THOR EXPLORATIONS LTD

# Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2021, and 2020

(in Canadian Dollars)

# THOR EXPLORATIONS LTD.

March 31, 2021
(Unaudited)

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## NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

# THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Canadian dollars (unaudited)

| | Note | March 31, 2021 $ | December 31, 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | **11,070,021** | 28,261,552 |
| Restricted cash | 6 | **4,407,381** | 4,460,026 |
| Amounts receivable | 7 | **3,193,895** | 56,705 |
| Prepaid expenses, advances and deposits | 8 | **648,789** | 552,696 |
| **Total current assets** | | **19,320,086** | 33,330,979 |
| Deferred income tax assets | | **44,099** | 46,668 |
| Prepaid expenses, advances and deposits | 8 | **180,076** | 195,284 |
| Right of use assets | 9 | **71,326** | 87,817 |
| Property, plant and equipment | 14 | **101,513,830** | 91,855,883 |
| Exploration and evaluation assets | 15 | **15,974,793** | 15,988,743 |
| **Total non-current assets** | | **117,784,124** | 108,174,395 |
| **TOTAL ASSETS** | | **137,104,210** | 141,505,374 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 16 | **5,411,646** | 10,915,964 |
| Lease liabilities | 9 | **23,805** | 38,969 |
| Gold stream liability | 10 | **10,669,880** | 6,068,017 |
| Loans and other borrowings | 11 | **191,817** | 68,279 |
| **Total current liabilities** | | **16,297,148** | 17,091,229 |
| **Non-current liabilities** | | | |
| Gold stream liability | 10 | **22,227,317** | 25,348,934 |
| Loans and other borrowings | 11 | **20,524,641** | 20,531,788 |
| Provision for restoration costs | 13 | **1,266,198** | 618,586 |
| **Total non-current liabilities** | | **44,018,156** | 46,499,308 |
| **SHAREHOLDERS' EQUITY** | | | |
| Common shares | 17 | **97,122,584** | 97,122,584 |
| Share purchase warrants | 17 | **533,000** | 475,000 |
| Option Reserve | 17 | **5,846,190** | 5,846,190 |
| Currency translation reserve | | **(1,810,356)** | (769,689) |
| Deficit | | **(24,902,512)** | (24,759,248) |
| **Total shareholders' equity** | | **76,788,906** | 77,914,837 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **137,104,210** | 141,505,374 |

These consolidated financial statements were approved for issue by the Board of Directors on May 31, 2021, and are signed on its behalf by:

*(Signed) "Adrian Coates"*
Director

*(Signed) "Olusegun Lawson"*
Director



The accompanying notes are an integral part of these consolidated financial statements.

# THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31,
In Canadian dollars (unaudited)

| | Note | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|---|
| **Continuing operations** | | | |
| Amortisation and depreciation - owned assets | 14 | **7,805** | 14,318 |
| Amortisation and depreciation - right of use assets | 9 | **14,346** | 14,119 |
| Other administrative expenses | 5 | **1,401,058** | 705,460 |
| Reversal of impairment of receivables | | **-** | (70,933) |
| Impairment of Exploration & Evaluation assets | 15 | **121,909** | - |
| Share-based payments | | **-** | 1,021,271 |
| **Loss from operations** | | **(1,545,118)** | (1,684,235) |
| Interest expense | 9 | **(411)** | (1,015) |
| Foreign exchange gains | | **1,460,265** | 96,217 |
| **Net loss before taxes** | | **$ (85,264)** | $ (1,589,033) |
| Tax expense | | **-** | - |
| **Net (loss) for the period** | | **$ (85,264)** | $ (1,589,033) |
| **Other comprehensive income** | | | |
| Foreign currency translation loss attributed to equity shareholders of the company* | | **(1,040,667)** | 1,192,294 |
| **Total comprehensive (loss) for the period** | | **$ (1,125,931)** | $ (396,739) |
| **Net loss per share - basic and diluted** | 18 | **$ 0.000** | $ (0.004) |
| **Weighted average number of common shares outstanding - basic and diluted** | | **621,405,975** | 449,352,215 |

* Items that may be reclassified to profit or loss.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
In Canadian dollars (unaudited)

| | Note | Three Months Ended March 31, **2021** | 2020 |
|---|---|---|---|
| **Cash flows from (used in):** | | | |
| **Operating activities** | | | |
| Net loss for the period | | **$ (85,264)** | $ (1,589,033) |
| Adjustments for: | | | |
| Foreign exchange gains | | **(1,131,070)** | (509,307) |
| Impairment of receivables | | **-** | (70,933) |
| Impairment of Exploration & Evaluation Assets | 15 | **121,909** | |
| Depreciation | | **22,152** | 28,437 |
| Share based payments | | | 1,021,271 |
| Current income taxes | | | |
| Deferred income tax recovery | | | |
| Interest expense | 9 | **411** | 1,015 |
| Changes in non-cash working capital items | 20 | **(3,118,417)** | 62,763 |
| **Cash utilized in operations** | | **(4,190,279)** | (1,055,787) |
| Adjustments to net loss for cash items | | | |
| Realized foreign exchange loss / (gain) | | **241,754** | (4,964) |
| **Net operating cash flows** | | **(3,948,525)** | (1,060,751) |
| **Investing activities** | | | |
| Purchases of property, plant and equipment | 14 | **(1,260,198)** | (112,387) |
| Assets under construction expenditures | 14 | **(11,562,225)** | (5,239,878) |
| Exploration and evaluation expenditures | 15 | **(742,364)** | (69,868) |
| **Net investing cash flows** | | **(13,564,787)** | (5,422,133) |
| **Financing** | | | |
| Share subscriptions | 17 | **-** | 1,068,805 |
| Borrowing costs paid | 11 | **(91,556)** | - |
| Share issue costs | 17 | **-** | (29,207) |
| Payment of lease liabilities | 9 | **(15,471)** | (15,405) |
| **Net financing cash flows** | | **(107,027)** | 1,024,193 |
| **Effect of exchange rates on cash** | | **428,808** | 474,309 |
| **Net change in cash** | | **(17,191,531)** | (4,984,382) |
| **Cash, beginning of the period** | | **28,261,552** | 5,402,920 |
| **Cash, end of the year** | | **$ 11,070,021** | $ 418,538 |

Supplemental cash flow information (Note 20)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
In Canadian dollars (unaudited)

| | Note | Common Shares | Share purchase warrants | Option Reserve | Currency translation reserve | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balance on December 31, 2019** | | **$ 67,550,111** | **$ 533,000** | **$ 4,902,308** | **$ 559,126** | **$ (20,961,259)** | **$ 52,583,286** |
| Share issuance costs | 17 | (9,940) | - | - | - | - | (9,940) |
| Issue of share options | 17 | - | - | 1,078,000 | - | - | 1,078,000 |
| Net loss for the period | | - | - | - | - | (1,589,033) | (1,589,033) |
| Comprehensive income | | - | - | - | 1,192,294 | - | 1,192,294 |
| **Balance on March 31, 2020** | | **$ 67,540,171** | **$ 533,000** | **$ 5,980,308** | **$ 1,751,420** | **$ (22,550,292)** | **$ 53,254,607** |
| Private placements | 17 | 30,774,915 | - | | | | 30,774,915 |
| Share issuance costs | 17 | (1,234,502) | - | - | - | - | (1,234,502) |
| Writeback of warrants expired | 17 | - | (58,000) | - | - | 58,000 | - |
| Share based payments | 17 | - | - | (120,000) | - | | (120,000) |
| Options exercised | 17 | 42,000 | - | (14,118) | - | 14,118 | 42,000 |
| Net loss for the period | | - | - | - | - | (2,281,074) | (2,281,074) |
| Comprehensive income (loss) | | - | - | - | (2,521,109) | - | (2,521,109) |
| **Balance on December 31, 2020** | | **$ 97,122,584** | **$ 475,000** | **$ 5,846,190** | **$ (769,689)** | **$ (24,759,248)** | **$ 77,914,837** |
| Share issuance costs | 17 | - | | - | - | - | - |
| Issue of share options | 17 | - | - | - | - | - | - |
| Reinstatement of warrants | 17 | - | 58,000 | - | - | (58,000) | - |
| Net loss for the period | | - | - | - | - | (85,264) | (85,264) |
| Comprehensive income (loss) | | - | - | - | (1,040,667) | - | (1,040,667) |
| **Balance on March 31, 2021** | | **$ 97,122,584** | **$ 533,000** | **$ 5,846,190** | **$ (1,810,356)** | **$ (24,902,512)** | **$ 76,788,906** |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 1. CORPORATE INFORMATION

Thor Explorations Ltd. N.P.L. was incorporated on September 11, 1968, under certificate number 81705 as a specially limited company pursuant to the Company Act (British Columbia, Canada). On December 4, 2001, Thor Explorations Ltd. N.P.L. changed its name to Thor Explorations Ltd. (“Old Thor”). On March 28, 2006, Old Thor transitioned to the British Columbia Business Corporations Act and on August 24, 2007, Old Thor resolved to remove the pre-existing company provisions applicable to Old Thor. Effective on September 1, 2009, Old Thor amalgamated with Magnate Ventures Inc. The amalgamated entity continued as Thor Explorations Ltd. (“Thor” or the “Company”). Thor trades on the TSX Venture exchange under the symbol “THX-V”.

The Company is a natural resources company with no revenue, engaged in the acquisition, exploration and development of mineral properties, and is currently focused on gold projects located in West Africa.

The Company’s registered office is located at 550 Burrard Street, Suite 2900, Vancouver, BC, Canada, V6C 0A3.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

### b) Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. A precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period involves the use of estimates, which have been made using careful judgment.  Actual results may differ from these estimates.  The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed financial statements are discussed in Note 4.

## 2. BASIS OF PREPARATION (continued)

### c) Nature of operations and going concern

As at March 31, 2021, the Company had cash of $11,070,021, restricted cash of $4,407,381 and net working capital excluding Gold Stream repayments which are contingent upon production of $14,191,673. The Company has undrawn debt facilities of $41 million (US$32.5 million) which will provide sufficient funding for the completion of the construction of its Segilola Gold Mine ("Segilola") in Osun state, Nigeria.

