dec-18
	USD	USD
Cash flow from operating activities		
Interest received	17	488
Payments to suppliers and employees	(695,686)	(940,789)
Deposit paid	-	(4,064)
Total cash outflows from operating activities	<u>(695,669)</u>	<u>(944,365)</u>
17		
Cash flows from investing activities		
Payments for purchases of PP&E	(8,572)	(60,502)
Payments for exploration activities	(1,521,589)	(2,355,930)
Total cash inflows/(outflows) from investing activities	<u>(1,530,161)</u>	<u>(2,416,432)</u>
Cash flows from financing activities		
Proceeds from issue of share capital and warrants	3,227,125	763,916
Share issue costs	(1,377)	(83,845)
Lease payments	(23,542)	-
Total cash inflows from financing activities	<u>3,202,206</u>	<u>680,071</u>
Net increase/(decrease) in cash equivalents	976,376	(2,680,726)
Effect of fluctuations in exchange rate	41,371	7,041
Cash at the beginning of the period	328,456	3,002,141
Cash at the end of the year	<u><u>1,346,203</u></u>	<u><u>328,456</u></u>

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

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

1. Nature of operations

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

The entities are involved in mineral exploration in Côte d’Ivoire.

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

2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost basis, except where measured otherwise.

The consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2019 were approved and authorized for issue by the Board of Directors on April 29, 2020.

Presentation currency

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

3. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these financial statements except as discussed in the section – “New Accounting Standards”.

Basis of consolidation and functional currency

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

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

*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”). The Company will assess the value of these entities to the Company and if not required will be wound down.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Foreign currencies

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

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

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

Subsidiaries

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

Basis of consolidation

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

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

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

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

Non-controlling interest

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

Asset acquisitions

Asset acquisitions are accounted for using the allocation method based on relative fair values of assets acquired. The cost of an acquisition is measured as the aggregate of the consideration transferred.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Cash and cash equivalents

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

Property, plant and equipment

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

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

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

Exploration and evaluation

Recognition and measurement

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

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

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

Impairment

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

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of an area of interest exceeds its estimated recoverable amount. The recoverable amount of an area of interest used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the area of interest in an orderly transaction between market participants. For an area of interest that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the area of interest belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the area of interest's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Share capital

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

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Warrants

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

Reserves

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

Share-based payments

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

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

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification and measurement of financial assets: IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Financial Instruments (continued)

profit and loss ("FVTPL"). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Recognition: At initial recognition, the Group measures a financial asset at its fair value plus transactions costs in the case of a financial asset not recorded at FVTPL.

Classification and measurement: The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through OCI, or profit or loss) and those to be held at amortized cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

De-recognition: The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Impairment: Financial assets measured at amortized cost and FVOCI, the Group is required to record an allowance for expected credit loss ("ECL") upon initial recognition of the financial instrument.

The Group recognizes an allowance for expected credit losses. ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

For trade receivables, contract assets and lease receivables held at amortized cost, the Group measures the loss allowance using the simplified approach. Cash and other receivables are assessed under a general approach.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
(expressed in USD)

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

Financial Instruments (continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities:

Recognition: All financial liabilities are recognized initially at fair value.

Classification and measurement: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

The Group's financial liabilities include trade and other payable and lease liabilities.

De-recognition and subsequent remeasurement: The Group derecognizes its financial liabilities when its contractual obligations are discharged, cancelled or expire. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Trade and other payables are subsequently measured at amortized cost.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any of its own shares held. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for any of its own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. As at December 31, 2019 and December 31, 2018, outstanding shares, stock options and warrants are anti-dilutive.

Contingent Liabilities

The Group does not recognize a contingent liability component in the cost of an asset, when an asset or a group of assets that do not constitute a business are acquired. Any subsequent payments made in relation to the contingent element are adjusted against the cost of the asset as incurred.

Going concern

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

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

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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3. Significant accounting policies and future accounting changes (continued)

Going concern (continued)

The directors are confident of raising additional capital based on previous experience to continue as a going concern. Despite this there remains a material uncertainty related to the Group's ability to continue as a going concern and no adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the combined group not continue as a going concern.

