

# AWALÉ RESOURCES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### For the twelve months ended December 31, 2019 and 2018

The Management Discussion and Analysis (“MD&A”) is an overview of the activities of Awalé Resources Limited (“Awalé”) and its subsidiaries (the “Company”). This MD&A describes the Company’s business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company’s audited financial statements for the years ended December 31, 2019, December 31, 2018 and the notes attached thereto (“ Audited Financial Statements”).

The effective date of this MD&A is April 29, 2020

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

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

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

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

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

## 1. DESCRIPTION OF THE BUSINESS

### *Company overview*

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

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

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

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

The corporate office is located at 1020, 625 Howe Street, Vancouver, British Columbia, Canada and its registered office is at 8681 Clay Street, Mission, British Columbia, Canada.

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

At December 31, 2019 the Group consists of the following interests:

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

## 2. OUTLOOK AND SUMMARY OF ACTIVITIES

### Outlook

The Company's planned corporate and exploration operations have been impacted by the uncertainty created by the global pandemic COVID-19 announced by the World Health Organisation on March 11, 2020. Management has put on hold its exploration activities in Côte d'Ivoire in order to comply with government directives and ensure the safety and wellbeing of its workforce.

The Company has reduced costs across both its corporate and exploration operations in order to ensure it is in a position to resume planned activities when it is safe, and able, to do so. However, the COVID-19 pandemic is having a negative impact on stock markets, currencies and business activities globally, and the full impact of COVID-19 on the Company cannot be fully determined; but there may be potential negative impacts on the Company's ability to raise capital funds, planned exploration programmes, cash flows and liquidity.

### *Summary of activities for the twelve months ending December 31, 2019 and to the date of this report*

## EXPLORATION ACTIVITIES

### Bondoukou

The Bondoukou project consists of three permits covering 1,192 square kilometres in the Zanzan region of north-eastern Côte d'Ivoire.

During the period the Company announced updated encouraging results from the remaining trenches of its 10 trench program on two localities (A and B) at the Fako prospect, Bondoukou Project, Côte d'Ivoire. (see News Releases dated March 4, 2019, June 4, 2019 and July 8, 2019)

Highlights of the program completed to date include:

- **BETR0005:** returned 21m at 1.96 grams/tonne gold (g/t Au) from 36m with included 1m intervals at 11.5 g/t Au, 5.5 g/t Au and 5.4 g/t Au respectively. Other intervals from the same trench include 2m at 1.95 g/t Au from 2m (2m composite sample), 1.2m at 1.02 g/t Au from 6.8m, 3.6m at 0.6 g/t Au from 18m, 1m at 6.1 g/t Au from 62m, and 3m at 0.75 g/t Au from 72m.
- **BETR0003:** returned 8m at 1.6 g/t Au and 17m at 2.6 g/t Au including 1m intervals at 10.5 g/t Au, 11.5 g/t Au and 4.8 g/t Au respectively. This mineralization appears to be associated with quartz vein-bearing shear zones. Selective sampling of a quartz vein within the last meter of the trench (79 to 80m) has delivered 14.7 g/t Au.
- **BETR0001:** Similarly returned 5m at 0.7 g/t Au and 4m at 0.8 g/t Au
- **BETR0007** 30m at 0.4 g/t Au.
- **BETR0001** 35m at 0.5 g/t Au.

The two localities were selected for trenching as previous RC drilling in these areas delivered broad gold intercepts which included 18m at 1g/t Au in hole BERC0019 and 20m at 0.9 g/t Au in BERC0008.

Trench BETR007 at Locality B returned 30m at 0.4 g/t Au– defining a second gold mineralised alteration system at the Fako prospect. Geology and alteration at Locality B is identical to the high-grade intercepts at Locality A, mineralisation at this location also remains open at depth and along strike.

BETR0005 is a 40 metre step east of previously reported trench BETR00003. Foliation in host rocks around mineralization intercepted in both trenches is close to perpendicular to the trench, and close to true width with a dip of 60 to 70 degrees to the south, the gold bearing quartz veins are both oblique and foliation parallel. The trenches were planned to intercept similar or new mineralisation as well as understand controls on the mineralisation intercepted in RC drilling (see News Release dated February 2, 2018).

The rocks contained within the Awari Shear are lower Birimian and consist of greenschist facies altered ultramafic, mafic to andesitic volcanic and volcanoclastic rocks. Rocks in the footwall of the shear consist of an amphibolite to granulite facies metamorphic complex which is interpreted to predate the deposition of the volcanic and volcanoclastic rocks contained within the Awari Shear. There is an abrupt change in the metamorphic grade between these two major geologic units.

Initial interpretation from the trenches suggests the north dipping metamorphic complex forms a competent footwall block and the mafic hanging wall rocks to form a brittle ductile environment. The hanging wall rocks appear to form a sequence of verging folds which look to have shallow plunging shoots within antiformal hinges. This relationship is clear in both trenched areas (approximately 1km apart) and is evident a further 6 kilometres to the southeast from geological mapping following geochemical anomalism along this contact. The results from trench BETR0001 also suggest there is mineralisation associated with fuchsite/sericite alteration and shearing close to the contact between the metamorphic complex and the hanging wall mafic rocks.