The predominant focus of operational activities will be the development of Segilola through to production. The Board has reviewed the Group's cash flow forecasts up until December 2022, having regard to its current financial position and operational objectives. The Board is satisfied that the Group has sufficient financial resources to meet its commitments for at least the next twelve months.

The emergence of the Covid-19 coronavirus pandemic has caused a severe adverse effect on the business environment on a global scale. The Group may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of government responses to the spread of Covid-19 or other potential pandemics.

The Board is aware of the various risks that the pandemic presents that include but are not limited to financial, operational, staff and community health and safety, logistical challenges and government regulation. At present the Board believes that there should be no significant material disruption to its operations in Nigeria and continues to monitor these risks and the Group's business continuity plans. Management maintains constant dialogue with local the Nigerian government and monitors the situation among the local communities as well as the broader environment.

The Group's operations in Senegal have not been impacted by Covid-19 and exploration activities are continuing.

The Board has considered the operational disruption that could be caused by factors such as delays to commercial production, illness amongst workforce caused by Covid-19, and potential disruptions to supply chains. The Board has conducted sensitivity testing of its cash flow forecasts factoring in these potential impacts and it has considered reasonable mitigating actions to its forecasts and sensitivity scenarios. The major focus on sensitivity testing was on the anticipated production from its soon to be completed Segilola Gold Mine. Scenarios considered included a delay by four months in commissioning of the mine and a fall in the gold price were considered. The forecast cashflows are based on a gold price of US$1,600/oz and the current gold price is circa US$1,900/oz. The life of mine all in sustaining cost at Segilola is US$685/oz providing the Group with a significant margin of safety from any material fall in the gold price. In the event of a material delay in commissioning at Segilola, the Group has mitigating actions available to minimize the impact of the delay including liquidated damages that are payable under the EPC contract (US$1.6m per month), DSU insurance which covers the full interest chargeable under the Secured Senior Debt Facility (US$0.5m per month), and triggering a suspension of mining under the terms of the Mining Contract.

The Board is satisfied that the mitigating actions available should there be a significant delay to commissioning of the Segilola Gold Mine will not jeopardize the Group's ability to continue as a going concern.

In Canadian dollars, except where noted (unaudited)

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements unless otherwise stated.

### a) Consolidation principles

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions and balances are eliminated upon consolidation.

### b) Details of the group

In addition to the Company, these unaudited condensed consolidated interim financial statements include all subsidiaries of the Company. Subsidiaries are all corporations over which the Company has power over the Subsidiary and it is exposed to variable returns from the Subsidiary and it has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The audited consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity, with Subsidiaries being fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

| Company | Location | Incorporated | Interest |
|---|---|---|---|
| Thor Investments (BVI) Ltd. ("Thor BVI") | British Virgin Islands | June 30, 2011 | 100% |
| African Star Resources Incorporated ("African Star") | British Virgin Islands | March 31, 2011 | 100% |
| Segilola Resources Incorporated ("SR BVI") | British Virgin Islands | March 10, 2020 | 100% |
| African Star Resources SARL ("African Star SARL") | Senegal | July 14, 2011 | 100% |
| Argento Exploration BF SARL ("Argento BF SARL") | Burkina Faso | September 15, 2010 | 100% |
| AFC Constelor Panafrican Resources SARL ("AFC Constelor SARL") | Burkina Faso | December 9, 2011 | 100% |
| Segilola Resources Operating Limited ("SROL") | Nigeria | August 18, 2016 | 100% |
| Segilola Gold Limited ("SGL") | Nigeria | August 18, 2016 | 100% |

There have been no changes in ownership interest from the previous year.

### c) Foreign currency translation

***Functional and presentation currency***
The Company's presentation currency is the Canadian dollar ("$"). The functional currency for the Company, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange rates published by the Bank of Canada and Oanda were used to translate the Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL's financial statements into the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires, on consolidation, that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL are recognized in other comprehensive income (loss). Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

***Foreign currency transactions***
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

### d) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period. Costs directly relating to financing facilities are initially recognised against the loan balance, and subsequently released to the income statement over the term of the facility.

***Derecognition of financial assets and liabilities***

<u>Financial assets</u>
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Financial Instruments (continued)***

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

***Financial Assets***

Under IFRS 9, the Group classifies its financial assets into the following categories: those to be held at amortised cost, and those to be measured subsequently at fair value through profit and loss.
Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

Amortised cost: these assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Amounts receivables are measured at amortised cost using the effective interest rate method, less impairment.

***Cash and cash equivalents***

Cash and cash equivalents represent cash balances held at bank and on demand deposits. Cash and cash equivalents are measured at amortised cost.

Restricted cash represent cash balances held in bank accounts that are ring fenced to be applied to the construction costs at the Company's Segilola Gold Mine in Nigeria.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income.

As at March 31, 2021 the Company had $4.4 million (US$3.5 million) that is accounted for separately from cash and cash equivalents. It is classified as restricted cash as the funds are not freely available for the Company's use. Refer to Note 7.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Impairment of Financial Assets***

The Group recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost which comprise mainly of receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Impairment provisions for other receivables are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

***Financial Liabilities***

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

Financial liabilities are initially recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost. These comprise Loans and borrowings, accounts payable, accrued liabilities and deferred payment. Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized in the statement of comprehensive loss over the period of the loans and borrowings using the effective interest rate method. If estimates of future payments are revised, the carrying amount of the financial liability is adjusted to reflect actual and revised estimated cash flows.

Where financial liabilities are settled through the issue of shares, the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued, is recognized in profit or loss.

***Gold Stream arrangement***

On April 29, 2020, the Company announced the completion of financing requirements for the development of the Segilola Gold Project in Nigeria. The financing included a US$21 million gold stream prepayment pursuant to a Gold Stream Arrangement ("GSA") entered in to with the African Finance Corporation ("AFC").

Under the terms of the GSA an advance payment of US$21 million was received. Upon the commencement of production at Segilola the AFC will have the right to receive 10.27% of gold produced from the Group's ML41 mining license. Once the initial liability has been repaid in full any further gold production will be delivered under the terms of the GSA up to the money multiple limit of 2.25 times the initial advance. The total maximum amount payable to the AFC under this agreement is US$47.25m including the repayment of the initial US$21 million advance. The advanced payment has been recorded as a contract liability based on the facts and terms of the arrangement and own use exemptions considerations.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Gold Stream arrangement continued***

The maximum US$26.25 million payable after the initial US$21 million has been settled has been identified as a significant financing component. The deemed interest rate is calculated at inception, using the production plan and gold price estimates and released over the term of the arrangement as interest expense in the income statement upon commencement of production. The deemed interest rate will be recalculated at each reporting period and restated based on changes to the expected production profile and gold price estimates.

Revenue from the streaming arrangement will be recognized under IFRS 15 when the customer obtains control of the gold and the Group has satisfied its performance obligations. The revenue recognized reduces the contract liability balance.

***Capitalisation of borrowing costs***

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.
All other borrowing costs are recognised in the income statement in the period in which they are incurred.

### e) Property, plant and equipment

***Recognition and Measurement***
On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

***Subsequent Costs***
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Property, plant and equipment continued***

***Gains and Losses***

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

***Depreciation***

Depreciation on property plant & equipment is recognized in profit or loss except where depreciation is directly attributable to mineral properties owned by the Group that are classified as either Exploration & Evaluation of Assets Under Construction. Depreciation in this instance is capitalized to the value of the mineral property asset (refer to Note 15). Depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

| | Rate |
|---|---|
| Motor vehicles | 20-33% |
| Plant and machinery | 20-25% |
| Office furniture | 20-33% |
| Software | 20-25% |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### f) Assets under construction

Assets under construction comprise development projects and assets in the course of construction at both the mine development and production phases.

Development projects comprise interests in mining projects where the ore body is considered commercially recoverable and the development activities are ongoing. Expenditure incurred on a development project is recorded at cost, less applicable accumulated impairment losses. Interest on borrowings, incurred for the purpose of the establishment of mining assets, is capitalised during the construction phase.

The cost of an asset in the course of construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use, at which point it is transferred from assets under construction to other relevant categories and depreciation commences.

Assets under construction are not depreciated.

Upon commercial production being achieved assets under construction will be re-categorised as Mining Property, and any costs will be depleted using a units of production method.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Exploration and evaluation expenditures

***Acquisition costs***
The fair value of all consideration paid to acquire an unproven mineral interest is capitalized, including amounts due under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

***Exploration and evaluation expenditures***
All costs incurred prior to legal title are expensed in the consolidated statement of comprehensive loss in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated realisable value, are written off to the statement of comprehensive loss.

At such time as commercial feasibility is established, project finance has been raised, appropriate permits are in place and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Assets under construction.

***Farm-in agreements***
As is common practice in the mineral exploration industry, the Company may acquire or dispose of all, or a portion of, an exploration and evaluation asset under a farm-in agreement. Farm-in agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the party farming-in. The Company recognizes amounts payable under a farm-in agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under a farm-in agreement only when the party farming-in has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Amounts received under farm-in agreements reduce the capitalized costs of the optioned unproven mineral interest to nil, and are then recognized as income.

### h) Impairment of non-current assets

Impairment tests for non-current assets are performed when there is an indication of impairment. At each reporting date, an assessment is made to determine whether there are any indications of impairment. Prior to carrying out impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IAS 36 - Impairment of Assets for property plant and equipment, or IFRS 6 - Exploration for and Evaluation of Mineral Resources.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Impairment of non-current assets (continued)***

Impairment reviews performed under IAS 36 are carried out on a periodic basis to ensure that the value recognised on the Statement of Financial Position is not greater than the recoverable amount. Recoverable amount is defined as the higher of an asset's fair value less costs of disposal, and its value in use.

Impairment reviews performed under IFRS 6 are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:
(i) sufficient data exists that render the resource uneconomic and unlikely to be developed
(ii) title to the asset is compromised
(iii) budgeted or planned expenditure is not expected in the foreseeable future
(iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

If any indication of impairment exists, an estimate of the non-current asset's recoverable amount is calculated. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of comprehensive loss so as to reduce the carrying amount of the non-current asset to its recoverable amount.

### i) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognized in profit and loss, except for income taxes relating to items recognized directly in equity or other comprehensive income.