Refer to Subsequent Events Note 20 for impact of Coronavirus (COVID-19) outbreak.

New accounting standards

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

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. The IASB has issued the following new standards which are effective January 1, 2019. Pronouncements that are not applicable to the Group have been excluded from this note.

IFRS 16: Leases

IFRS 16 establishes a comprehensive framework for recognition, measurement and classification of leases and requires lessees to recognize assets and liabilities for most leases. It has replaced International Accounting Standard ("IAS") 17 Leases and related interpretations. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for almost all leases. At inception the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from use of the asset, and whether the Group has the right to direct the use of the asset. The Group has adopted IFRS 16 effective from January 1, 2019.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of January 1, 2019. The associated right-of-use assets were measured at an amount equal to the lease liability.

With respect to the Group's office and accommodation leases, the Group recognized an increase in assets of \$29,936 due to the recognition of right of use ("ROU") asset and a corresponding increase in liabilities for the same amount at January 1, 2019. The Group has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months.

Short-term leases and leases of low-value assets The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The following is the accounting policy that has been amended as a result of adoption of IFRS 16.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Upon lease commencement, the Group recognizes a ROU asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted

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

Leases (continued)

at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and ROU asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is less than or equal to twelve months, lease payments on short-term leases assets are recognized as an expense or as an exploration and evaluation asset depending on the usage of the short-term lease assets.

Leases (Accounting policy effective for period ending 31 December 2018)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right of use of the asset (or assets) even if that asset (or those assets) is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards and incidental ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. All of the Group's leases are classified as operating leases.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Several other amendments and interpretations applied for the first time in 2019 but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. Certain disclosures and presentation may change due to the new or amended standards.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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3. Significant accounting policies and future accounting changes (continued)

Accounting Standards and Interpretations issued but not yet effective

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

Amendments to IFRS 3: Definition of a Business - In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material - In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

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

4. Significant accounting judgments, estimates and assumptions

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

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

Estimates

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

Impairment of exploration and evaluation - Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which each company has the right to explore in a specific area, actual and planned expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. Management judgment is also applied in determining cash generating units, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. See Note 7.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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4. Significant accounting judgments, estimates and assumptions (continued)

Share based payments and warrants -The Company uses the Black-Scholes option pricing model in determining share-based payments and share purchase warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation and share purchase warrants may vary from the amounts estimated. See Note 10.

Contractual obligation payable - The Company has assessed the contractual obligation to Sandstorm as being more likely than not to not continue past 5 years. Refer to Note 10 for further details.

5. Receivables

	2019	2018
	\$	\$
Other receivable	167,900	9,409
GST Receivable	16,989	12,827
	<u>184,889</u>	<u>22,236</u>

6. Property, plant and equipment

2019					
Cost	Fixtures	Mobile equipment and parts	Motor vehicles	Software and licenses	TOTAL
	\$	\$	\$	\$	\$
January 1, 2018	25,175	18,023	74,597	17,869	135,664
Additions	-	1,621	2,482	3,787	7,890
Foreign exchange movements	(502)	(354)	(1,480)	(344)	(2,680)
December 31, 2019	<u>24,673</u>	<u>19,290</u>	<u>75,599</u>	<u>21,312</u>	<u>140,874</u>
Accumulated depreciation					
January 1, 2019	(2,483)	(5,825)	(18,512)	(5,096)	(31,916)
Depreciation	(2,570)	(7,484)	(18,870)	(7,272)	(36,196)
Foreign exchange movements	42	132	305	79	558
December 31, 2019	<u>(5,011)</u>	<u>(13,177)</u>	<u>(37,077)</u>	<u>(12,289)</u>	<u>(67,554)</u>
Net book value 2019	<u>19,662</u>	<u>6,113</u>	<u>38,522</u>	<u>9,023</u>	<u>73,320</u>

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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6. Property, plant and equipment (continued)