Exploration also continued on other prospects within the Bondoukou project with the objective of defining multiple drill targets over the 80km mineralised trends for later testing. On February 4, 2020 the Company announced delineation, from a 12km<sup>2</sup> soil sampling program, of two new 3km long gold targets along the previously untested Samanda Trend at the Bondoukou project.

The Samanda targets contain greater than 10ppb gold ("Au") soil anomalies with >40ppb Au cores and a peak value of 4,297 ppb Au. The anomalies within the sampling area follow a high strain contact between granite/granodiorite to the west and volcanic rocks to the east. Brecciation and quartz veining, has developed along the high strain contacts. Together these anomalies are equivalent in scale and tenor to the Fako auger anomalies along the Awari Shear where the company returned significant trench and drill results.

These new 3km long targets continue to highlight the potential and scale of the Bondoukou project and complementing the additional previously defined 40km east west Awari Shear zone anomalies.

Work planned includes infill and new auger drilling to follow up results reported for the entire Awari shear, as well as following the structure north to past the Casino Prospect.

## **Odienné**

During the period the Company announced (see New Release dated July 8, 2019) that work completed to date has culminated with delineation of two priority drill targets at the Vakaba and Empire prospects. Exploration completed during the field season included ground geophysical (Induced Polarisation or IP) surveys, mapping and soil sampling, as well as deep hand auger. These works enhanced the prospectivity and understanding of the high tenor gold in soil anomalies reported at both prospects which are now elevated to drill ready status with well understood geological and structural frameworks with demonstrated gold mineralisation.

The Company reported on November 4, 2019 that a 3,000m drill program had commenced over the Empire and Vakaba gold prospects and include a combination of Diamond ("DD") and Reverse Circulation ("RC") drilling.

The Odienné licences lie in the west of Côte d'Ivoire and consist of the granted 'Odienné East' permit (397 km<sup>2</sup>), and two licences in application: Odienné Ouest (adjacent to the granted Odienné East

permit) and Zouan-Hounien (350km to the south). These permits are held under a separate joint venture within Awalé's 100% subsidiary (Aforo Ivory Coast Holdings Ltd) with the partner ANGET-CI - a local company which has a 10% stake in the permits.

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

Both the Empire and Vakaba prospects now represent exciting drill targets and have well understood geological and structural frameworks with demonstrated mineralisation from soil, channel and rock chip sampling.

**The Empire prospect-** represents a compelling drill target where geology, gold geochemistry and geophysics form coincident anomalies. High order soil anomalism coincides with a mapped mylonite bearing structure that has been intruded by a later diorite body. A resistive chargeable anomaly which potentially indicates coincident silicification and sulphidation of the diorite, conforms with the soil anomalism and the mapped structure. Select rock chip samples taken from quartz veins on the prospect have returned up to 65 g/t Au<sup>1</sup> and a channel sample in altered wall rock has returned 8m at 0.7 g/t Au including 2m at 3.17g/t Au and 2m at 1.57 g/t Au<sup>1</sup>.

The soil sampling completed by the company has delineated a 3km long, 18-30+ppb gold (Au) in soil anomaly which includes a 200m long 200+ppb Au core. Artisanal mining activity commenced some months after the completion and reporting of the of the soil program. The pit opened by these artisanal workers does not cover the best soil anomalism nor the best resistive chargeable IP anomaly. This also demonstrates the potential for wide shear zone hosted mineralisation in a classic Birimian gold setting, which is now being drill tested.

On November 19, 2019, the Company was pleased to announce initial high-grade drill results from the first two holes of its planned 2,500 metre drill program at the Empire prospect. These drill holes represent the first ever test of the core area of the 3 km long, 250m wide soil gold anomaly previously defined by the Company at Empire.

Highlights for the first 2 discovery holes include:

- **OEDD0001**
  - 18.15 m at 4.9 g/t Au from 40 m downhole
    - including 10.4 m at 7.9 g/t Au from 40m downhole, and
- **OEDD0002**
  - 27 m at 3.1 g/t Au from 43.2 m downhole
    - including 9 m at 5.3 g/t Au from 43.2 m downhole.

These are downhole drill intercepts from NQ diamond core and do not represent true width. True width of the mineralized envelope is currently estimated to be 15 metres. Broad intercepts are calculated at a 0.2g/t Au trigger with included intercepts calculated at a 0.5 g/t Au trigger. All calculated intercepts include 3m of internal waste.

Hole OEDD0003 was completed as a step back behind OEDD002, this hole intercepted a similar visible gold bearing brittle ductile zone; assays for this hole are awaited. This mineralisation is 80 metres down dip of the intersections in holes OEDD0001 and OEDD0002 and demonstrates down dip continuity of a potentially significant mineralised system. Veins within this deformation zone also contain free gold.

On December 23, 2019 reported that ongoing drilling at the Empire prospect successfully continued to extend gold mineralization as reported in discovery holes OEDD0001 and OEDD0002 and a further 7 holes assays (OEDD0003-0007 and OEDD0009-00010) had now been received, with results extending gold mineralization to at least 120m vertical depth along the discovery section and an initial 100m along strike on line 2a. Gold mineralization in the holes being reported is hosted within the same diorite unit with brittle/ductile deformation as observed in the discovery holes.