Current income tax, if any, is the expected amount payable or receivable on the taxable income or loss for the year, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Income taxes (continued)***

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### j) Basic and diluted income or loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of commons shares outstanding during the year. Diluted income per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts for the basic and diluted loss per share.

### k) Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income (loss) that are excluded from net earnings (loss). The main element of comprehensive income (loss) is the foreign exchange effect of translating the financial statements of the subsidiaries from local functional currencies into Canadian dollars upon consolidation. Movements in the exchange rates of the US Dollar, Pound Sterling, Nigerian Naira and West African Franc to the Canadian dollar will affect the size of the comprehensive income (loss).

### l) Share-based payments

Where options are awarded for services the fair value, at the grant date, of equity-settled share awards is either charged to income or loss, or capitalized to assets under construction where the underlying personnel cost is also capitalized, over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the Options reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. Where warrants are awarded in connection with the issue of common shares the fair value, at the grant date, is transferred from common shares with the corresponding accrued entitlement recorded in the share purchase warrants reserve. The fair value of options and warrants awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Share based payments (continued)***

When equity instruments are modified, if the modification increases the fair value of the award, the additional cost must be recognised over the period from the modification date until the vesting date of the modified award.

**m) Decommissioning, site rehabilitation and environmental costs**

The Group is required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. The net present value of estimated future rehabilitation costs is provided for in the financial statements and capitalised within property, plant and equipment on initial recognition. The capitalised cost is amortised on a unit of production basis. Unwinding of the discount is recognised as finance cost in the statement of comprehensive income as it occurs. Changes in estimates are dealt with on a prospective basis as they arise. The costs of on-going programmes to prevent and control pollution and to rehabilitate the environment are charged to profit or loss as incurred.

**n) Leases**

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and,
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Leases (continued)***

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and,
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and,
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

### o) Interest income

Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

### p) Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

### q) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the Group has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.
Unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### r) Application of new and revised International Financial Reporting Standards

There were no new standards or interpretations effective for the first time for periods beginning on or after January 1, 2021, that had a significant effect on the Group's financial statements.

### s) Future accounting pronouncements

There are no standards issued by IASB, but not yet effective, that are expected to have a material impact of the group.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

### a) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) *Accounting treatment of Gold Stream Liability*

Determining the appropriate accounting treatment for the Gold Stream Liability is not an accounting policy choice, rather it is an assessment of the specific facts and circumstances and requires judgement. The Company has reviewed the terms of the Gold Sale Agreement and determined that it constitutes a commodity arrangement as it is an arrangement to deliver an amount of the commodity from the Group's own Segilola Gold Project operation, and does not constitute a contract liability under IFRS 15.

The principal accounting estimates in calculating the value of the Gold Stream Liability are production plan, gold price, the implied interest rate and future repayment profile. The buy-out option contained in the Gold Sale Agreement has been estimated at nil. In calculating the deemed interest rate for interest expense that will be released over the term of the Agreement, estimates of both the production plan and gold price will be the key variables. The deemed interest rate will be recalculated at each reporting period and restated based on changes to the expected production profile and gold price estimates, which will result in a revision to estimated future payments. Any change in future payments will result in a revision of the deemed interest rate.

The period-end Gold Stream obligation uses forward curve information based on the period-end gold spot price, which was US$1,925 /oz at March 31, 2021. A 1% change in gold production estimates would result in an impact of less than US$0.023 million on the Gold Stream liability.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

### b) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(i) *Impairment of exploration and evaluation assets*
In accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*, management is required to assess impairment in respect of the intangible exploration and evaluation assets. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Management has determined that it is appropriate to impair fully the value of the Central Houndé Project in Burkina Faso following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the license. An impairment charge of $121,909 has been charged to the Consolidated Statement of Comprehensive Loss. There were no impairment indicators present in respect of any of the other exploration and evaluation assets and as such, no additional impairment test was performed.

(ii) *Impairment of property, plant and equipment*
The Company has determined that there were no impairment indicators present in respect of the Segilola Gold Mine in accordance with IAS 36 and determined that no impairment was required to be recognised.

(iii) *Restoration, site rehabilitation and environmental costs*
The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate of the rehabilitation costs in the period in which they are incurred. This estimate includes judgements from management in respect of which costs are expected to be incurred in the future, the timing of these costs and their present value. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine. A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of $0.05 million (2020: $nil) on the provision for environmental and site restoration. The value of the year- end restoration provision is disclosed within note 13.

In Canadian dollars, except where noted (unaudited)

## 5. OTHER ADMINISTRATIVE EXPENSES

| | Note | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|---|
| Audit and legal | | **$ 121,962** | $ 19,780 |
| Consulting fees | | **86,732** | 159,628 |
| Directors' fees | 20 | **111,156** | 86,106 |
| Salaries and benefits | | **402,149** | 233,262 |
| Listing and filing fees | | **4,042** | 6,350 |
| Investor relations and transfer agent | | **62,714** | 75,182 |
| Bank charges | | **16,416** | 6,055 |
| Office and miscellaneous | | **75,426** | 57,411 |
| Travel | | **29,182** | 61,686 |
| Equipment hire | | **491,279** | - |
| | | **$ 1,401,058** | $ 705,460 |

In Canadian dollars, except where noted (unaudited)

## 6. RESTRICTED CASH

| | | **March 31, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Restricted cash | $ | **4,407,381** | $ | 4,460,026 |

On December 1, 2020, announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a US$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group's request in minimum disbursements of US$5 million. Following the closing SROL received a disbursement of US$21.5 million ($27.9 million), representing 40% of the facility. Under the terms of the facility, the Company was required to place a total of US$3.5 million ($4.4 million) into a cost overrun bank account that can only be used for expenditure on the development of the Segilola Gold Project in the event of construction costs exceeding budget. Accordingly, the balance of the cost overrun bank account at the reporting date has been shown separately from Cash on the Statement of Financial Position. Refer to Note 12 for further detail on the facility.

## 7. AMOUNTS RECEIVABLE

| | | **March 31, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| GST | $ | **2,948** | $ | 1,414 |
| Advances to third parties | | **3,147,830** | | - |
| Other receivables | | **43,117** | | 55,291 |
| | $ | **3,193,895** | $ | 56,705 |

During the period under review the Company made an advance of US$2.5m ($3.14m) to the EPC contractor to facilitate the continuing construction of the Segilola Gold Mine. The advances are free of interest and will be repaid before the end of June 2021.
The value of receivables recorded on the balance sheet is approximate to their recoverable value and there are no expected material credit losses.

## 8. PREPAID EXPENSES, ADVANCES AND DEPOSITS

| | | **March 31, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Current: | | | | |
| Insurance | $ | **31,979** | $ | 47,973 |
| Gold Stream liability arrangement fees | | **52,250** | | 52,910 |
| Other deposits | | **465,160** | | 295,795 |
| Other prepayments | | **99,400** | | 156,018 |
| | $ | **648,789** | | 552,696 |
| Non-current: | | | | |
| Gold Stream liability arrangement fees | $ | **156,749** | $ | 171,957 |
| Other prepayments | | **23,327** | | 23,327 |
| | $ | **180,076** | $ | 195,284 |

In Canadian dollars, except where noted (unaudited)

## 9. LEASES

The Group accounting for leases in accordance with IFRS 16. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. $14,757 (2020 year: $59,778) has been expensed in the period in relation to low value and short- term leases. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The key impacts on the Statement of Comprehensive Loss and the Statement of Financial Position for the period ended March 31, 2021, were as follows:

| | Right of use asset | Lease liability | Income statement |
|---|---|---|---|
| Carrying value December 31, 2020 | $ 87,817 | $ (38,969) | $ - |
| New leases entered in to during the period | - | - | - |
| Depreciation | (16,307) | - | (14,346) |
| Interest | - | (411) | (411) |
| Lease payments | - | 15,471 | - |
| Foreign exchange movement | (184) | 104 | (80) |
| Carrying value at March 31, 2021 | $ 71,326 | $ (23,805) | $ (14,837) |

Total depreciation for the year under IFRS 16 was $16,307. Of the total depreciation charge, $14,346 was charged to the Statement of Comprehensive Loss, and $1,961 was capitalized to Assets Under Construction.

The key impacts on the Statement of Comprehensive Loss and the Statement of Financial Position for the year ended December 31, 2020, were as follows:

| | Right of use asset | Lease liability | Income statement |
|---|---|---|---|
| Balance on transition | $ 108,177 | $ (96,665) | $ - |
| New leases entered in to during the year | 41,969 | (41,969) | - |
| Depreciation | (60,559) | - | (56,619) |
| Interest | - | (3,159) | (3,159) |
| Lease payments | - | 103,009 | - |
| Foreign exchange movement | (1770) | (185) | (1,955) |
| Carrying value at 31 December 2019 | $ 87,817 | $ (38,969) | $ (61,733) |

In Canadian dollars, except where noted (unaudited)

## 10. GOLD STREAM LIABILITY

*Gold stream liability*

| | | March 31, 2021 Total | | December 31, 2020 Total |
|---|---|---|---|---|
| Balance at Beginning of period | $ | 31,416,951 | $ | - |
| Drawdown | | - | | 28,197,777 |
| Interest at the effective interest rate | | 2,131,573 | | 4,545,134 |
| Foreign exchange movement | | (651,327) | | (1,325,960) |
| **Balance at End of period** | **$** | 32,897,197 | **$** | 31,416,951 |
| Current liability | | 10,669,880 | | 6,068,017 |
| Non-current liability | | 22,227,317 | | 25,348,934 |

On April 29, 2020, the Company announced the closing of project financing for its flagship Segilola Gold Project (“Segilola”) in Osun State, Nigeria. The financing included a US$21 million gold stream upfront deposit (“the Prepayment") over future gold production at Segilola under the terms of a Gold Purchase and Sale Agreement (“GSA”) entered in to between the Company’s wholly owned subsidiary SROL and the AFC. The Prepayment is secured over the shares in SROL as well as over SROL’s assets, and is not subject to interest. The initial term of the GSA is for ten years with an automatic extension of a further ten years. The AFC will receive 10.27% of gold production from the Segilola ML41 mining license until the US$21 million Prepayment has been repaid in full. Thereafter the AFC will continue to receive 10.27% of gold production from material mined within the ML41 mining license until a further US$26.25 million is received, representing a total money multiple of 2.25 times the value of the Prepayment, at which point the GSA will terminate. The AFC are not entitled to receive an allocation of gold production from material mined from any of the Group’s other gold tenements under the terms of the GSA.