2018 Cost	Fixtures	Mobile equipment and parts	Motor vehicles	Software and licenses	TOTAL
	\$	\$	\$	\$	\$
January 1, 2018	21,760	11,590	35,100	11,344	79,794
Additions	4,449	7,074	41,823	7,156	60,502
Foreign exchange movements	(1,034)	(641)	(2,326)	(631)	(4,632)
December 31, 2018	25,175	18,023	74,597	17,869	135,664
Accumulated depreciation					
January 1, 2018	-	-	-	-	-
Depreciation	(2,531)	(5,895)	(18,873)	(5,195)	(32,494)
Foreign exchange movements	48	70	361	99	578
December 31, 2018	(2,483)	(5,825)	(18,512)	(5,096)	(31,916)
Net book value 2018	22,692	12,198	56,085	12,773	103,748

7. Exploration and evaluation assets

	Jan 1, 2019	Additions	Foreign exchange movement	Dec 31, 2019
	\$	\$	\$	\$
Bondoukou	4,120,711	1,027,048	(54,593)	5,093,166
Odienne	487,376	1,052,818	(3,429)	1,536,765
Abengourou	65,847	120,633	(4,491)	181,989
	4,673,934	2,200,499	(62,513)	6,811,920
<hr/>				
	Jan 1, 2018	Additions	Foreign exchange movement	Dec 31, 2018
	\$	\$	\$	\$
Bondoukou	2,241,026	2,063,491	(183,806)	4,120,711
Odienne	402,932	95,056	(10,612)	487,376
Abengourou	-	65,847	-	65,847
	2,643,958	2,224,394	(194,418)	4,673,934

The Company's, flagship, Bondoukou project concessions lie along the southwestern extension of the Birimian-age Bole-Nangodi greenstone belt in adjacent Ghana, which is host to a number of orogenic-type gold deposits. It is intended that the Company and the Awalé team will advance these exploration assets. To date, work performed on these properties has included project wide airborne magnetic/radiometric surveys, regional mapping, stream sediment sampling, and soil geochemistry. The Group has also completed 30,000m of auger geochemistry along the Awari shear - a 38km long priority structure that forms the southern limb of the Bandoli Syncline.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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7. Exploration and evaluation assets (continued)

Planned systematic work programs continue along the both limbs of the Bandoli Syncline. Programs include continued auger geochemistry programs; trenching, mapping and further soil sampling on the 3 Bondoukou Permits to further define multiple drill ready targets for testing in 2020.

Odienné

The Odienné licences lie in the west of Côte d'Ivoire and consist of the granted 'Odienné East', and two licences in application; Odienné Ouest (adjacent to the granted Odienné East permit) and Zouan-Hounien (350km to the south). These licences are held under a separate agreement with ANGET with 90% being owned by Aforo (Ivory Coast) Holdings Limited.

The Company achieved a maiden gold discovery at its Empire Prospect as a result of a 3,000m drill program. Empire is a high priority prospect that was systematically explored by Awalé, resulting in a coincident geology, gold/arsenic geochemistry, and an IP geophysics anomaly. The high order soil anomalism coincides with a mapped mylonite-bearing structure that has been intruded by a later diorite body. The mineralization model developed by the company is gold hosted in a brittle ductile orogenic shear zone setting at the margin of the diorite intrusion.

The Empire Prospect with this gold discovery prioritizes the Company's focus to extend mineralization with the ultimate aim of developing a maiden resource statement.

Abengourou

The Abengourou project is located in the Comoe region, close to the city of Abengourou and consists of two granted licenses (Amélékia and Nianda) and one application (Abengourou). All licences are 100% owned by Awalé Resources. The project is located to the north of the interpreted structural extension of the Birimian Sefwi volcanic belt and Sunyani Basin from Ghana. The Amélékia permit area was formerly held by Golden Star Resources who completed initial exploration over the project area. Work completed by Golden Star at the Amélékia permit included stream sediment sampling, soil sampling and hand Auger sampling, this work was completed in conjunction with geological and regolith mapping and covered most of the permit area.

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 commenced 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. The Amélékia permit is dominated by moderately strained pelitic rocks with minor psammites trending northeast undulating dips due to folding of the sequence during the Eburnean Orogeny. There is evidence of quartz veining both parallel to the main structural trends and fold hinges as well as north-south oriented extension veins. The dominant topography in the area strike north south also.