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<sup>1</sup> Rock chip samples are taken to understand which structures and veins are mineralised at a prospect and contribute to understanding the geometry and nature of mineralization, while they provide an insight to tenor of mineralisation, they do not represent a true indication of the overall grade of a prospect

Step-out hole **OEDD0009** extends gold mineralization by 100m from the 2 discovery holes along strike to the east with three broad intercepted zones of strong mineralisation with visible gold and includes:

- 17m at 2.6 g/t Au from 40 m downhole
  - including 2.65m at 15.4 g/t Au from 40m,
- 16.74m at 1.9 g/t Au from 74.26m downhole
  - including 9.28m at 2.7g/t Au from 80.72m and,
- 16m at 1.8 g/t Au from 98m downhole
  - including 3m at 7.6 g/t Au from 111m

On January 29, 2020 the Company report further gold intercepts from the high grade gold discovery at the Empire Prospect. These new results both extend the mineralized envelope along strike and down dip as well as confirm the internal continuity of mineralization at Empire.

As per the highlights below, hole OERC0021 confirms the robust nature of mineralization at Empire, whilst OERC008 and the 40m extension of hole OEDD003 extend mineralization down dip to a vertical depth of greater than 150m on the original discovery section.

Best intercepts from this batch of results include

- **OERC0008** Step-back hole to Discovery Hole OEDD0001
  - 16m at 1.3 g/t Au from 81m downhole
    - including 1m at 11.3 g/t Au from 94m downhole and 10m at 2.3 g/t Au from 109m
    - including 5m at 3.9 g/t Au from 109m downhole
- **OERC0021** Step-out hole 200m along strike from Discovery Section
  - 32m at 0.9g/t Au from 32 m downhole
    - including 2m at 4.8g/t Au from 53m downhole
  - 34m at 1.9 g/t Au from 96m downhole
    - including 18m at 3g/t Au from 97m downhole
  - 2m at 15.5 g/t Au from 111m downhole
  - 29m at 1.2g/t Au from 134m downhole
    - including 11m at 2.5g/t Au from 140m downhole
  - 2m at 5.6g/t Au from 140m downhole
- **OEDD0003** extension (hole re-entered)
  - 3m at 4.5 g/t Au from 193m downhole
- **OERC005** twin of OEDD0001
  - 22m at 1.5g/t Au from 22m downhole
    - including 1m intervals of 4.4 g/t Au, 6g/t Au and 16.6g/t Au, from 27, 41 and 46 m downhole respectively.

On February 26, 2020 the Company reported results from the last 2 holes of the maiden drilling program at the Empire prospect. The final step back diamond hole intercepted target geology, alteration and mineralization to a vertical depth of greater than 200m. Visible gold has been observed, with grades of mineralization being atypical of these observations and the hole has fallen outside the plunge of the higher-grade mineralization intercepted in previously reported holes on sections 2A. Hole OERC 0022 was drilled down dip of mineralization intercepted in OEDD0009 and OERC0021 is of lower tenor than intercepts in these holes, also suggesting this hole is outside the plunge of high-grade mineralization and therefore warrants follow up.

Best intercepts from this recent batch of results include:

- **OEDD0015** – Deep step back hole between drill lines 2 and 2A
  - 17 m at 0.7 grams g/t Au from 254m downhole
    - including 7.1m at 1.2g/t Au from 261.9m downhole.
- **OERC0022** – Twin and extension of OEDD0010
  - 29m at 0.8 g/t Au from 140m downhole.
    - Including 8m at 1.9g/t Au from 148m downhole.

These new results further extend the mineralized envelope down dip as well as confirm the internal continuity of mineralization at Empire.

This successful gold discovery from the maiden drill program at Odienné has covered a fraction of the of the 3km long soil anomaly which extends toward the southeast. This anomaly is a primary target for further exploration this field season. Visible gold in fresh rock has been noted in every diamond hole that has intersected the mineralized diorite.

**At the Vakaba Prospect** -the target mineralization is high grade gold hosted in quartz tourmaline veins at a granite/intermediate volcanic contact. A series of veins have opened oblique to the NNE trending faulted contact between the granite and volcanic rocks, the veins are dominantly oriented NW with a subordinate NE orientation. Gold hosted in the quartz tourmaline veins have returned results of up to 111.5 g/t Au and an average grade of 6 samples of quartz material from orpaillage pits and outcrop returned 24.6 g/t Au ..

Deep artisanal pits and a trench have been opened by artisanal workers along a NW quartz-tourmaline bearing structure in the central part of the prospect , a channel sample along the wall of the costean returned 14m of wall-rock alteration at 1.14 g/t Au, with included values of 1m at 2g/t Au, 4.4 g/t Au and 1.9 g/t Au from 1, 2, and 5 metres respectively. (This channel sample is parallel to the strike of mineralisation and is an indication of wall rock/hanging wall mineralisation, it does not represent true width). The same structure is clear in the induced polarisation surveys completed in May 2019, as well as revealing a major structural confluence at this location with NW/NE chargeable resistive structures meeting at the granite/volcanic contact. This confluence is a compelling target for the planned maiden drill program at the Vakaba prospect. This will be tested following initial drilling at the Empire prospect.