The US$26.25 million represents interest on the Prepayment. A calculation of the implied interest rate was made as at drawdown date with interest being apportioned over the expected life of the Stream Facility. The principal input variables used in calculating the implied interest rate and repayment profile were production profile and gold price. The future gold price estimates are based on market forecast reports for the years 2021 to 2025 and, the production profile is based on the latest life of mine plan model. The liability will be re-estimated on a periodic basis to include changes to the production profile, any extension to the life of mine plan and movement in the gold price. Upon commencement of production, any change to the implied interest rate will be expensed through the Consolidated Statement of Loss.

Interest expense of $2,131,573 was recognised for the three months ended March 31, 2021, and has been capitalized and is included in the value of Assets Under Construction (Refer to Note 14). To the date of this report a cumulative total of $6,676,707 has been capitalized and included in the value of Assets Under Construction. The interest expense will be released to the income statement upon commencement of production in line with units of gold produced.

In Canadian dollars, except where noted (unaudited)

## 11. LOANS AND BORROWINGS

| | | March 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Current liabilities: | | | | |
| Loans payable to the Africa Finance Corporation less than 1 year | **$** | **-** | $ | - |
| Deferred element of EPC contract | | **191,817** | | 68,279 |
| | **$** | **191,817** | | 68,279 |
| Non-current liabilities: | | | | |
| Loans payable to the Africa Finance Corporation more than 1 year | **$** | **18,092,339** | $ | 18,140,636 |
| Deferred element of EPC contract | | **2,432,302** | | 2,391,152 |
| | **$** | **20,524,641** | $ | 20,531,788 |

*Loans from the Africa Finance Corporation*

| | | March 31, 2021 Total | | December 31, 2020 Total |
|---|---|---|---|---|
| Balance at Beginning of period | $ | 18,140,636 | $ | - |
| Drawdown | | - | | 27,927,401 |
| Equity component | | - | | (5,666,011) |
| Arrangement fees | | (91,556) | | (4,016,642) |
| Unwinding of interest in the year | | 559,402 | | 186,205 |
| Foreign exchange movement | | (516,143) | | (290,317) |
| **Balance at End of period** | **$** | 18,092,339 | **$** | 18,140,636 |
| Current liability | | - | | - |
| Non-current liability | | 18,092,339 | | 18,140,636 |

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited (“SROL”) had completed the financial closing of a US$54 million project finance senior debt facility (“the Facility”) from the Africa Finance Corporation (“AFC”) for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group’s request in minimum disbursements of US$5 million. Following the closing SROL received a disbursement of US$21.5 million, representing 40% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments expected to commence in March 2022 and conclude in March 2025.

Repayment of the aggregate Facility will be made in instalments over and 36-month period by repaying an amount on a series of repayment dates, as set out in the Facility Agreement, which reduces the amount of the outstanding aggregate Facility by the amount equal to the relevant percentage of Loans borrowed as at the close of business in London on the date of Financial Close.

Interest accrues at LIBOR plus 9% and is payable on a quarterly basis in arrears. The Facility also is subject to a Commitment Fee of 2.5% per annum on the Facility with the Commitment Fee being payable on a quarterly basis in arrears.

In conjunction with the granting of the Facility, Thor issued 33,329,480 bonus shares to the AFC. Thor also incurred transaction costs of $4,016,642 in relation to the loan facility. The fair value of the liability was determined at $18,244,748 taking into account the transaction costs and equity component and recognized at amortised cost using an effective rate of interest, with the fair value of the shares issued of $5,666,011 recognized within equity.

Interest paid during the period of $632,042 has been capitalized under Assets Under Construction. (Refer to Note 14). As at March 31, 2021, $41 million (US$32.5 million) of the facility remains available for drawdown.

In Canadian dollars, except where noted (unaudited)

## 11. *LOANS AND BORROWINGS (continued)*

*Deferred payment facility on EPC contract for the construction of the Segilola Gold Mine*

The Company is constructing its Segilola Gold Mine through an engineering, procurement and construction contract ("EPC Contract") signed with Norinco International Cooperation Limited. The EPC Contract has been agreed on a lump sum turnkey basis which provides Thor with a fixed price of US$67.5 million for the full delivery of design, engineering, procurement, construction and commissioning of the proposed 650,000 ton per annum gold ore processing plant.

The EPC Contract includes a deferred element ("the Facility") of up to 10% of the fixed price. As at March 31, 2021, a total of $2,624,119 (US$2,125,418) (December 31, 2020: $2,459,431 (US$2,009,314)) was deferred under the facility. Interest accrues at 8% per annum from the time the completion certificate is issued. Repayments are due to commence in March 2022 and conclude in 2025. The amount deferred was initially measured at fair value and subsequently at amortised cost using the effective interest method.

| | | March 31, 2021 Total | | December 31, 2020 Total |
|---|---|---|---|---|
| Deferred payment facility | $ | 2,624,119 | $ | 2,459,431 |
| **Balance December 31, 2020** | **$** | 2,624,119 | **$** | 2,459,431 |
| Current liability | | 191,817 | | 68,279 |
| Non-current liability | | 2,432,302 | | 2,391,152 |

## 12. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | | | AFC loan | EPC deferred facility | Total |
|---|---|---|---|---|---|
| January 1, 2021 | | $ | 18,140,636 | 2,459,431 | 20,600,067 |
| Cash flows: | | | | | |
| | Drawdowns | | - | - | - |
| | Transaction costs | | (91,556) | - | (91,556) |
| Non-cash changes: | | | | | |
| | Unwinding of interest in the year | | 559,402 | - | 559,402 |
| | Foreign exchange movements | | (516,143) | - | (516,143) |
| | Offset against EPC payment | | - | 164,688 | 164,688 |
| March 31, 2021 | | $ | 18,092,339 | 2,624,119 | 20,716,458 |

## 13. PROVISION FOR RESTORATION

| | March 31, 2021 Total | December 31, 2020 Total |
|---|---|---|
| Balance at Beginning of period | $ 618,586 | $ - |
| Initial recognition of provision | - | 618,586 |
| Increase in provision | 647,612 | |
| **Balance at End of period** | **$ 1,266,198** | **$ 618,586** |
| Current liability | - | - |
| Non-current liability | 1,266,198 | 618,586 |

The above provision relates to site restoration at Segilola Gold Project in Osun State Nigeria. The fair value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. It is expected that the restoration costs will be paid in US dollars, and as such the 2020 US inflation rate of 2.28% and the interest rate of 0.25% on 5-year US bonds were used to calculate the expected future cash flows. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations completed or commenced as at March 31, 2021. The restoration liability will increase in future accounting periods as construction is completed.

In Canadian dollars, except where noted (unaudited)

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Motor vehicles | Plant and machinery | Software | Office furniture | Land | Decommissioning Asset | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| **Costs** | | | | | | | | |
| **Balance, December 31, 2019** | $ 413,237 | $ 378,781 | $ 19,217 | $ 146,160 | $ - | $ - | $ - | $ 957,397 |
| Transfer from exploration & evaluation assets | - | - | - | - | - | - | 37,015,004 | 37,015,004 |
| Acquisition payments | - | - | - | - | 23,012 | - | 318,152 | 341,164 |
| Additions | 1,445,547 | 133,834 | 316,936 | 213,730 | - | 618,586 | 55,448,668 | 58,177,301 |
| Foreign exchange movement | (83,771) | 10,225 | (19,194) | (14,381) | - | - | (3,447,668) | (3,554,789) |
| **Balance, December 31, 2020** | $ 1,775,013 | $ 522,841 | $ 316,959 | $ 345,509 | $ 23,012 | $ 618,586 | $ 89,334,156 | $ 92,936,079 |
| Acquisition payments | - | - | - | - | - | - | - | - |
| Additions | 122,337 | 17,806 | 140,993 | 577,241 | - | 647,612 | 9,161,464 | 10,667,453 |
| Foreign exchange movement | (28,972) | (16,605) | (2,382) | (10,832) | (102) | - | (809,059) | (867,952) |
| **Balance, March 31, 2021** | **$ 1,868,378** | **$ 524,042** | **$ 455,570** | **$ 911,918** | **$ 22,910** | **$ 1,266,198** | **$ 97,686,561** | **$ 102,735,581** |
| | | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| **Balance, December 31, 2019** | $ 324,262 | $ 364,022 | $ 19,217 | $ 112,748 | $ - | $ - | $ - | $ 820,249 |
| Depreciation | 200,771 | 16,824 | 19,710 | 36,451 | - | - | - | 273,756 |
| Foreign exchange movement | (28,165) | 17,543 | (975) | (2,212) | - | - | - | (13,810) |
| **Balance, December 31, 2020** | $ 496,868 | $ 398,388 | $ 37,952 | $ 146,987 | $ - | $ - | $ - | $ 1,080,195 |
| Depreciation | 101,494 | 11,374 | 41,370 | 27,826 | - | - | - | 182,064 |
| Foreign exchange movement | (18,589) | (16,150) | (1,966) | (3,802) | - | - | - | (40,507) |
| **Balance, March 31, 2021** | **$ 579,773** | **$ 393,612** | **$ 77,356** | **$ 171,011** | **$ -** | **$ -** | **$ -** | **$ 1,221,751** |
| | | | | | | | | |
| **Carrying amounts** | | | | | | | | |
| Carrying value at December 31, 2019 | $ 88,975 | $ 14,759 | $ - | $ 33,412 | $ - | $ - | $ - | $ 137,148 |
| Carrying value at December 31, 2020 | $ 1,278,145 | $ 124,453 | $ 279,007 | $ 198,522 | $ 23,012 | $ 618,586 | $ 89,334,156 | $ 91,855,884 |
| **Balance, March 31, 2021** | **$ 1,288,605** | **$ 130,430** | **$ 378,214** | **$ 740,907** | **$ 22,910** | **$ 1,266,198** | **$ 97,686,561** | **$ 101,513,830** |

Included within Assets Under Construction is a total of $3,345,568 borrowing costs capitalized during the period, including interest on the AFC loan of $632,042. The costs relate to both the Gold Stream Prepayment and AFC Secured Loan. The associated borrowings are secured over the assets under construction, and other property, plant & equipment of Segilola Resources Operating Limited.