First pass BLEG stream sediment geochemistry was completed over the entire Nianda permit. The Nianda permit lies strike northeast of the Amélékia permit and possesses similar geology. mapping. The project area is predominantly underlain by a sequence of folded metasedimentary rocks consisting of siltstones and arenites, higher plateau in the area are predominantly in-situ laterites.

The Group has potential commitments in relation to its Bondoukou, Odienné and Amélékia properties. Refer to Note 16 for details of these commitments.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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8. Accounts Payable and Accrued Liabilities

	2019	2018
	\$	\$
Trade creditors and accruals	693,890	144,131
Employment payables	81,047	69,035
Tax payables	42,699	26,864
Other creditors	44,004	4,084
	861,640	244,114

9. Capital stock

The Company is authorized to issue ordinary shares.

	Number of shares	\$
January 1, 2018	28,906,103	3,589,790
Issue of shares – exercise of warrants	196,060	15,516
Issue of shares- private placement	6,660,000	643,603
Share issue costs	-	(19)
December 31, 2018	35,762,163	4,248,890
January 1, 2019	35,762,163	4,248,890
Issue of shares - private placement	38,611,667	3,378,809
Issue of shares - bonus shares	572,000	111,938
Issue of shares - contractual obligation	4,705,882	304,229
Warrant cost	-	(609,892)
Share issue costs	-	(1,377)
December 31, 2019	79,651,712	7,432,597

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

On September 24, 2018, the Company completed private placement, issuing 6,660,000 ordinary shares at approximately \$0.096 cents. All securities issued under the private placement are subject to a hold period trading restriction of four months and a day from the date of distribution which expired on January 25, 2019.

Included in Capital Stock are shares which are subject to escrow and hold provisions. These escrowed shares will be released periodically over the next three years in line with the relevant agreements. These shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

On May 14, 2018, the Board granted bonuses in the aggregate amount of \$111,938 (C\$143,000) to certain senior officers and employees of the Company. The bonuses were paid, as agreed, by the issuance of 572,000 shares at a deemed price of \$0.196 (C\$0.25) per share on August 20, 2019. The Bonus Shares are subject to a 4 month hold period under securities legislation. Refer to Note 10(c) for further details.

On May 14, 2019, the Company issued 8,096,300 shares at a price of \$ \$0.066 (C\$0.09) per share. Proceeds of approximately \$535,788 (C\$728,667). All securities issued under the Offering are subject to a hold period trading restriction of four months and a day from the date of distribution which will expire September 11, 2019.

On July 31, 2019, the Company delivered to Sandstorm an amount of \$304,229 (C\$400,000) in 4,705,882 in shares to fulfil the first annual payment in relation to the contractual obligation payable. Refer to Note 10(d) for further details.

On September 3, 2019, the Company closed a non-brokered private placement of 19,220,922 shares at a price of approximately \$0.07 (C\$0.09) per share. Gross proceeds of approximately \$1,301,153 (C\$1,729,883) were raised.

Awalé Resources Limited
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9. Capital stock (continued)

On December 13, 2019, the Company closed a non-brokered private placement of 11,294,445 shares at a price of approximately \$0.14 (C\$0.18) per share raising gross proceeds of approximately \$1,541,868 (C\$2,033,000). Each Unit consist of one common share of the Company and one-half share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.32 cents until expiry on December 12, 2021. Refer Note 10 (a) for further details.