On January 29, 2020 the first results from 4 scout diamond holes at the Vakaba prospect had also been returned. Expected moderate to high grade mineralization with visible gold was intercepted in the northwest trending quartz/tourmaline veins however widths of mineralization were thin. OEDD013 returned 1m at 15.7g/t Au from 45m, OEDD0011 returned 0.3m at 7.8 g/t Au, while OEDD0012 returned 2m at 1.4 g.t Au.

The Vakaba prospect area has multiple gold in soil anomalies and the company will continue to work on building these toward drill target status.

### **Abengourou**

The Abengourou Project now consists of 2 prospective gold permits Amélékia and Nianda, in the Comoé district of south eastern Côte d'Ivoire. These two granted permits and one application form the Company's Abengourou Project. These permits now give the Company a district presence at Abengourou with 718 square kilometres of granted tenure.

Initial work on the Abengourou Project has been completed with confirmatory soil sampling over the more advanced, Amélékia permit. Amélékia was previously owned by Golden Star Resources Ltd whose legacy exploration uncovered significant gold in soil anomalies and due diligence sampling by the company has returned positive results. The company has 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 and 66 samples were submitted to Intertek Australia for low detection limit (0.01ppb) gold analysis and multielement ICP geochemistry. The Nianda permit lies strike northeast of the Amélékia permit and possesses similar geology.

## Exploration expenditure

The exploration expenditure of the Companies for the twelve months ended December 31, 2019 is set out below.

Expenditure	Bondoukou \$	Odienné \$	Abengourou \$
Data analysis	73,537	59,453	6,540
Drilling and assay costs	261,598	494,662	-
Field Office & Camp	90,268	60,013	13,903
Exploration	488,456	267,955	22,544
Tenement costs	6,038	108,982	5,604
Health & safety	293	18,214	5,559
Administration	106,858	43,539	66,483
<b>TOTAL</b>	<b>1,027,048</b>	<b>1,052,818</b>	<b>120,633</b>

## CORPORATE ACTIVITIES

During the period the Company closed the following non-brokered private placements:

- 8,096,300 shares issued at a price of US\$ \$0.066 (C\$0.09) per share, resulting in proceeds of approximately \$535,788 (C\$728,667).
- 19,220,922 shares issued at a price of approximately \$0.07 (C\$0.09) per share raising gross proceeds of approximately \$1,301,153 (C\$1,729,883)
- 11,294,445 shares issued at a price of approximately \$0.14 (C\$0.18) per share raising gross proceeds of approximately \$1,541,868 (C\$2,033,000).

The Company renegotiated the annual payments due under its 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. The Company is able to make the annual payments of this obligation by way of shares or cash. No adjustment to the value of the contractual obligation payable has been recorded.

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

### 3. RESULTS OF OPERATIONS – TWELVE MONTHS ENDED DECEMBER 31, 2019

The following is a breakdown of material costs incurred:

	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Salaries and director fees	315,037	414,721
Professional and consulting expenditure	98,041	117,527
Office and regulatory expenditure	107,747	94,924
Travel expenditure	51,181	84,110
Investor relations expenditure	52,322	89,246
Foreign exchange (gain)/loss	6,758	32,020
Depreciation	36,196	32,494
Interest	-	26,989
Share based compensation	-	451,672

*Twelve months ending December 31, 2019 compared to December 31, 2018*

The decrease in the loss compared to the comparative prior period is due to the following factors:

- Salaries expense decreased in the current period from the prior period due to agreed salary sacrifice in CEO salary and CFO fees, and a reduction in salary paid to investor relations manager; and the related decrease in the annual leave provision expense due to a decrease in salaries.
- Professional and consulting fees decreased from the prior period due to a decrease of \$30,620 in technical committee fees paid in the current year and a decrease in legal costs of \$28,630 due to higher costs in the comparative period as it was the Company's first year of increased operations and activities on the TSXV and additional review and advice was sought on various corporate documents and filings. This decrease in costs was offset by an increase of approximately \$48,000 in consulting fees as the Company continued to look for new opportunities in Ivory Coast. This decrease has also been impacted by foreign exchange movements on costs denominated in currencies other than the US\$.
- Office and regulatory costs increased by \$12,823 in the current period as higher corporate costs were incurred in the current period due to increased listing fees and associated administrative costs of \$13,285 due to the various private placements undertaken throughout the year. Company secretarial costs increased by \$8,154 when compared to the prior year. These increased costs were offset by a decrease in general office and administrative expenses of \$8,618 as management looked to reduce overhead costs.
- Travel costs have decreased in the current period due to less corporate travel and travel for marketing purposes being undertaken when compared to the prior period as management looked to decrease its costs.
- Investor relations expenditure decreased by \$36,924 as marketing activities were scaled back in an effort to reduce costs.
- The foreign exchange loss was due mainly to less foreign denominated costs being paid when compared to the prior period and movements in foreign exchange rates. This cost fluctuates from period to period depending on the balance of foreign denominated cash balances, the value of foreign denominated expenses and foreign exchange movements.
- Interest expense decreased by \$26,989 as the contractual obligation payable was transferred to equity in December 2018. In the prior period interest expense was recognised on the liability recognised. Refer to Section 4 for further details.