In Canadian dollars, except where noted (unaudited)

## 14. *PROPERTY, PLANT AND EQUIPMENT (continued)*

A summary of depreciation capitalized is as follows:

| | Three months ended March 31, | | Total depreciation capitalized | |
|---|---|---|---|---|
| | **2021** | **2020** | **March 31, 2021** | **December 31, 2020** |
| Assets under construction | $ **157,184** | $ 14,916 | $ **494,924** | $ 337,740 |
| Exploration expenditures | **9,107** | 1,850 | **542,363** | 533,256 |
| Total | $ **166,291** | $ 16,766 | $ **1,037,287** | $ 870,996 |

### a) Segilola Project, Osun Nigeria:

Classification of Expenditure on the Segilola Gold Project

On April 29, 2020, the Company announced the execution of definitive documents with the Africa Finance Corporation to reach full funding of the Segilola Gold Project in Nigeria ("the Project") and made the Final Investment Decision to proceed with construction of the Project. In accordance with the provisions of IFRS 6, this milestone achievement triggers a change in accounting treatment for expenditure on the Project whereby the costs incurred on the Project were transferred from Exploration and Evaluation Assets to tangible assets as Assets under construction. This transfer in the audited financial statements for the year ended December 31, 2020. Upon transfer of the Segilola Gold Project from Exploration and Evaluation assets to Assets under Construction, the Company undertook an impairment assessment in accordance with IAS 36 and determined that no impairment was required to be recognised based on the Open Pit DFS valuation of US$138 million, which was significantly above the value of the project recorded on the balance sheet of $37 million (US$29 million) as at the date of investment decision.

Decommissioning Asset

The decommissioning asset relates to estimated restoration costs at the Group's Segilola Gold Mine as at March 31, 2021. Refer to Note 14 for further detail.

In Canadian dollars, except where noted (unaudited)

## 15. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets costs are as follows:

| | Douta Gold Project, Senegal | Central Houndé Project, Burkina Faso | Segilola Gold Project, Osun Nigeria | Exploration licenses, Nigeria | Total |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| **Balance, December 31, 2019** | $ 13,708,142 | $ 1,555,938 | $ 31,336,433 | $ 79,379 | $ 46,679,892 |
| Exploration costs | 1,705,210 | 1,121 | 5,678,571 | 36,560 | 7,421,462 |
| Transfer to tangible assets | - | - | (37,015,004) | - | (37,015,004) |
| Impairment | - | (1,604,564) | - | - | (1,604,564) |
| Foreign exchange movement | 464,356 | 47,505 | - | (4,904) | 506,957 |
| **Balance, December 31, 2020** | $ 15,877,708 | $ - | $ - | $ 111,035 | $ 15,988,743 |
| Exploration costs | 423,877 | 121,812 | - | 19,904 | 565,593 |
| Impairment | - | (121,909) | - | - | (121,909) |
| Foreign exchange movement | (446,560) | 97 | - | (11,171) | (457,634) |
| **Balance, March 31, 2021** | **$ 15,855,025** | **$ -** | **$ -** | **$ 119,768** | **$ 15,974,793** |

**Classification of Expenditure on the Segilola Gold Project**

Refer to note 14 for details on classification.

### a) Douta Gold Project, Senegal:

The Douta Gold Project consists of an early-stage gold exploration license located in southeastern Senegal, approximately 700km east of the capital city Dakar.

The Company is party to an option agreement (the "Option Agreement") with International Mining Company ("IMC"), by which the Company has acquired a 70% interest in the Douta Gold Project located in southeast Senegal held through African Star SARL.

Effective February 24, 2012, the Company exercised its option to acquire a 70% interest in the Douta Gold Project pursuant to the terms of the Option Agreement between the Company and IMC. As consideration for the exercise of the option, the Company issued to IMC 11,646,663 common shares, based on a VWAP for the 20 trading days preceding the option exercise date of $0.2014 (or US$0.2018) per share, valued at $2,678,732 based on the Company's closing share price on February 24, 2012. The share payment includes consideration paid to IMC for extending the time period for exercise of the option.

Pursuant to the terms of the Option Agreement, IMC's 30% interest will be a "free carry" interest until such time as the Company announces probable reserves on the Douta Gold Project (the "Free Carry Period"). Following the Free Carry Period, IMC must either elect to sell its 30% interest to African Star at a purchase price determined by an independent valuer commissioned by African Star or fund its 30% share of the exploration and operating expenses.

**15. EXPLORATION AND EVALUATION ASSETS (continued)**

**b) Central Houndé Project, Burkina Faso:**

*(i) Bongui and Legue gold permits, Burkina Faso:*

AFC Constelor SARL held a 100% interest in the Bongui and Legue gold permits covering an area of approximately 233 km$^2$ located within the Houndé belt, 260 km southwest of the capital Ouagadougou, in western Burkina Faso.

*(ii) Ouere Permit, Central Houndé Project, Burkina Faso:*

Argento BF SARL held a 100% interest in the Ouere gold permit, covering an area of approximately 241 km$^2$ located within the Houndé belt.

The three permits together cover a total area of 474km$^2$ over the Houndé Belt which form the Central Houndé Project.

*(iii) Barrick Option Agreement, Central Houndé Project, Burkina Faso:*

On April 8, 2015, the Company entered into the Acacia Option Agreement with Acacia Mining plc (“Acacia”), whereby Acacia will have the exclusive option to earn up to a 51% interest in Central Houndé Project by satisfying certain conditions over a specified 4-year period and then the right to acquire an additional 29%, for an aggregate 80% interest in the Central Hounde Project, upon declaration of a Pre-Feasibility Study. Acacia met the minimum spending requirement for the Phase 1 Earn-in in September 2018. As a result, Acacia earned a 51% interest in the Central Houndé Project. The Group currently holds a 49% interest in the Central Houndé Project.

In 2019, Barrick Gold Corporation (“Barrick”) completed an acquisition of Acacia through the purchase of the ordinary share capital of Acacia that Barrick did not already own. The acquisition did not affect work undertaken at the Central Hounde Gold Project in Burkina Faso where Barrick continued its exploration work as per its Joint Operation with Thor.

In April 2021, Thor re-acquired Barrick’s 51% ownership of the Project in exchange for a 1% Net Smelter Royalty. Thor now holds 100% of the Central Houndé Project.

Following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the licenses, the Company carried out an impairment assessment at December 31, 2020, and determined that the unsuccessful sale attempt was an indication for impairment. It is the Company’s intention to focus on Segilola development and Douta exploration in the short term, and it does not plan to undertake significant work on the license areas in the near future. As a result, the decision was taken to impair fully the value of the Central Houndé Project, and for the three months to March 31, 2021, recognize an impairment charge of $121,909 through the Condensed Consolidated Statement of Comprehensive Loss.

In Canadian dollars, except where noted (unaudited)

## 15. EXPLORATION AND EVALUATION ASSETS (continued)

### c) Exploration Licenses, Nigeria

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor's exploration tenure currently comprises nine explorations licenses. Together with the mining lease over the Segilola Gold Deposit, Thor's total exploration tenure amounts to 912 km². The Company's exploration strategy includes further expansion of its Nigerian land package as and when attractive new licenses become available.

## 16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | | **March 31, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Trade payables | **$** | **4,297,208** | $ | 10,363,935 |
| Accrued liabilities | | **1,114,438** | | 552,029 |
| | **$** | **5,411,646** | $ | 10,915,964 |

Accounts payable and accrued liabilities are classified as financial liabilities and approximate their fair values. The significant increase in trade payables as at March 31, 2021, is due to amounts owing in connection with construction of the Segilola Gold Mine.

## 17. CAPITAL AND RESERVES

### a) Authorized

Unlimited common shares without par value.

### b) Issued

| | **March 31, 2021 Number** | | **March 31, 2021** | December 31, 2020 Number | | December 31, 2020 |
|---|---|---|---|---|---|---|
| As at start of the year | 621,405,975 | $ | 97,122,584 | 449,352,215 | $ | 67,550,111 |
| Issue of new shares: | | | | | | |
| - Share options exercised [i] | - | | - | 210,000 | | 42,000 |
| - Issue July 13, 2020 [ii] | - | | - | 75,548,530 | | 13,558,254 |
| - Issue costs July 13, 2020 | - | | - | - | | (1,223,457) |
| - Issue April 29, 2020 [iii] | - | | - | 28,215,750 | | 5,643,150 |
| - Issue April 29, 2020 creditor settlement [iv] | - | | - | 34,750,000 | | 5,907,500 |
| - Issue April 29, 2020 bonus shares [v] | - | | - | 33,329,480 | | 5,666,011 |
| - Issue December 4, 2019 [vi] | - | | - | - | | (20,985) [v] |
| | 621,405,975 | $ | 97,122,584 | 621,405,975 | $ | 97,122,584 |

[i] Value of 210,000 options were exercised on December 10, 2020, at a price of $0.20 per share.
[ii] Private placement of 75,548,530 common shares at a price of $0.18 per share.
[iii] Private placement of 28,215,750 common shares at a price of $0.20 per share.
[iv] Issue of 34,750,000 common shares in settlement of US$5 million owed to creditors. The fair value of the shares issued was determined at the share price at the date of issue of $0.17 per share. The difference between the fair value of the shares issued of $5,907,500 and the carrying amount of creditors settled of $6,950,000 is recognised in the statement of comprehensive loss as gain of settlement of liabilities of $1,042,000.
[v] Issue of 33,329,480 bonus common shares in connection with secured borrowing facility shares at a price of $0.17 per share (Refer to Note 12).
[vi] Additional costs associated with the private placement of 78,669,250 common shares in December 2019.

In Canadian dollars, except where noted (unaudited)

## 17. CAPITAL AND RESERVES (continued)

### c) Share-based compensation

The Company has granted directors, officers and consultants share purchase options. These options were granted pursuant to the Company's stock option plan.