10. Reserves

	Option Reserve	Warrant Reserve	Bonus Shares Reserve	FCTR	Other Reserve	TOTAL
	\$	\$	\$	\$	\$	\$
January 1, 2018	13,742	581,431	-	(6,774)	-	588,399
Share based payment	339,734	-	111,938	-	-	451,672
Conversion of liability to equity	-	-	-	-	1,410,460	1,410,460
Foreign exchange difference	-	-	-	(252,741)	-	(252,741)
December 31, 2018	353,476	581,431	111,938	(259,515)	1,410,460	2,197,790
January 1, 2019	353,476	581,431	111,938	(259,515)	1,410,460	2,197,790
Share based payment	-	-	(111,938)	-	(304,229)	(416,167)
Warrant cost	-	609,892	-	-	-	609,892
Foreign exchange difference	-	-	-	(48,053)	-	(48,053)
December 31, 2019	353,476	1,191,323	-	(307,568)	1,106,231	2,343,462

(a) Warrants

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

	Number of warrants	Weighted average exercise price
		\$
Balance January 1, 2018	7,383,951	
Exercised	(i) (196,060)	0.08
Expired	(i) (3,940)	0.08
Balance December 31, 2018	7,183,951	0.32
Balance January 1, 2019	7,183,951	0.32
Expired	(ii) (6,983,951)	0.32
Issued	(iv) 5,647,222	0.32
Balance December 31, 2019	5,847,222	0.32

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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10. Reserves (continued)

- (i) On April 14, 2016, the Company issued 200,000 share purchase warrants to the agent for the initial public offering. All of these warrants were either exercised or expired during the period ended December 31, 2018. The following assumptions were used in connection with this grant using the Black-Scholes model:

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

- (ii) On December 29, 2017, the Company issued 6,983,951 warrants in connection with the private placement undertaken. A cost of \$577,062 was recorded as a cost recorded against equity in the year ended December 31, 2017 as the warrants vested in 2017. All of these warrants were expired during the period ended December 31, 2019

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

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

- (iii) On December 29, 2017, the company issued 200,000 warrants in connection with the acquisition of the minority interests in Awalé. A cost of \$21,101 was recorded in the year ended December 31, 2017.

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

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

- (iv) On December 13, 2019, the company issued 5,647,222 warrants, at a price of \$0.32 with an expiry date of December 12, 2021, in connection with the private placement completed on December 13, 2019. A cost of \$609,892 was recorded against equity in the year ended December 31, 2019. The Company has the right to accelerate early conversion of the warrants as long as the closing price of the Company's shares equals or exceeds C\$0.40 per common share for 20 consecutive trading days up to expiry December 12, 2021.

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

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

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10. Reserves (continued)

(b) Options

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

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

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

		Number of options	Weighted average exercise price \$
Balance January 1, 2018	(i)	400,000	0.08
Issued	(ii)	1,930,000	0.32
Balance December 31, 2018		2,330,000	0.28
Balance January 1, 2019		2,330,000	0.28
Balance December 31, 2019		2,330,000	0.28

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

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

(ii) On January 16, 2018, the Board approved 960,000 options to be issued to directors and officers and 970,000 options to be issued to employees. The options shall be subject to one-year vesting period and are restricted from exercise until fully vested on January 16, 2019. The Company recorded a cost of \$339,734 for the twelve months ending December 31, 2018 in relation to these options.

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

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

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10. Reserves (continued)

(c) Bonus shares

On May 14, 2018, the Board granted bonuses in the aggregate amount of \$111,938 (C\$143,000) to certain senior officers and employees of the Company as detailed below. The bonuses were paid on August 20, 2019 by the issuance of 572,000 shares at a deemed price of \$0.19 (C\$0.25) per share.

The Bonus Shares were subject to a 4 month hold period under securities legislation and were subject to a one year vesting period from date of grant. These shares were recorded as a share-based payment in the Statement of Loss in the period ended December 31, 2018.

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

(d) Other reserve

The Company has a contractual obligation of \$1,106,231 in Other Reserves in relation to its acquisition of Awalé and Aforo on December 29, 2017.

During the period, the Company delivered to Sandstorm the first annual payment of \$304,229 in relation to the contractual obligation. This payment had been deferred as the issuance of these shares would have caused Sandstorm to hold, directly or indirectly, more than 19.9% of the outstanding shares of Awalé. The issue of 4,705,882 shares @ 0.0656 cent (C\$0.085 cents) was completed on July 31, 2019 in fulfillment of the first-year annual payment obligation as the issuance of such deferred shares would no longer cause Sandstorm to exceed this threshold.