#### 4. SELECTED ANNUAL FINANCIAL INFORMATION

SUMMARY	Year ended	Year ended
	December 31, 2019	December 31, 2018
	\$	\$
Net sales or total revenue	nil	nil
Loss	(667,265)	(1,343,215)
Total assets	8,453,732	5,155,048
Total current liabilities	876,345	244,114
Total non-current liabilities	3,933	-
Total Shareholders' equity	7,573,454	4,910,934

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

Current liabilities of the Company include accounts payable, accrued liabilities, tax and social obligations payable which fluctuate from period to period depending on the level of exploration activity undertaken by the Company. A balance payable to partners of the Company's Odienné property of \$40,000 has been recorded at December 31, 2019 and was subsequently paid.

The Company had previously recognised a liability in relation to its contractual obligation payable to Sandstorm as part of the acquisition of the Côte d'Ivoire assets undertaken in December 2017. During the period ended December 31, 2018, the Company transferred this obligation to equity. The Company has recognised an amount of \$1,106,231 in Other Reserves in the period ending December 31, 2019. The balance of the contractual obligation payable fluctuates from period to period due to annual payments made. The Company is liable to pay up to C\$400,000 per year in either shares or cash, the amount payable is dependent on the market capitalisation of the Company. This obligation is estimated to be no longer than 5 years from inception. Refer to *Section 2 – Corporate Activities* for further details.

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.

#### 5. SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

SUMMARY	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net sales or total revenue	-	-	-	-	-	-	-	50
Loss	(171,552)	(145,208)	(153,871)	(196,634)	(271,358)	(290,360)	(437,052)	(344,445)
Basic & diluted loss per share	0.00	0.0	0.0	0.01	0.01	0.01	0.01	0.01
Total current assets	1,547,344	784,443	116,033	222,549	370,384	996,429	1,161,000	1,179,985
Total non-current assets	6,906,388	5,732,638	5,646,794	5,035,672	4,784,664	4,510,551	4,152,680	3,422,864
Total current liabilities	876,345	441,073	674,640	453,799	244,114	595,765	770,673	698,192
Total non-current liabilities	3,933	7,892	15,003	14,807	-	1,183,720	1,158,336	1,177,452

The Company's quarterly financial results and position can be affected by many factors including, but not limited to; seasonal fluctuations, variations in capital markets, foreign exchange rate movements,

share based payments, changes in exploration programs, changes to exploration portfolios and financing activities undertaken.

*Three months ending December 31, 2019*

The net loss of \$171,552 for the quarter ended December 31, 2019 decreased when compared to the quarterly losses incurred in Q4 2018 due to no share-based payment being recorded in the current quarter. Corporate activities reduced in the current quarter due to: less marketing activities being undertaken with a decrease in related costs including; less travel being undertaken as less conferences were attended by management and exploration personnel; and a reduction in corporate travel as management continue to look to reduce overhead costs.

Total assets increased in the quarter due to the completion of a private placement in December 2019 that resulted in gross proceeds of \$1,541,868 raised and an increase in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period.

Current liabilities increased in the current quarter due mainly to an increase in payables in Côte d'Ivoire of \$629,527 due to the commencement of an exploration program at the Company's Odienné project and ongoing exploration activities at the Bondoukou project during the quarter.

*Three months ending September 30, 2019*

The net loss of \$145,208 for the quarter ended September 30, 2019 decreased when compared to the quarterly losses incurred in 2018, due to share based payments expensed in the prior comparative quarters, and the increased costs incurred in the prior comparative quarter as the Company commenced its increased activities and operations. There has also been a general decrease in corporate activities and associated costs in the current quarter, due to an effort by management to reduce overall corporate costs.

Total assets have been impacted by an increase in cash due to the completion of a private placement in the period and the increase in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period, offset by a decrease in cash used to fund the administrative activities required to support ongoing exploration programs; and the recognition of right of use assets in relation to the Company's leases on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details

Current liabilities of the Company include accounts payable and accrued liabilities which fluctuate from period to period depending on the level of exploration activity undertaken by the Company and timing of payments made. As at September 30, 2019, liabilities include amounts owing to related parties comprising; non-executive director fees payable of \$15,000, expense reimbursement payable to the CEO of \$10,993, fees payable to the COO of \$20,000, fees and expense reimbursement payable to the CFO of \$13,962. Current liabilities at September 30, 2019 also includes payables balance in Côte d'Ivoire of \$257,280 due to the increase exploration activities undertaken in the period.

The liabilities balance has also been impacted by the transfer in December 2018 of the contractual obligation payable to Sandstorm from liabilities to Other Reserves, as it was, and remains, the Company's current expectation and intention to settle future obligations through the issuance of shares. The transaction is evaluated at each reporting period based on present obligations and intention. As the Company's current expectation and intention is to settle future obligations through the issuance of shares, the Company has continued to classify the full contractual obligation balance as equity. The liabilities balance has also been impacted by the recognition of a lease liability balance on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details.

*Three months ending June 30, 2019*

The net loss of \$153,870 for the quarter ended June 30, 2019 decreased when compared to the quarterly losses incurred in 2018, due to share based payments expensed in the prior comparative quarters, and the increased costs incurred in the prior comparative quarter as the Company commenced its increased activities and operations. There has also been a general decrease in corporate activities and associated costs in the current quarter, due to an effort by management to reduce overall corporate costs. The loss for the current quarter is greater than the quarterly losses incurred in 2017 due to increased activities and the expanded operations of the company, when compared to 2017 due to the Qualifying Transaction and the Private Placement completed in December 2017.