Under the current Share Option Plan, 44,900,000 common shares of the Company are reserved for issuance upon exercise of options.

- On January 16, 2020, 14,250,000 stock options were granted at an exercise price of $0.20 per share for a period of five years. The options vested immediately.
- On October 5, 2018, 750,000 stock options were granted at an exercise price of $0.14 per share for a period of five years.
- On March 12, 2018, 12,800,000 stock options were granted at an exercise price of $0.145 per share for a period of five years.
- On May 7, 2017, 500,000 stock options were granted at an exercise price of $0.12 per share for a period of three years. On July 5, 2019, the Company announced an extension of the expiry date from May 7, 2020, to May 7, 2022. All other conditions of the options remain the same.
- On January 16, 2017, 9,750,000 stock options were granted at an exercise price of $0.12 per share for a period of three years. On July 5, 2019, the Company announced an extension of the expiry date from January 16, 2020, to January 16, 2022. In addition the vesting conditions attached to 1.75 million options were removed with the options vesting immediately and the resulting charge recorded in the Consolidated Statement of Comprehensive Loss.

All of the stock options were vested as at the balance sheet date. These options did not contain any market conditions and the fair value of the options were charged to the statement of comprehensive loss or capitalized as to assets under construction in the period where granted to personnel's whose cost is capitalized on the same basis. The assumptions inherent in the use of these models are as follows:

| Vesting period (years) | First vesting date | Expected remaining life (years) | Risk free rate | Exercise price | Volatility of share price | Fair value | Options vested | Options granted | Expiry |
|---|---|---|---|---|---|---|---|---|---|
| 5 | 01/16/2017 | 0.81 | 1.05% | $0.12 | 197.32% | $0.14 | 9,750,000 | 9,750,000 | 01/16/2022 |
| 5 | 05/07/2017 | 1.10 | 0.87% | $0.12 | 192.23% | $0.15 | 500,000 | 500,000 | 05/07/2022 |
| 5 | 03/12/2018 | 1.95 | 2.00% | $0.145 | 105.09% | $0.14 | 12,800,000 | 12,800,000 | 03/12/2023 |
| 5 | 10/05/2018 | 2.52 | 2.43% | $0.14 | 100.69% | $0.14 | 750,000 | 750,000 | 10/05/2023 |
| 5 | 01/16/2020 | 3.80 | 1.49% | $0.20 | 66.84% | $0.07 | 14,250,000 | 14,250,000 | 01/16/2025 |

The share price volatility measure for options granted in 2017 was the historical volatility in Thor's share price measured over the same number of years as the life of the options granted. In 2018 the Company elected to measure volatility by calculating the average volatility of a collection of three peer companies historical share prices for the exercising period of each parcel of options. Management believes that given the transformational change that the Company has undergone since the acquisition of the Segilola Gold Project in August 2016, the Company's historical share price is not reflective of the current stage of development of the Company, and that adopting the volatility of peer companies who have advanced from exploration to development is a more accurate measure of share price volatility for the purpose of options valuation.

In Canadian dollars, except where noted (unaudited)

## 17. CAPITAL AND RESERVES (continued)

### c) Share-based compensation (continued)

The following is a summary of changes in options from January 1, 2021, to March 31, 2021, and the outstanding and exercisable options at March 31, 2021:

| Grant Date | Expiry Date | | Exercise Price | Contractual Lives Remaining (Years) | January 1, 2021 Opening Balance | During the period Granted | During the period Exercised | During the period Expired / Forfeited | March 31, 2021 Closing Balance | March 31, 2021 Number of Options Vested and Exercisable | March 31, 2021 Number of Options Unvested |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 16-Jan-2017 | 16-Jan-2022 | i | $0.12 | 0.81 | 9,750,000 | - | - | - | 9,750,000 | 9,750,000 | - |
| 7-May-2017 | 7-May-2022 | ii | $0.12 | 1.10 | 500,000 | - | - | - | 500,000 | 500,000 | - |
| 12-Mar-2018 | 12-Mar-2023 | | $0.145 | 1.95 | 12,800,000 | - | - | - | 12,800,000 | 12,800,000 | - |
| 5-Oct-2018 | 5-Oct-2023 | | $0.14 | 2.52 | 750,000 | - | - | - | 750,000 | 750,000 | - |
| 16-Jan-2020 | 16-Jan-2025 | | $0.20 | 3.80 | 14,040,000 | - | - | - | 14,040,000 | 14,040,000 | - |
| **Totals** | | | | **2.34** | **37,840,000** | **-** | **-** | **-** | **37,840,000** | **37,840,000** | **-** |
| **Weighted Average Exercise Price** | | | | | **$0.159** | **$0.200** | **$0.200** | **-** | **$0.159** | **$0.159** | **-** |

[i] On July 5, 2019, the Company announced an extension of the expiry date from January 16, 2020, to January 16, 2022. All other conditions of the options remain the same.

[ii] On July 5, 2019, the Company announced an extension of the expiry date from May 7, 2020, to May 7, 2022. All other conditions of the options remain the same.

In Canadian dollars, except where noted (unaudited)

## 17. CAPITAL AND RESERVES (continued)

The following is a summary of changes in options from January 1, 2020, to December 31, 2020, and the outstanding and exercisable options at December 31, 2020:

| Grant Date | Expiry Date | | Exercise Price | Contractual Lives Remaining (Years) | January 1, 2020 Opening Balance | During the period Granted | During the period Exercised | During the period Expired / Forfeited | December 31, 2020 Closing Balance | December 31, 2020 Number of Options Vested and Exercisable | December 31, 2020 Number of Options Unvested |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 16-Jan-2017 | 16-Jan-2022 | i | $0.12 | 1.05 | 9,750,000 | - | - | - | 9,750,000 | 9,750,000 | - |
| 7-May-2017 | 7-May-2022 | ii | $0.12 | 1.35 | 500,000 | - | - | - | 500,000 | 500,000 | - |
| 12-Mar-2018 | 12-Mar-2023 | | $0.145 | 2.19 | 12,800,000 | - | - | - | 12,800,000 | 12,800,000 | - |
| 5-Oct-2018 | 5-Oct-2023 | | $0.14 | 2.76 | 750,000 | - | - | - | 750,000 | 750,000 | - |
| 16-Jan-2020 | 16-Jan-2025 | | $0.20 | 4.05 | - | 14,250,000 | (210,000) | - | 14,040,000 | 14,040,000 | - |
| **Totals** | | | | **2.59** | **23,800,000** | **14,250,000** | **(210,000)** | **-** | **37,840,000** | **37,840,000** | **-** |
| **Weighted Average Exercise Price** | | | | | **$0.134** | **$0.200** | **$0.200** | **-** | **$0.159** | **$0.159** | **-** |

[i] On July 5, 2019, the Company announced an extension of the expiry date from January 16, 2020, to January 16, 2022. All other conditions of the options remain the same.

[ii] On July 5, 2019, the Company announced an extension of the expiry date from May 7, 2020, to May 7, 2022. All other conditions of the options remain the same.

In Canadian dollars, except where noted (unaudited)

## 17. CAPITAL AND RESERVES (continued)

### d) Share purchase warrants

On August 31, 2018, the Company issued 44,453,335 warrants pursuant to the private share placement closed on the same date, whereby one warrant was issued for every common share subscribed for (“Placement Warrants”). The warrants were issued with an exercise price of $0.28 for a period of thirty-six (36) months.

On August 31, 2018, the Company issued a total of 1,664,534 warrants to a broker for advisory services pursuant to the private share placement closed on the same date (“Broker Warrants”). The warrants were issued with an exercise price of $0.18 for a period of thirty-six (36) months. The Company had previously reported that the Broker Warrants were due to expire after a period of twenty-four (24) months, and the fair value of the warrants was written off from the share purchase warrants reserve in Q3 2020 after the 24 month period had been reached. Pursuant to consultation with the warrant holder, it has been determined that the warrants remain valid and have an expiry date of August 31, 2021. The previous reporting on the warrants in question by the Company has been corrected and the value of the Broker Warrants has been reinstated in these unaudited condensed consolidated financial statements to correct the accounting treatment of the Broker Warrants.

*Right to accelerate exercise of warrants*

If at any time after four months and one day after August 31, 2018, the Common Shares trade on the TSX Venture Exchange (the "TSX-V”) at a closing price equal to or greater than $0.36 for a period of twenty (20) consecutive trading days, the Company may exercise a right to accelerate the expiry date of the Placement Warrants by giving notice to the holders of the Placing Warrants within five trading days after such event that the Placing Warrants shall expire (30) days from the date of such notice.

| | Number of Warrants | Weighted Average Exercise Price | Carrying Value |
|---|---|---|---|
| **Balance, December 31, 2017** | | | $ - |
| Private placement | 44,453,335 | $0.28 | 475,000 |
| Broker | 1,664,534 | $0.18 | 58,000 |
| **Balance, December 31, 2018** | **46,117,869** | | **533,000** |
| **Balance, December 31, 2019** | **46,117,869** | | **533,000** |
| Broker warrants expiry August 31, 2020 | (1,664,534) | $0.18 | (58,000) |
| **Balance, December 31, 2020** | **44,453,335** | | **475,000** |
| Reinstatement of broker warrants | 1,664,534 | $0.18 | 58,000 |
| **Balance, March 31, 2021** | **46,117,869** | | **553,000** |

The value of the private placement warrants is net of the value of the Company’s right to accelerate exercise of the warrants.

The aggregate value of the Placement Warrants and Broker Warrants outstanding at the reporting date is $533,000 which was determined using the Black Scholes model. The inputs to the model are listed in the table below:

In Canadian dollars, except where noted (unaudited)

## 17. CAPITAL AND RESERVES (continued)

### d) Share purchase warrants (continued)

| Vesting period (years) | First vesting date | Expected life (years) | Risk free rate | Exercise price | Volatility of share price | Fair value | Warrants vested | Warrants granted | Expiry |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 31/08/2018 | 0.28 | 2.08% | $0.28 | 82.43% | $0.08 | 44,453,335 | 44,453,335 | 31/08/2021 |
| 3 | 31/08/2018 | 0.28 | 2.08% | $0.18 | 73.06% | $0.07 | 1,664,534 | 1,664,534 | 31/08/2021 |

The volatility was determined by calculating the average volatility of a collection of three peer companies historical share prices for the exercise period of each parcel of warrants.

