THOR EXPLORATIONS LTD

NEWS RELEASE
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May 2, 2023 **TSXV/AIM: THX**

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

Thor Explorations Announces Audited Financial And Operating Results For The Full Year And Three Months Ending December 31, 2022

Thor Explorations Ltd. (TSXV / AIM: THX) ("Thor Explorations", "Thor" or the "Company") is pleased to provide an operational and financial review for its Segilola Gold mine, located in Nigeria ("Segilola"), and for the Company's mineral exploration properties located in Nigeria, Senegal and Burkina Faso for the three months ending December 31, 2022 ("Q4 2022") and the audited financial results for the year ending December 31, 2022 ("Year" or "FY 2022").

The Company's Consolidated Audited Financial Statements together with the notes related thereto, as well as the Management's Discussion and Analysis for the year ending December 31, 2022, are available on Thor Explorations' website at https://thorexpl.com/investors/financials/.

All figures are in US dollars ("US$") unless otherwise stated.

Operational Highlights

Segilola Production

- Gold production for the Year totaled 98,006 ounces ("oz")
  - 2022 was the Company's first full calendar year of production with commercial production declared at Segilola on January 1, 2022
  - Gold production was at the top end of the FY 2022 guidance range of 90,000 to 100,000oz of gold
- All of the main operating units of the process plant performed as expected, and the plant consistently operated above nameplate capacity

Segilola Near-Mine Exploration

- Acquisition of additional exploration tenures, expanding the Company's Nigeria portfolio
- Exploration activities ramped up across the Company's portfolio, delineating drill targets for 2023

Douta

- A successful 26,000 metre reverse circulation ("RC") drilling program was completed to upgrade certain areas of the existing resource and to target higher grade parts of the deposit
- New discovery of the Sambara Prospect

Financial Highlights

- 92,489 oz of gold sold with an average gold price of US$1,767 per oz
- Cash operating cost of US$821 per oz sold and all-in sustaining cost ("AISC") of US$1,091 per oz sold
    - The higher than budget AISC was a result of materially increased prices of ammonium nitrate and diesel during 2022
- FY 2022 revenue of US$165.2m (FY 2021: US$6m)
- FY 2022 EBITDA of US$71.7m (FY 2021: loss of US$1.8m)
- FY 2022 net profit of US$25.4m (FY 2021: loss of US$2.1m)
- Cash and cash equivalents of US$6.7m (FY 2021: US$1.3m)
- Senior debt facility significantly reduced from US$54m to US$28.4m as at December 31, 2022
- Net debt of US$31m (FY 2021: US$ 65.6m)

Environment, Social and Governance

- Transition from diesel to compressed natural gas ("CNG") generators is progressing. Once fully operational they will reduce greenhouse gas emissions at the Segiola Mine Project by 53%. Total emissions (Scope 1) for 2022 at 31,781 tons
- Livelihood restoration projects initiated, including fish and vegetable farms
- Community Development Agreements ("CDA") have funded local Youth and Women Initiative programs focusing on practical skill-based courses. CDA's have also funded annual school scholarships to enable children from vulnerable backgrounds to remain in school
- In Senegal, quarterly water quality (surface and ground) monitoring commenced in Q4 2022 and the Company has been assisting with the economic development of local communities as well as providing funding to a women's initiative program

Post FY 2022 Highlights

- Segilola gold production of 20,629 oz during Q1 2023
- Identification of new high grade quartz vein system within 15km of Segilola, with multiple high grade drillhole intercepts including 1m at 310 g/t gold which equates to 10 oz of gold per tonne
- Senior debt facility with Africa Finance Corporation amended and restated to facilitate the Company's growth opportunities
    - Senior debt facility reduced to US$27.9 million as at 31 March 2023
- Mineral Resource Estimate at Douta updated to approximately 1.78 million oz of gold, an increase of 144%
    - Updated Douta Resource encompasses the Makosa, Makosa Tail and the recently discovered Sambara prospects, all of which remain open along strike and down dip
    - Drilling is ongoing at Douta with a further 40,000 metre drilling programme to be completed in 2023, consisting of diamond drilling and reverse circulation drilling