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

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

These criteria will be applied for all current and future annual payment obligations.

No adjustment to the value of the contractual obligation payable has been recorded.

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

As the Company had agreed to settle the deferred payment in shares, the contractual obligation was reclassified to Other Reserves in the year ended December 31, 2018. Management continues to assess that it is highly likely that

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10. Reserves (continued)

future obligated payments will be settled in shares considering the strong need for cash thus continued to classify the obligation under Other Reserves.

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

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

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

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

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

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

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

11. Income Taxes

The provision for income tax differs from the amount that would be obtained by applying the statutory income tax rate to loss before income taxes due to:

	2019	2018
	\$	\$
Net loss before income taxes for the year	(667,265)	(1,343,215)
Expected tax recovery at a combined federal and provincial rate on 26.0%	(173,489)	(349,236)
Non-deductible and other differences	11,841	115,392
Change in unrecognised tax balances	155,976	232,198
Effect of foreign exchange gains and losses	5,672	1,646
Income tax expense	-	-

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Notes to Financial Statements December 31, 2019
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11. Income Taxes (Continued)

The significant components of the Company's deferred income tax balances are as follows:

Deferred tax assets (not recognised)

Non capital losses carry forward	460,029	283,973
Share issuance costs	26,228	31,686
Other	11,841	11,130
Effect of foreign exchange gains and losses	(7,064)	8,269
Deferred tax balances (not recognised)	491,034	(335,058)

As at December 31, 2019 the Company had \$1,162,966 (2018: \$1,079,268) of non-capital loss carry forwards available to reduce taxable income for future years.

The Company operates in various jurisdictions and is subject to any reviews or audits undertaken by local tax authorities in these jurisdictions.

12. Leases

Awalé has recognized right-of-use assets and liabilities for its three leases: one administrative office in Abidjan; a project office/accommodation in Bondoukou; and one for accommodation in Odienné.

The Group also has certain leases for accommodation and offices with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2019	2018
	\$	\$
Balance January 1, 2019	29,936	-
Depreciation	(14,160)	-
Foreign exchange	(1,471)	-
Balance December 31, 2019	14,305	-

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019	2018
	\$	\$
Balance January 1, 2019	29,936	-
Accretion of interest	13,748	-
Payments	(23,542)	-
Foreign exchange	(1,504)	-
Balance December 31, 2019	18,638	-
Current	14,705	-
Non-current	3,933	-
	18,638	

An incremental borrowing rate of 4.5% has been applied.

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12. Leases (continued)

The following are the amounts recognized in exploration and valuation assets as all leases recognized relate directly to project activities:

	2019	2018
	\$	\$
Depreciation expense of right of use assets	14,160	-
Interest expense on lease liabilities	13,748	-
	27,908	-

The Group had total cash outflows for the above leases of \$23,542.

In addition, the Group recorded an amount of \$7,191 in relation to its short-term leases.

The lease commitments (undiscounted) are as follows:

	2019	2018
	\$	\$
Within one year	20,282	35,940
After one year but no later than five years	4,108	5,400
	24,390	41,340

Below is a reconciliation of operating leases from December 31, 2018 to recognition of leases under IFRS 16 at January 1, 2019:

Balance December 31, 2018	41,340
Short term lease relief	(11,100)
Discounting	(20,554)
Recognition of lease option period	21,600
Foreign exchange movement	(1,350)
Balance January 1, 2019	29,936

13. Determination of fair values

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

Classification and fair values

<i>As at December 31, 2019</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	1,346,203	-	1,346,203	1,346,203
Receivables	184,889	-	184,889	184,889
	1,531,092	-	1,531,092	1,531,092
Liabilities				
Accounts payable and accrued liabilities	-	861,640	861,640	861,640
	-	861,640	861,640	861,640

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13. Determination of fair values (continued)

<i>As at December 31, 2018</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	328,456	-	328,456	328,456
Receivables	22,236	-	22,236	22,236
	350,692	-	350,692	350,692
Liabilities				
Accounts payable and accrued liabilities	-	244,114	244,114	244,114
	-	244,114	244,114	244,114