The Company's right to accelerate the exercising of the warrants arises in the event that the Common Shares trade on the TSX Venture Exchange (the "TSX-V") at a closing price equal to or greater than $0.36 for a period of twenty (20) consecutive trading days. The Company may give notice to the holders of the warrants requiring that they exercise the warrants with a period of thirty (30) days from the date of notice, failing which the Warrants shall expire.

The inputs to the model for the Company's right to accelerate the exercising of the warrants are listed in the table below:

| Vesting period (years) | First vesting date | Expected life (years) | Risk free rate | Exercise price | Volatility of share price | Fair value | Warrants vested | Warrants granted | Expiry |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 31/08/2018 | 0.28 | 2.08% | $0.36 | 82.43% | $0.07 | 44,453,335 | 44,453,335 | 31/08/2021 |
| 3 | 31/08/2018 | 0.28 | 2.08% | $0.36 | 73.06% | $0.04 | 1,664,534 | 1,664,534 | 31/08/2021 |

### e) Nature and purpose of equity and reserves

The reserves recorded in equity on the Company's statement of financial position include 'Reserves', 'Currency translation reserve', and 'Deficit'.

'Share purchase warrants' is used to recognize the value of share purchase warrants prior to exercise or forfeiture.

'Option reserve' is used to recognize the value of stock option grants prior to exercise or forfeiture.

'Currency translation reserve' is used to recognize the exchange differences arising on translation of the assets and liabilities of foreign branches and subsidiaries with functional currencies other than Canadian dollars.

'Deficit' is used to record the Company's accumulated deficit.

In Canadian dollars, except where noted (unaudited)

## 18. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss attributed to shareholders for the three months to March 31, 2021, of $85,264 (March 31, 2020: $1,589,033) by the weighted average number of shares of 621,405,975 (March 31, 2020: 449,352,215) in issue during the year.

Due to the losses incurred during the period a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. Out of 37,840,000 (2020: 37,840,000) share incentives outstanding at the end of the period 37,840,000 (2020: 37,840,000) had already vested, which if exercised could potentially dilute basic earnings per share in the future.

## 19. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below.

### a) Trading transactions

The Africa Finance Corporation ("AFC") is deemed to be a related party given the size of its shareholding in the Company. There have been no other transactions with the AFC other than the Gold Stream liability as disclosed in Note 11, and the secured loan as disclosed in Note 12.

### b) Compensation of key management personnel

The remuneration of directors and other members of key management during the three months ended March 31, 2021, and 2020 were as follows:

| | | Three months ended March 31, | |
|---|---|---|---|
| | | **2021** | **2020** |
| Consulting fees & salaries | | | |
| Current directors and officers | (i) (ii) | $ **166,658** | $ 173,403 |
| Directors' fees | | | |
| Current directors and officers | (i) (ii) | **111,156** | 86,106 |
| Share-based payments | | | |
| Current directors and officers | | **-** | 813,115 |
| | | $ **277,814** | $ 1,072,624 |

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2021, and 2020.

(ii) The Company paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Company for services. Accounts payable and accrued liabilities at March 31, 2021, include $nil (December 31, 2020 - $44,288) due to directors or private companies controlled by an officer and director of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

In Canadian dollars, except where noted (unaudited)

## 20. SUPPLEMENTAL CASH FLOW INFORMATION

**a)** Changes in non-cash working capital are as follows:

| | Three months ended March 31, 2021 | | 2020 |
|---|---|---|---|
| Amounts receivable | $ **(3,137,190)** | $ | 1,872 |
| Restricted cash | **64** | | - |
| Prepaid expenses and deposits | **(80,885)** | | 75,773 |
| Accounts payable and accrued liabilities | **5,504,318** | | 537,800 |
| Change in non-cash working capital accounts | $ **2,286,308** | $ | 615,445 |
| Relating to: | | | |
| Operating activities | $ **(3,118,417)** | $ | 62,763 |
| Financing activities | **-** | | - |
| Investing activities | **5,404,725** | | 440,274 |
| | $ **2,286,308** | $ | 615,445 |

Accounts payable and accrued liabilities includes $4,333,188 (December 31, 2020 - $9,862,060) related to Assets under Construction and Exploration.

**b)** The Company has no outlays in respect of interest and income taxes for the three months ended March 31, 2021, and 2020.

In Canadian dollars, except where noted (unaudited)

## 21. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, amounts receivable, accounts payable, accrued liabilities, gold stream liability, loans and other borrowings and lease liabilities.

**Fair value of financial assets and liabilities**
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.

The carrying amount for cash, accounts receivable, and accounts payable, accrued liabilities and lease liabilities on the statement of financial position approximate their fair value because of the limited term of these instruments.

**Financial risk management objectives and policies**
The Group has exposure to the following risks from its use of financial instruments

- Interest rate risk
- Credit risk
- Liquidity and funding risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in these notes.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

**Financial instruments by category**
The accounting policies for financial instruments have been applied to the line items below:

| **March 31, 2021** | | Total |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 11,070,021 |
| Restricted cash | | 4,407,381 |
| Amounts receivable | | 3,193,895 |
| **Total assets measured at amortised cost** | | **18,671,297** |

| | | Total |
|---|---|---|
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ | 5,411,646 |
| Loans and Borrowings | | 20,716,458 |
| Lease liabilities | | 23,805 |
| **Total liabilities measured at amortised cost** | **$** | **26,151,909** |

In Canadian dollars, except where noted (unaudited)

## 21. FINANCIAL INSTRUMENTS (continued)

| **December 31, 2020** | | Total |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 28,261,552 |
| Restricted cash | | 4,460,026 |
| Amounts receivable | | 56,705 |
| **Total assets measured at amortised cost** | | **32,778,283** |

| | | Total |
|---|---|---|
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ | 10,915,964 |
| Loans and Borrowings | | 20,600,067 |
| Lease liabilities | | 38,969 |
| **Total liabilities measured at amortised cost** | **$** | **31,555,000** |

***Interest rate risk***

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to cash flow interest rate risk from the AFC secured loans with the interest at LIBOR plus 9% (Refer to Note 12). The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

The following table discusses the Company's sensitivity to a 1% increase or decrease in interest rates:

| | | Interest rate Appreciation By 1% | | Interest rate Depreciation By 1% |
|---|---|---|---|---|
| **March 31, 2021** | | | | |
| **Comprehensive income (loss)** | | | | |
| Financial assets and liabilities | $ | 277,200 | $ | (277,200) |
| **December 31, 2020** | | | | |
| **Comprehensive income (loss)** | | | | |
| Financial assets and liabilities | $ | 280,700 | $ | (280,700) |

***Credit risk***

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash and receivables is believed to be minimal.

Cash consists of cash on deposit in Canadian, UK, Mauritian, Nigerian, and Senegalese Chartered banks that are believed to be creditworthy.

In Canadian dollars, except where noted (unaudited)

## 21. FINANCIAL INSTRUMENTS (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2021, and December 31, 2020, were as follows:

| | | **March 31, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Cash | $ | 11,070,021 | $ | 28,261,552 |
| Restricted cash | | 4,407,381 | | 4,460,026 |
| Amounts receivable | | 3,193,895 | | 56,705 |
| **Total** | **$** | **18,671,297** | **$** | **32,778,283** |

***Liquidity and funding risk***
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and are available on demand with the exception of restricted cash which is only available to be applied against the cost of the construction of the Segilola Gold Mine until construction is completed, at which point it will then be available on demand. Funding risk is the risk that the Company may not be able to raise additional financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional financing.

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at March 31, 2021, and December 31, 2020.

**Contractual maturity analysis as at March 31, 2021**

| | Less than 3 months $ | 3 – 12 Months $ | 1 – 5 Year $ | Longer than 5 years $ | Total $ |
|---|---|---|---|---|---|
| Accounts payable | 3,750,003 | 547,205 | - | - | 4,297,208 |
| Accrued liabilities | 1,114,438 | - | - | - | 1,114,438 |
| Loans and borrowings | - | 191,817 | 29,468,552 | - | 29,660,369 |
| | **4,864,441** | **739,022** | **29,468,552** | **-** | **35,072,015** |

**Contractual maturity analysis as at December 31, 2020**

| | Less than 3 months $ | 3 – 12 Months $ | 1 – 5 Year $ | Longer than 5 years $ | Total $ |
|---|---|---|---|---|---|
| Accounts payable | 9,855,297 | 508,638 | - | - | 10,363,935 |
| Accrued liabilities | 552,029 | - | - | - | 552,029 |
| Loans and borrowings | - | 68,279 | 30,127,064 | - | 30,195,343 |
| | **10,407,326** | **576,917** | **30,127,064** | **-** | **41,111,307** |

## 21. FINANCIAL INSTRUMENTS (continued)

***Market risk***

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

### a) Foreign currency risk

The Group seeks to manage its exposure to this risk by holding its cash balances in the same denomination as that of the majority of expenditure to be incurred. The Group also seeks to ensure that the majority of expenditure and cash of individual subsidiaries within the Group are denominated in the same currency as the functional currency of that subsidiary.