Outlook

- Production guidance set at 85,000 to 95,000 oz for 2023 with an AISC guidance of US$1,150 to US$1,350 per oz
- Advance exploration programs across the portfolio, including near mine and underground projects at Segilola, extension and infill programs at Douta and the assessment of potential targets in Nigeria

- Completion of the Douta preliminary feasibility study ("PFS") in Q4 2023

Segun Lawson, President & CEO, stated:

"2022 proved to be a significant year for Thor Explorations, being our first full calendar year of commercial production at our flagship asset, the Segilola Gold mine, producing 98,006 oz of gold and selling 92,489 oz of gold at an average price of US$1,767 per oz. Despite the global supply chain issues that Thor faced, which contributed to a higher than budgeted AISC, the Company still managed to achieve an annual operating profit of US$40 million and a net profit of US$25.4 million. This highlights the quality and operating efficiency of Segilola and the value that it has to offer. Importantly, it provides us with a solid platform from which to grow.

"We also continue to develop the Douta Gold Project and, during the year, carried out a 26,000m drilling programme that led to the announcement of a 144% resource increase subsequent to the year end. We will continue to advance the Douta project towards a PFS in 2023 as we believe that it has the potential to provide significant value to shareholders.

"Regrettably, during the year, a tragic accident at Segilola resulted in the death of Mr Muyideen Adegboyega, our thoughts and condolences go out to his family and friends. Since the incident, we have put in place additional measures to ensure that this does not happen again and that the safety of everyone working at, or otherwise affected by, the Segilola project is prioritised, as determined by our ESG policy.

"ESG remains an integral part of our business strategy and we have made considerable progress with our community development projects. We have commenced livelihood restoration programs, in the form of fish farms and market gardens. We have provided funding, equipment, training and assisted with the construction of these projects which presented cash-positive projects to the communities so that they can produce goods to be sold at local markets. We have also commissioned and supervised many youth programs and training workshops to develop and enhance necessary and transferable skills. We will continue to progress our projects to help the development of local communities.

"Looking to the future, our production guidance for 2023 is set at 85,000 - 95,000 ounces and I look forward to seeing what we will be able to accomplish in 2023."

About Thor Explorations

Thor Explorations Ltd. is a mineral exploration company engaged in the acquisition, exploration, development and production of mineral properties located in Nigeria, Senegal and Burkina Faso. Thor Explorations holds a 100% interest in the Segilola Gold Project located in Osun State, Nigeria and has a 70% economic interest in the Douta Gold Project located in south-eastern Senegal. Thor Explorations trades on AIM and the TSX Venture Exchange under the symbol "THX".

THOR EXPLORATIONS LTD.

Segun Lawson

President & CEO

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Management Discussion & Analysis for Q4 2022 and Full Year 2022

CHAIRMAN'S STATEMENT

We are extremely pleased to have completed our first full calendar year as a commercial gold producer, with the 98,006 ounces produced during the year being at the top end of the Company's Full Year 2022 guidance. This progress has seen the Company transition from an explorer, to a developer and ultimately a gold producer, building and successfully operating Nigeria's first large scale commercial gold mine within a five year period. This required significant effort from a large number of people from our various stakeholders and the Board wishes to express its thanks to everyone involved.

This year saw a highly regrettable loss of life. We were sorry to suffer a fatal injury incident leading to the tragic death of Mr Muyideen Adegboyega. Our condolences go out to his family and friends. Following this tragic incident, the Company has put into place additional measures that ensure the safety of anyone working or otherwise affected by the Segilola Project, including the ongoing work towards achieving ISO45001. Environmental, Social and Governance ("ESG") was at the heart of our business in 2022. Engagement with local stakeholders happened at all levels, from national government through to local communities. This remains a priority for the Company.