As at December 31, 2019

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

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

31 December 2019

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	-	1,346,203	-	1,346,203
Receivables	-	184,889	-	184,889
Accounts payable and accrued liabilities	-	861,640	-	861,640

31 December 2018

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	-	328,456	-	328,456
Receivables	-	22,236	-	22,236
Accounts payable and accrued liabilities	-	244,114	-	244,114

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

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Notes to Financial Statements December 31, 2019
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14. Financial risk management

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

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

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

Credit risk

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

Liquidity risk

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

Market risk

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

Foreign currency risk

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

The following table details balances held and subject to foreign currency movements as at December 31, 2019:

	CAD	AUD	GBP	CFA
2019 Net exposure	1,123,501	(45,085)	-	(94,630)
2018 Net exposure	183,619	(54,516)	(4,041)	10,130

At December 31, 2019 with other variable remaining unchanged, a +/- 10% change in exchange rates would increase/decrease pre-tax loss of \$109,310 (2018: \$13,519).

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

Awalé Resources Limited
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14. Financial risk management (continued)

Capital management

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

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

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

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

15. Related party transactions

a) Related party transactions

For the twelve months ended December 31, 2019 the Company incurred employment costs and fees to directors and officers, or to companies associated with these individuals as follows:

	2019	2018
	\$	\$
Non-executive directors' fees (i)	60,000	60,000
CEO fees & entitlements (ii)	140,138	200,000
COO fees & entitlements	180,000	180,000
Accounting fees – CFO services (iii)	75,547	93,301
Company secretarial fees (iv)	34,675	27,898
Technical committee fees (v)	-	12,000
Share based payment	-	263,079
	490,360	836,278

- (i) Includes fees paid to Austral Consulting Services, a company owned by E Roth 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
- (v) Amount paid to Austral Consulting Ltd – a company controlled by E Roth

Directors and officers of the Company subscribed for 2,840,000 common shares and Sandstorm acquired 2,840,000 common shares as part of the private placement completed in September 2018.

Directors and officers of the Company subscribed for 5,262,900 common shares as part of the private placement announced on April 29, 2019.

Directors and officers of the Company participated in the private placement announced in August 2019 acquiring, directly or indirectly, an aggregate of 5,696,688 Shares and Sandstorm acquired 2,222,222 common shares.

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Notes to Financial Statements December 31, 2019
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15. Related party transactions (continued)

Directors and officers of the Company participated in the private placement announced in December 2019 acquiring, directly or indirectly, an aggregate of 1,124,989 Shares and Sandstorm acquired 833,334 common shares.

The Company delivered to Sandstorm 4,705,882 in shares to fulfil the first annual payment in relation to the contractual obligation payable.

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

b) Related party balances owing

	2019	2018
	\$	\$
CEO fees & expense reimbursement (i)	8,580	36,024
Non-executive fees (ii)	15,000	5,000
Accounting fees – CFO services (iii)	4,376	17,626
Company- secretarial fees & reimbursement (iv)	614	-
	28,570	58,650

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

(ii) Includes an amount payable to Austral Consulting Ltd – a company controlled by E Roth

(iii) Amount payable to Genco Professional Services Pty Ltd – a company controlled by S. Cooper

(iv) Amount payable to Marketworks Pty Ltd – a company controlled by K Witter

Amounts are unsecured and payable in cash.

Compensation of key management personnel

The Company considers its officers and directors to be key management personnel. Transactions with key management personnel for the twelve months ended December 31, 2019 are set out below:

	2019	2018
	\$	\$
Short term benefits (i) & (ii)	417,693	486,109
Post - employment benefits (iii)	12,667	15,090
Share based payment benefits	-	263,079
Non-executive directors' fees (iv)	60,000	60,000
	490,360	824,278

(i) Includes an amount paid to Genco Professional Services Pty Ltd – a company controlled by S. Cooper

(ii) Includes an amount paid to Marketworks Inc. – a company controlled by K Witter

(iii) Amount paid to Parsons Capital Superfund - a superannuation fund controlled by G.Parsons