Total assets have been impacted by the increase in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period, offset by a decrease in cash used to fund the administrative activities required to support ongoing exploration programs; and the recognition of right of use assets in relation to the Company's leases on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details

Current liabilities of the Company include accounts payable and accrued liabilities which fluctuate from period to period depending on the level of exploration activity undertaken by the Company and timing of payments made. As at June 30, 2019, liabilities include amounts owing to related parties comprising; non-executive director fees payable of \$20,000, fees and expense reimbursement payable to the CEO of \$51,063, fees payable to the COO of \$20,000, fees and expense reimbursement payable to the CFO of \$37,522. These balances were settled subsequent to balance date.

The liabilities balance has also been impacted by the transfer in December 2018 of the contractual obligation payable to Sandstorm from liabilities to Other Reserves, as it was, and remains, the Company's current expectation and intention to settle future obligations through the issuance of shares. The transaction is evaluated at each reporting period based on present obligations and intention. As the Company's current expectation and intention is to settle future obligations through the issuance of shares, the Company has continued to classify the full contractual obligation balance as equity. The liabilities balance has also been impacted by the recognition of a lease liability balance on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details.

#### *Three months ending March 31, 2019*

The net loss of \$196,634 for the quarter ended March 31, 2019 decreased when compared to the quarterly losses incurred in 2018, due to a general decrease in corporate activities due to an effort by management to reduce overall corporate costs. The loss for the current quarter is greater than the quarterly losses incurred in 2017 due to increased activities and the expanded operations of the company, when compared to 2017 due to the Qualifying Transaction and the Private Placement completed in December 2017.

Total assets have been impacted by the increase in value attributable to continued exploration activities undertaken at the Company's Côte d'Ivoire projects during the period, offset by a decrease in cash used to fund the administrative activities required to support ongoing exploration programs; and the recognition of right of use assets in relation to the Company's leases on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details

Current liabilities of the Company include accounts payable and accrued liabilities which fluctuate from period to period depending on the level of exploration activity undertaken by the Company and timing of payments made. As at March 31, 2019, liabilities include amounts owing to related parties comprising; non-executive director fees payable of \$15,000, fees and expense reimbursement payable to the CEO of \$74,841, fees payable to the COO of \$20,000, fees and expense reimbursement payable to the CFO of \$40,622.

The liabilities balance has also been impacted by the transfer in December 2018 of the contractual obligation payable to Sandstorm from liabilities to Other Reserves, as it was, and remains, the Company's current expectation and intention to settle future obligations through the issuance of shares. The transaction is evaluated at each reporting period based on present obligations and intention. As the Company's current expectation and intention is to settle future obligations through the issuance of shares, the Company has continued to classify the full contractual obligation balance as equity. The liabilities balance has also been impacted by the recognition of a lease liability balance on adoption of IFRS 16 Leases, applicable from January 1, 2019. Refer to Section 14 for further details.

#### *Three months ending December 31, 2018*

The loss of \$271,358 incurred in the three months ended December 31, 2018 is reflective of ongoing activities required to support and promote exploration activities and maintain a public listing.

Larger components of expenditure in the three months ending December 31, 2018 include: costs of \$31,543 associated with attendance at various investor conferences; executive management fees and salaries and non-executive fees of \$76,101; share based payment expense of \$82,423; accrual of audit fees of \$18,621; travel costs of \$14,921; as well as ongoing general administrative costs of \$8,409 which have decreased with the reversal of fees associated with company secretarial costs; and depreciation expense of \$9,128. The Company also recognised a foreign exchange loss of \$10,378 in

relation to the revaluation of foreign denominated bank accounts and payment of expenses in non-functional currency denominations.

During the quarter, the Company transferred the contractual obligation payable to Sandstorm from liabilities to Other Reserves as it is the Company's current expectation and intention is to settle future obligations through the issuance of shares. The transaction is evaluated at each reporting period based on present obligations and intention. As the Company's current expectation and intention is to settle future obligations through the issuance of shares, the Company has reclassified the full contractual obligation balance to equity.

#### *Three months ending September 30, 2018*

The loss of \$290,360 incurred in the three months ended September 30, 2018 is due predominantly to: recognition of share based payment expense of \$82,162; salaries and management fees and non-executive fees of \$105,318; travel costs of \$25,794 for costs incurred in relation to upcoming investor conferences; investor relations expense of \$8,567 related to maintaining website and dissemination of investor communications; accounting costs and audit fee accrual of \$12,038; as well as general administrative costs of \$28,338 which have increased in the quarter as a result of the listing fees and registration costs associated with the private placement completed in the quarter. The Company also recognised a foreign exchange loss of \$4,310 in relation to the revaluation of foreign denominated bank accounts and payment of expenses in non-functional currency denominations.

#### *Three months ending June 30, 2018*

The loss of \$437,052 has increased from that of the previous quarter due predominantly to: recognition of share payment expense of \$196,394 which includes issue of bonus shares to selected management during the quarter of \$111,938; non-executive fee and managements salaries and fees of \$ 115,328; investor relations expense of \$25,127 and travel costs of \$24,116 which have increased slightly from the preceding quarter due to the geographical locations of investor conferences attended in the quarter; accounting fees and audit accrual of \$20,291; depreciation expense of \$7,909 and interest recognised on the contractual obligation payable of 6,772; as well as ongoing general administrative costs of \$22,013.