Community development projects have made significant progress throughout the year. We have commenced livelihood restoration programmes in the form of fish farms and market gardens. By funding and assisting with the construction of these projects, providing necessary equipment, maintenance materials and training, the communities are now presented with cash-positive projects that can produce goods to sell at local markets and to the Segilola mine. We have also commissioned and supervised various community youth programmes and skills training workshops throughout the year that focussed on developing and enhancing transferable skills.

2022 has been a year where the company has consolidated itself as an operator. Production for the first full year of operations has been commendable, with an achievement of over 98,000 ounces. We also continued to advance exploration in Nigeria and Senegal, and look forward to accelerating exploration in both countries in 2023.

I would like to thank all our shareholders who have been supportive through our transition. We believe we have created a strong foundation to deliver further value in the coming years and look forward to 2023.

Adrian Coates
Chairman

CEO'S STATEMENT

2022 proved to be a year of significant milestones for Thor. The Company officially declared commercial production from its Segilola Gold Mine on 1 January 2022 and after this, successfully produced 98,006 ounces by the end of the year. This was a successful year in terms of gold production; however, the year was not without its challenges. Global supply chain shortages following the COVID-19 pandemic persisted, resulting in materially increased prices of essential consumables and supplies such as ammonium nitrate, diesel and spare parts contributing to a higher than budget AISC for the Segilola Gold Mine of US$1,091 per ounce. Despite these challenges, we were able to demonstrate operational efficiency, resulting in positive cash flows and a maiden annual operating profit of US$40 million and net profit of US$25.4 million.

In the full year 2022, Segilola produced 98,006 ounces and sold 92,489 ounces of gold with an average gold price sold of US$1,767 per ounce. Significantly, our senior debt facility was reduced from US$54 million to US$28.4 million as at December 31, 2022.

I reiterate the comments of our Chairman and also extend my condolences to the friends and family of Mr Muyideen Adegboyega, who was tragically killed. A thorough incident investigation was undertaken (in line with company procedures) with senior managers involved as well as the Ministry of Mines and Steel Development as is standard practice. The lessons learnt from this fatality triggered immediate and long-lasting actions to prevent the reoccurrence of such an event, to improve protection of SROL and Project staff and to protect and respect local community resident's health, safety and security.

Our focus turns to achieving global best practice in health and safety with ESG continuing to be a priority for the Company. We continue to be extremely proud of our community engagement and throughout the period we invested heavily in a number of long-term initiatives, specifically in the areas of food and agriculture, health, education, water and sanitation and local economic development.

The Company also completed a successful year of exploration at the Douta Project in Senegal. This project continues to be of high priority for the Company and is well positioned to deliver significant value to our shareholders. During the year, the major activity carried out was a 26,000 metre exploration drilling program which was successful and culminated in the announcement of a 144% resource increase post the period end. We look forward to completing a preliminary feasibility study of the Douta Project in 2023.

I would like to finish by saying we are proud of our first calendar year as a producer, achieving the top end of our guidance. We are now very well positioned to grow the company and continue its evolution through exploration whilst continuing to deliver further on gold production and generation of strong cash flow. I would like to thank our entire team of incredible employees for their commitment and tireless work during the year without whom we would be unable to operate. We look forward to the years ahead and growing Thor into a sustainable, multi- asset, mining company.