(iv) Includes fees paid to Austral Consulting Services, a company owned by E Roth for non-executive director fees

During the year ended December 31, 2018, the Board authorized issue of the following shares to key management personnel:

	Bonus C\$	Bonus shares to be issued @C\$0.25 per share	Bonus US\$
Andrew Chubb- COO	100,000	400,000	78,278
Sharon Cooper - CFO	20,000	80,000	15,656
Kathryn Witter – Company Secretary	4,000	16,000	3,131
	124,000	496,000	97,065

These bonus shares were subject to a four month hold period and were subject to one a year vesting period from the date of grant. These shares were released on August 20, 2019. The cost of the issue, \$97,065, was included as a share-based compensation expense in the Statement of Loss and Comprehensive Loss for the period ending December 31, 2018.

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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16. Commitments and contingencies

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

Payment	Condition
<i>Contingent payments</i>	
US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant of the Odienné property, the approval of a mining plan by the relevant authority, and securing finance to carry out that mining plan so as to take the mine to production stage.
Maximum US\$3,500,000	Payable to Awale Holdings a resource milestone payment, in accordance with the Share Purchase Agreement dated January 13,2017, of: <ul style="list-style-type: none"> • US\$0.50 per ounce of reported gold Mineral Resource for any Mineral Resource delineated up to the first one million ounces; and • US\$1.00 per ounce of reported gold Mineral Resources for any Mineral Resource delineated over the first one million ounces; and • a catch-up payment of US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource ounces that were delineated prior to the delineation of a Mineral Resource greater than one million ounces, All subject to a maximum of US\$3.5 million.
US\$800,000	Payable to Newoka Resources upon the Bondoukou project changing from an exploration license to a mining license with intent of commercial production.
<i>Commitment payments</i>	
CFA 4,805,645,088 (US\$8,169,597 as at December 31, 2019)	Minimum exploration spend commitment within the next three years at the Bondoukou and Abengourou properties.

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.

17. Cash flows

	As at December 31, 2019	As at December 31, 2018
	\$	\$
(Gain)/Loss after income tax	(667,265)	(1,343,215)
<i>Non cash flows in operating activities</i>		
Share based compensation	-	451,672
Foreign exchange loss	6,758	32,020
Depreciation	36,196	32,494
Interest	-	26,989
<i>Changes in assets and liabilities</i>		
Movement in receivables	(6,712)	23,355
Movement in payables	(64,646)	(163,616)
Deposit paid	-	(4,064)
Net cash used in operating activities	(695,669)	(944,365)

Awalé Resources Limited
Notes to Financial Statements December 31, 2019
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18. Segment information

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

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

19. Loss per Share

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

	2019	2018
Net loss attributable to equity holders	(667,265)	(1,343,215)
Basic and diluted weighted number of shares	50,233,885	30,836,538
<hr/>		
Basic and diluted loss per shares attributable to equity holders of the parent	(0.01)	(0.04)

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

20. Subsequent events

Impact of the Coronavirus (COVID-19) outbreak

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments (including border closures) remain uncertain as at the date of this report however they are expected to have an impact on our exploration activities, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

CORPORATE DIRECTORY

Awalé Resources Limited

Directors & Management

Ron Ho – Non-executive Director

Derk Hartman – Non-executive Director

Eric Roth – Non-executive Director

Glen Parsons – Director & Chief Executive Officer

Andrew Chubb – Chief Operating Officer

Sharon Cooper – Chief Financial Officer

Company Secretary

Kathryn Witter

Marketworks Inc

8681 Clay Street, Mission

British Columbia, CANADA

Investor Relations

Karen Davies

+1 (604) 314 6270

Principal place of business

Suite 1020 625 Howe Street, Vancouver

British Columbia, CANADA

Registered office

8681 Clay Street, Mission

British Columbia, CANADA

Auditor

Ernst & Young

The EY Centre

Level 34

200 George Street

2000 Sydney AUSTRALIA

phone: +61 2 9248 5555

fax: +61 2 9248 5959

Share Registry

Computershare

100 University Avenue

11th floor, South Tower

Toronto, Ontario

CANADA