#### *Three months ending March 31, 2018*

The loss of \$344,445 incurred in the three months ending March 31, 2018 is due predominantly to: salaries and management fees and directors fees incurred of \$117,974; share based compensation expense recognised of \$86,235; legal fees incurred of \$14,568 and accrued audit fees of \$17,204 required due to the increased size and complexity of the Group; travel and investor relations expense of \$43,291 incurred in order to attend various international investor conferences , as well as the maintenance of the website and ongoing costs associated with dissemination of news flow; depreciation expense of \$8,037, recognition of interest of \$6,916 on the contractual obligation payable, as well as general administrative costs incurred of \$31,803 required to support exploration activities and maintain a public company listing.

For the majority of the quarter ending December 31, 2017, and each quarter prior, the Company was not involved in exploration activities, and costs incurred related solely to the maintenance of the Company and support for its continued endeavours in identifying appropriate properties to acquire.

Total assets have been impacted by the increase in value attributable to continued exploration.

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

The number of common shares outstanding at December 31, 2019 is 79,651,712 (2018: 35,762,163).

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 US\$0.096 cents. All securities issued under the private placement are subject to a hold period trading restriction of four months and a day from the date of distribution which expired on January 25, 2019.

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.

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.

During the period the Company renegotiated the annual payments due under its 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 \$10 million on the anniversary date of payment;
- Annual payment of \$200,000 due if market capitalization is between \$10 million and \$20 million on the anniversary date of payment; and
- Annual payment of \$400,000 due if market capitalization is above \$20 million on the anniversary date of payment.

No adjustment to the value of the contractual obligation payable has been recorded as at December 31, 2019.

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.

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 US\$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. 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

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

The Company has the following warrants outstanding as at December 31, 2019 denominated in US\$:

	Number of warrants	Weighted average exercise price \$
Balance January 1, 2019	7,183,951	0.32
Expired	(6,983,951)	0.32
Issued	5,647,222	0.32
<b>Balance December 31, 2019</b>	<b>5,847,222</b>	<b>0.32</b>

The Company has the following options outstanding as at as at December 31, 2019 denominated in US\$:

	Number of options	Weighted average exercise price \$	Expiry date
Balance December 31, 2017	400,000	0.08	April 14,2021
Issued	1,930,000	0.32	January 16,2021
Balance December 31, 2018	2,330,000	0.28	
<b>Balance December 31, 2019</b>	<b>2,330,000</b>	<b>0.28</b>	

## 7. LIQUIDITY AND CAPITAL RESOURCES

### *Cash and cash equivalents*

As at December 31, 2019 the Company had cash of \$1,346,203 (2018: \$328,456) and cash deposits of \$6,843 (2018: \$6,982).

The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Financial Statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

The Company has incurred an accumulated deficit of \$2,206,363 at December 31, 2019 and has no current source of revenue. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the state of the financial markets. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and calibre of its management.

The Company completed several private placements during the period issuing 38,611,667 shares resulting in gross proceeds of \$3,378,809. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

### *Working Capital*

As at December 31, 2019, the Company had working capital of \$670,999 (2018: \$126,270). The increase in working capital reflects funds received of \$3,227,125 from the various private placements completed in the period, offset by costs incurred through its exploration programs and the various marketing activities and operational activities undertaken to support and promote the exploration activities on the Company.

### *Cash used in operating activities*

Cash used in operating activities during the twelve months ending December 31, 2019 was \$695,686 (2018: \$944,365). The cash used in operating activities represents general and administrative costs incurred, adjusted for non-cash items such as interest recognised, depreciation, foreign exchange movements and movements in accounts payable and accounts receivable balances in the period.

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

Cash used in investing activities for the twelve months ending December 31, 2019 was \$1,530,161 (2018: \$2,416,432). This expenditure related to exploration expenditure of \$1,521,589 at the Côte d'Ivoire properties and payments for plant and equipment of \$8,572 for use at the exploration properties. This expenditure has decreased from the comparative period due to variations to exploration programs and activities when compared to the prior period and timing of payments to suppliers and creditors

### **Cash from financing activities**

Proceeds of \$3,227,125 were received during the twelve months ending December 31, 2019 (2018: \$763,916) related to the private placements completed in May, August and December 2019, with a balance of \$151,684 received subsequent to the period. Funds were used for exploration expenditure on its projects in Côte D'Ivoire and for general overhead and operating expenses.

## **8. GOING CONCERN**

The ability of the Company to continue as a going concern is dependent on the ability to raise capital through the listing on the TSX. The timing and extent of the impact of COVID-19, and recovery from the pandemic, is unknown but may potentially impact on the ability of the Company to access capital, or other, markets. Should additional capital not be available, the combined group may be unable to continue as a going concern.

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

## **9. TRANSACTIONS BETWEEN RELATED PARTIES**

During the twelve months ended December 31, 2019 the Company incurred charges to directors and officers, or to companies associated with these individuals as follows:

	<b>Twelve months ending December 31, 2019</b>	<b>Twelve months ending December 31, 2018</b>
	<b>\$</b>	<b>\$</b>
Non-executive directors' fees (i)	60,000	60,000
CEO fees & entitlements (ii)	140,138	200,000
COO fees	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
	<b>490,360</b>	<b>836,278</b>

(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 completed on May 14, 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.