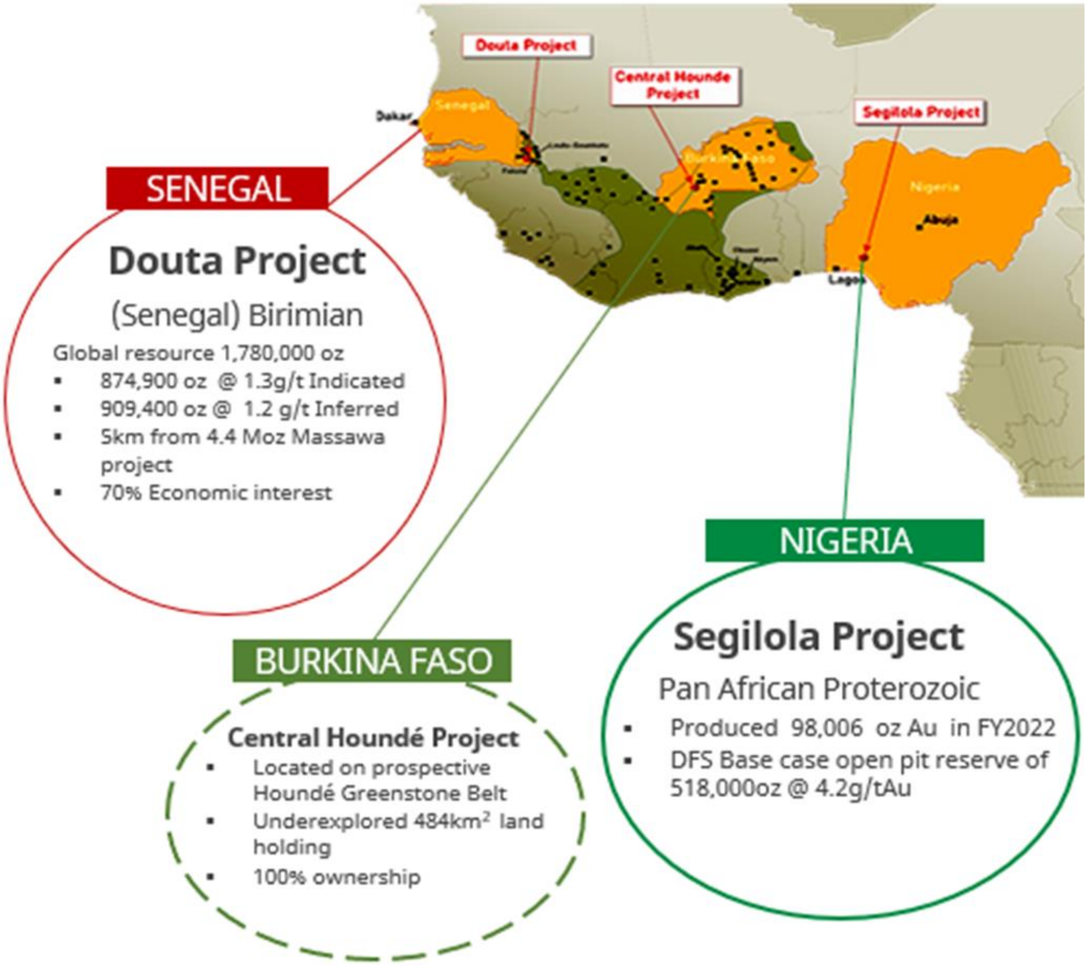
Segun Lawson
Chief Executive Officer

OVERVIEW

Thor Explorations Ltd. ("Thor" or the "Company") is a gold production, development and exploration company focussed on West Africa and dual-listed on the TSX Venture Exchange TSX-V (THX: TSX-V) and the AIM market of the London Stock Exchange (THX: AIM). The Company's main assets include its flagship producing Segilola Gold mine in Nigeria and the advanced exploration project, Douta, in Senegal. The Company also has a growing portfolio of prospective exploration licences on the unexplored Ilesha schist belt in near proximity to the Segilola Gold mine and further exploration licences in Nigeria and Burkina Faso.

Our strategy is to operate, develop and explore mineral properties where our expertise can substantially increase shareholder value. The Company operates with transparency and in accordance with international best practices and is committed to delivering value to its shareholders through responsible development, providing economic and social benefit to our host communities and operating in a manner where health and safety and the environment are integral to our operations and development approach.

Figure 1.1: Thor's Properties in West Africa



HIGHLIGHTS AND ACTIVITIES – FOURTH QUARTER 2022 AND YEAR ENDED DECEMBER 31, 2022

Operating results remained in line with expectations for the quarter and the year highlighted by the selling of 92,489 ounces of gold during the Year at a cash operating cost[1] of US$821 per oz sold. AISC[1] for the Year was above guidance at US$1,091 per oz sold.