The Company's exploration expenditures, certain acquisition costs and other operating expenses are denominated in United States Dollars, Nigerian Naira and UK Pounds Sterling. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian Dollars and the United States Dollars, Nigerian Naira and UK Pounds Sterling. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the period ended March 31, 2021:

| | **Functional currency** | | | | | |
|---|---|---|---|---|---|---|
| | Canadian dollar | US dollar | Pound Sterling | Nigerian Naira | West African Franc | Total |
| Currency of net monetary asset/(liability) | March 31, 2021 CAD$ | March 31, 2021 CAD$ | March 31, 2021 CAD$ | March 31, 2021 CAD$ | March 31, 2021 CAD$ | March 31, 2021 CAD$ |
| Canadian dollar | (448,632) | - | - | (17,178) | - | (465,810) |
| US dollar | 6,120,661 | - | - | (12,715,874) | - | (6,595,213) |
| Pound Sterling | (247,767) | - | - | (114,867) | - | (362,625) |
| Nigerian Naira | - | - | - | (18,637) | - | (18,637) |
| West African Franc | - | - | - | - | (1,418) | (1,418) |
| Australian dollar | (52,072) | - | - | - | - | (52,072) |
| Total | 5,372,190 | - | - | (12,866,556) | (1,418) | (7,495,776) |

In Canadian dollars, except where noted (unaudited)

## 21. FINANCIAL INSTRUMENTS (continued)

***Market risk (continued)***

The following table shows the currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2020:

| | Functional currency | | | | | |
|---|---|---|---|---|---|---|
| | Canadian dollar | US dollar | Pound Sterling | Nigerian Naira | West African Franc | Total |
| Currency of net monetary asset/(liability) | December 31, 2020 CAD$ | December 31, 2020 CAD$ | December 31, 2020 CAD$ | December 31, 2020 CAD$ | December 31, 2020 CAD$ | December 31, 2020 CAD$ |
| Canadian dollar | (291,551) | - | - | - | - | (291,551) |
| US dollar | 7,735,527 | - | - | (5,903,513) | - | 1,832,014 |
| Pound Sterling | (226,825) | - | (38,910) | - | - | (265,735) |
| Nigerian Naira | - | - | - | (26,744) | - | (26,744) |
| West African Franc | - | - | - | - | 1,656 | 1,656 |
| Australian dollar | (26,358) | - | - | - | - | (26,358) |
| Total | 7,190,794 | - | (38,910) | (5,903,513) | 1,656 | 1,223,282 |

The following table discusses the Company's sensitivity to a 5% increase or decrease in the Canadian Dollar against the United States Dollar:

| **March 31, 2021** | Canadian Dollar Appreciation By 5% | Canadian Dollar Depreciation By 5% |
|---|---|---|
| **Comprehensive income (loss)** | | |
| Financial assets and liabilities | $ 2,450,000 | $ (2,450,000) |

| **December 31, 2020** | | |
|---|---|---|
| **Comprehensive income (loss)** | | |
| Financial assets and liabilities | $ 1,934,000 | $ (1,934,000) |

## 22. CAPITAL MANAGEMENT

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to develop and its mineral interests through the use of capital received via the issue of common shares and via debt instruments where the Board determines that the risk is acceptable and in the shareholders' best interest to do so. During the year under review the company obtained funding for the construction of the Segilola Gold Mine through a combination of senior secured debt, a gold stream prepayment against future production and the partial deferral of payment on the EPC contraction for Gold Mine Construction.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow, acquire or dispose of assets or adjust the amount of cash.

## 23. CONTINGENT LIABILITIES

Under the terms of the Sale and Purchase Agreements ("SPA") dated June 27, 2016, for the acquisition of the Segilola Gold Project in Nigeria, the Group has an obligation to pay royalties to former owners on net smelter return from all materials mined ("Production") from the ML41 and EL19066 licenses ("the Licenses") owned by Segilola Resources Operating Limited. Royalty expenses will be recognised in the income statement in line with production from the Licenses. These royalties to former owners are as follows:

- Vox Royalty Corp (acquired from Ratel Group Limited) 1.5% of Production up to a maximum of US$3.5 million;
- Tropical Mines Limited ("TML") 1.125% of Production up to a maximum of US$3.0 million; and
- Delano Gold Mining Industries Limited ("Delano") 0.375% of Production up to a maximum of US$1 million.

The Group has a contractual obligation of approximately US$39 million in payments under the EPC contract for the construction of the Segilola Gold Mine. These liabilities are not reflected in the balance sheet as at reporting date as payment is contingent upon the completion of further construction work post reporting date.

The Group will have a contractual obligation of $5.8 million (US$4.6 million) for the procurement of a mining fleet under the terms of the Mining Contract for the Segilola Gold Mine. This payment obligation will be triggered when the Mining Contractor has:

1. Delivered the mining fleet to site; and
2. Has presented a performance guarantee to the Group.

In Canadian dollars, except where noted (unaudited)

## 24. SEGMENTED DISCLOSURES

***Segment Information***

The Company's operations comprise three reportable segments, being the Segilola Mine Project, Exploration Projects, and Corporate compared to one reportable segment, being the exploration of mineral resource properties in the prior year. These three reporting segments have been identified based on operational focuses of the Group following the decision to develop the Segilola Mine Project during the year. The segment assets, liabilities and results are as follows:

| **March 31, 2021** | | **Segilola Mine Project** | | **Exploration Projects** | | **Corporate** | | **Total** |
|---|---|---|---|---|---|---|---|---|
| Current assets | $ | **12,649,046** | $ | **26,336** | $ | **6,644,703** | $ | **19,320,086** |
| **Non-current assets** | | | | | | | | |
| Deferred income tax assets | | - | | 44,099 | | - | | 44,099 |
| Prepaid expenses and deposit | | 156,749 | | - | | 23,327 | | 180,076 |
| Right of use assets | | 33,342 | | - | | 37,984 | | 71,326 |
| Property, plant and equipment | | 101,381,620 | | 130,831 | | 1,379 | | 101,513,831 |
| Exploration and evaluation assets | | - | | 15,974,793 | | - | | 15,974,793 |
| **Total assets** | **$** | **114,220,757** | **$** | **16,176,059** | **$** | **6,707,394** | **$** | **137,104,210** |
| **Non-current asset additions** | **$** | **11,709,054** | **$** | **127,639** | **$** | **-** | **$** | **11,836,693** |
| **Liabilities** | **$** | **(59,215,896)** | **$** | **(25,520)** | **$** | **(1,073,889)** | **$** | **(60,315,305)** |
| **Loss for the year** | **$** | **863,265** | **$** | **(147,512)** | **$** | **(801,018)** | **$** | **(85,264)** |
| - consulting fees | | (593) | | (21,822) | | (64,318) | | (86,732) |
| - salaries and benefits | | (72,852) | | - | | (329,297) | | (402,149) |
| - impairments | | - | | (121,909) | | - | | (121,909) |

Non-current assets by geographical location:

| **March 31, 2021** | **Senegal** | **Burkina Faso** | **British Virgin Islands** | **Nigeria** | **Canada** | **Total** |
|---|---|---|---|---|---|---|
| Prepaid expenses and deposit | - | - | 21,197 | 15,552 | 23,327 | 180,076 |
| Right of use assets | - | - | - | 33,342 | 37,984 | 71,326 |
| Property, plant and equipment | 130,831 | - | - | 101,381,620 | 1,379 | 101,513,831 |
| Exploration and evaluation assets | 15,893,917 | - | - | 80,876 | - | 15,974,793 |
| Total non-current assets | $ 16,024,747 | $ - | $ 21,197 | $101,631,390 | $ 62,690 | $117,740,025 |

In Canadian dollars, except where noted (unaudited)

**24. SEGMENGTED DISCLOSURES (continued)**

| December 31, 2020 | | Segilola Mine Project | | Exploration Projects | | Corporate | | Total |
|---|---|---|---|---|---|---|---|---|
| Current assets | $ | **24,967,021** | **$** | **65,535** | **$** | **8,298,423** | **$** | **33,330,979** |
| **Non-current assets** | | | | | | | | |
| Deferred income tax assets | | - | | 46,668 | | - | | 46,668 |
| Prepaid expenses and deposit | | 171,957 | | - | | 23,327 | | 195,284 |
| Right of use assets | | 35,457 | | - | | 52,360 | | 87,817 |
| Property, plant and equipment | | 91,713,474 | | 140,862 | | 1,547 | | 91,855,883 |
| Exploration and evaluation assets | | - | | 15,988,743 | | - | | 15,988,743 |
| **Total assets** | **$** | **116,887,909** | **$** | **16,241,808** | **$** | **8,375,657** | **$** | **141,505,374** |
| **Non-current asset additions** | **$** | **64,065,496** | **$** | **1,872,290** | **$** | **2,141** | **$** | **65,939,927** |
| **Liabilities** | **$** | **(62,523,231)** | **$** | **(48,497)** | **$** | **(1,018,809)** | **$** | **(63,590,537)** |
| **Loss for the year** | **$** | **(201,258)** | **$** | **(1,634,381)** | **$** | **(2,034,468)** | **$** | **(3,870,107)** |
| - consulting fees | | (102,218) | | (78,959) | | (582,624) | | (763,801) |
| - salaries and benefits | | (95,134) | | - | | (2,004,235) | | (2,099,369) |
| - share-based payments | | - | | - | | (907,574) | | (907,574) |
| - gain on settlement of liabilities | | - | | - | | 1,042,500 | | 1,042,500 |
| - impairments | | - | | (1,604,564) | | - | | (1,604,564) |

Non-current assets by geographical location:

| December 31, 2020 | Senegal | Burkina Faso | British Virgin Islands | Nigeria | Canada | Total |
|---|---|---|---|---|---|---|
| Prepaid expenses and deposit | - | - | 24,472 | 147,485 | 23,327 | 195,284 |
| Right of use assets | - | - | - | 35,457 | 52,360 | 87,817 |
| Property, plant and equipment | 139,895 | 939 | - | 91,713,502 | 1,547 | 91,855,883 |
| Exploration and evaluation assets | 15,907,515 | - | - | 81,228 | - | 15,988,743 |
| Total non-current assets | $ 16,047,410 | $ 939 | $ 24,472 | $91,977,672 | $ 77,234 | $108,127,727 |

**25. SUBSEQUENT EVENTS**

On April 5, 2021, the Company announced that it had re-acquired a 100% interest in the Central Houndé Project (“the Project”) in Burkina Faso following the termination of the 2015 Earn-in Agreement between Thor and Acacia Mining PLC (Acacia Mining PLC was subsequently acquired by the Barrick Gold Corporation (“Barrick”)). In exchange for the return of the 51% of the Project owned by Barrick, Barrick will receive a 1% Net Smelter Royalty from the Project.

On May 26, 2021, the Company completed a second drawdown of US$22 million from its US$54 million project finance senior debt facility from the Africa Finance Corporation for the construction of the Segilola Gold Project in Nigeria.

On May 27, 2021the Company appointed Mr Osam Iyahen to its board of directors. Mr. Iyahen is a Senior Director and the Head of Natural Resources at the Africa Finance Corporation (“AFC”) and has over 20 years’ experience driving natural resource and multibillion-dollar infrastructure finance transactions.