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.

On July 31, 2019, 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. These balances are eliminated on consolidation.

The following balances were payable to related parties as at:

	December 31, 2019	December 31, 2018
	\$	\$
CEO fees & expense reimbursement (i)	8,580	36,024
COO fees	15,000	5,000
Accounting fees – CFO services & expense reimbursement (ii)	4,376	17,626
Non-executive directors' fees (iii)	614	-
	<b>28,570</b>	<b>58,650</b>

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

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

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

### Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel for the twelve months ending December 31, 2019 are set put 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
	<b>490,360</b>	<b>824,278</b>

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

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

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

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

## 10. OFF BALANCE SHEET ARRANGEMENTS

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

## 11. PLAN OF OPERATIONS AND FUNDING

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

At present, the Company's operations do not generate cash inflows and the Company's continued existence depends on management's ability to raise additional equity financing, discover recoverable mineral deposits and sell or otherwise participate in the development of those projects. Many factors

influence the Company's ability to raise funds, including the health of the commodity resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. During the twelve months ended December 31, 2019 the Company completed three private placements raising gross proceeds of \$3,378,809.

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

## 12. COMMITMENTS AND CONTINGENCIES

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

Payment	Condition
<i>Contingent payments</i>	
US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant of the Odienné property, the approval of a mining plan by the relevant authority, and securing finance to carry out that mining plan so as to take the mine to production stage.
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"> <li>• US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource delineated up to the first one million ounces; and</li> <li>• US\$1.00 per ounce of reported gold Mineral Resources for any Mineral Resource delineated over the first one million ounces; and</li> <li>• a catch-up payment of US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource ounces that were delineated prior to the delineation of a Mineral Resource greater than one million ounces,</li> </ul> All subject to a maximum of US\$3.5 million.
US\$800,000	Payable to Newoka Holdings 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.

The Company has the following lease commitments (undiscounted):

	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

## 13. SEGMENTED INFORMATION

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

## 14. EVENTS SUBSEQUENT TO THE PERIOD ENDED DECEMBER 31, 2019

A global pandemic of COVID-19 was announced by the World Health Organisation on March 11, 2020. This pandemic has had a negative impact on global markets, currencies and business activities. The Company has suspended its exploration programmes in Côte d'Ivoire and reduced corporate and exploration expenditures in order to help sustain its operations. The timing and extent of the impact of COVID-19 is unknown and may negatively impact on the Company's ability to raise capital or undertake its planned exploration programmes. 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.

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

## 15. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist, of cash, receivables and trade payables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

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

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

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

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

### **Credit risk**

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

### **Liquidity and Financing risk**

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

The ability of the Company to continue meeting its financial commitments is dependent on the ability to raise capital. However, should additional capital not be available, the combined group may be unable to continue as a going concern.

**Market risk**

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

**Foreign currency risk**

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

**Capital management**

Capital of the Company consists of capital stock and deficit. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to it in light of changes in economic conditions. The Board of Directors of the Company has not established quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain the future development of the Company. In order to facilitate the management of their capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company's principal source of capital is from the issue of ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

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

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

## 16. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

**Changes in accounting policy**

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".

**New accounting standards**

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

**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 Company 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 Company obtains substantially all the economic benefits from use of the asset, and whether the Company has the right to direct the use of the asset. The Company has adopted IFRS 16 effective from January 1, 2019. On adoption of IFRS 16, the Company 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 Company'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 Company's office and accommodation leases, the Company recognized a \$29,936 right of use ("ROU") asset and a corresponding liability for the same amount at January 1, 2019. The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months.

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

### **Leases**

Upon lease commencement, the Company recognizes a right-of-use 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 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 right-of-use 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.

### **IFRIC INTERPRETATION 23: UNCERTAINTY OVER INCOME TAX TREATMENTS**

In June 2017, the IASB issued IFRS Interpretations Committee ("IFRIC") Interpretation 23 Uncertainty over Income Tax Treatments, which is applied to the determination of taxable profit or loss, unused tax losses, unused tax credits, tax rates and tax bases, when there is uncertainty about income tax treatment under IAS 12 Income Taxes. IFRIC 23 is effective January 1, 2019 and is to be applied retrospectively. The new standard did not have a material impact on the Company's condensed consolidated interim financial statements.

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

### **Estimates**

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

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

#### *Impairment of exploration and evaluation*

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which each Company has the right to explore in a specific area, actual and planned expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. 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.

#### *Share based payments and warrants*

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

#### *Contractual obligation payable*

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

## 17. FORWARD LOOKING STATEMENTS

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

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

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

Forward looking information	Assumptions	Risk factors
The Company's anticipated plans, costs, timing and capital for future development of the Company's mineral exploration properties.	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company ; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to carry out anticipated exploration on its mineral exploration properties.	The operating and exploration activities of the Company for the twelve months ending December 31, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in

Forward looking information	Assumptions	Risk factors
	acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company no title disputes exist with respect to the Company's s properties.	costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
Management's outlook regarding future trends.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for precious and base metals.	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable.	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

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

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

## 18. BOARD

The Board of the Company comprise the following members:

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

## 19. DISCLAIMER

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

## 20. ADDITIONAL INFORMATION

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