Commercial production was declared at Segilola on January 1, 2022, and the Facility Taking Over Certificate from the EPC contractor was received on January 31, 2022. The EPC Contractor confirmed that it would cooperate with the Company by extending the payment period of the final EPC invoices by allowing the Company to make payment of the final EPC invoices from available cashflow. As at the date of publishing this document, all EPC invoices due had been settled in full.

The Company's performance in Q4 2022 builds on its performance during the previous quarters and provides good direction for 2023. The Company has set its production guidance to 85,000 to 95,000 oz, while AISC[1] guidance for 2023 is set at US$1,150 per ounce to US$1,350 per ounce.

[1] Refer to "Non-IFRS Measures" section

Table 2.1 Key Operating and Financial Statistics

		Year ended December 31, 2022	Year ended December 31, 2021
Operating			
Gold Sold	Au	92,489	3,425
Average realised gold price[1]	$/oz	1,767	1,753
Cash operating cost[1]	$/oz	821	-
AISC (all-in sustaining cost)[1]	$/oz	1,091	-
EBITDA	$/oz	775	-
Financial			
Revenue	$	165,174,531	6,049,485
EBITDA[1]	$	71,680,022	(1,799,068)
Net Income/(Loss)	$	25,398,941	(2,069,195)
Cash and cash equivalents	$	6,688,037	1,276,270
Deferred Income	$	6,581,743	-
Net Debt[1]	$	31,650,722	65,555,984

Segilola Gold Mine, Nigeria

During the year, there continued to be global supply chain issues resulting in shortages and increased prices for a number of essential consumables and supplies such as ammonium nitrate, diesel and spare parts contributing to a higher than target AISC of US$1,091. The Company was able to partially mitigate these risks through the bulk purchase of most supply chain items. Despite these challenges, we were able to demonstrate operational efficiency, resulting in positive cash flows and annual operating profit of US$40 million and net profit of US$25.4 million.

Gold Production

During the year ended December 31, 2022 the Segilola Mine produced 98,006 ounces of gold doré (2021: 9,888 ounces).

The Company exported gold regularly throughout the year selling 92,489 ounces of gold and 5,329 ounces of silver in the year and had a further gold dore inventory of 1,884 ounces and gold in circuit of 1,031 ounces on hand. These ounces have all been sold in the first quarter of 2023.

Mining

During the year ended December 31, 2022, 16,106,033 tonnes of material were mined, equivalent to mining rates of 43,956 tonnes of material per day. In this period, 1,057,996 tonnes of ore were mined, equivalent to mining rates of 2,890 tonnes of ore per day, at an average grade of 3.56g/t.

Processing

During the year ended December 31, 2022, a total of 929,760 tonnes of ore, equivalent to a throughput rate of 2,719 tonnes per day, were processed.

The mill feed grade was 3.45g/t gold and recovery was 95.12% for a total of 98,006 ounces of gold doré produced. We continue to review the process plant to optimize throughput and recoveries.

All of the main operating units of the process plant are performing as expected, and the plant is consistently operating above nameplate capacity. We continue to carry out further optimization activities for the gold recovery process.

Table 2.2: Production Metrics

	Units	FY 2022	FY 2021
Mining			
Total Ore Mined	Tonnes	1,057,996	309,641
Ore Processed	Tonnes	929,760	145,999
Waste Mined	Tonnes	15,048,436	6,179,443
Total Mined	Tonnes	16,106,033	6,489,014
Total Ore Mined Gold Grade	g/t Au	3.56	2.47
Ore Processed	g/t Au	3.45	2.65
Processing			
Ore Milled	Tonnes	929,760	145,999
Daily Throughput Rate (average)	Tpd	2,719	86
Daily Throughput/ Nameplate Capacity	%	136.34	96.64
Ore Processed Gold Grade			
Recovery	%	95.12	83.90
Gold doré Recovered	Oz	98,006	9,888

NON-IFRS MEASURES

This MD&A refers to certain financial measures, such as average realized gold price, cash operating costs, all-in sustaining costs (“AISC”), net debt and earnings before interest, taxes, depreciation and amortisation (“EBITDA”) which are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company’s financial statements because the Company believes that, with the achievement of gold production, they are of assistance in the understanding of the results of operations and its financial position.

Average realised gold price per ounce sold

The Company believes that, in addition to conventional measures prepared in accordance with GAAP, the average realised gold price, which takes into account the impact of gain/losses on forward sale of commodity contracts, is a metric used to better understand the gold price realised during a period. Management believes that reflecting the impact of these contracts on the Group’s realised gold price is a relevant measure and increases the consistency of this calculation with our peer companies.

In addition to the above, in calculating the realised gold price, management has adjusted the revenues as disclosed in the consolidated financial statement to exclude by product revenue, relating to silver revenue, and has reflected the by product revenue as a credit to cash operating costs. The revenues as disclosed in the consolidated financial statements have been reconciled to the gold revenue for all periods presented.

Table 3.1: Average annual realised price per ounce sold

	Units	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenues	$	165,174,531	6,049,485
By product revenue	$	(114,211)	(3,727)
Gold Revenue	$	165,060,320	6,045,758
Gain/(Loss) on forward sale of commodity contracts	$	(1,587,524)	(43,295)
Gold Revenue	$	163,472,796	6,002,463
Gold ounces sold	oz Au	92,489	3,425
Average realised price per ounce sold	$	1,767	1,753

Cash operating cost per ounce

Cash operating cost per oz sold, combined with revenues, can be used to evaluate the Company's performance and ability to generate operating income and cash flow from operating activities. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful to evaluate the costs of production per ounce.

By product revenues are included as a credit to cash operating costs.

Table 3.2: Average annual cash operating cost per ounce of gold

		Year Ended December 31, 2022
Production costs	$	68,907,249
Transportation and refining	$	3,419,333
Royalties	$	3,696,527
By product revenue	$	(114,211)
Cash Operating costs	$	75,908,898
Gold ounces sold recognised in income statement	Oz Au	92,489
Cash operating cost per ounce sold	$/oz	821

All-in sustaining cost per ounce

AISC provides information on the total cost associated with producing gold.

The Company calculates AISC as the sum of total cash operating costs (as described above), other administration expenses and sustaining capital, all divided by the gold ounces sold to arrive at a per oz amount.

Other administration expenses includes administration expenses directly attributable to the Segilola Gold Mine plus a percentage of corporate administration costs allocated to supporting the operations of the Segilola Gold Mine. For the year ended December 31, 2022, this was deemed to be 50%.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied.

Table 3.3: Average annual all-in sustaining cost per ounce of gold

		Year Ended December 31, 2022
Cash operating costs[1]	$	75,908,898
Adjusted other administration expenses[2]	$	14,042,505
Sustaining capital[3]	$	10,917,636
Total all-in sustaining cost	$	100,869,039
Gold ounces sold	Oz Au	92,489
All-in sustaining cost per ounce sold	$/oz	1,091

1 Refer to Table - 3.2 Cash operating costs.
2 Exclude expenses not related to the Segilola mine
3 Refer to Table - 3.3a Sustaining and Non-Sustaining Capital

The Company's all-in sustaining costs include sustaining capital expenditures which management has defined as those capital expenditures related to producing and selling gold from its on-going mine operations. Non-sustaining capital is capital expenditure related to major projects or expansions at existing operations where management believes that these projects will materially benefit the operations. The distinction between sustaining and non-sustaining capital is based on the Company's policies and refers to the definitions set out by the World Gold Council.

This non-GAAP measure provides investors with transparency regarding the capital costs required to support the on-going operations at its operating mine, relative to its total capital expenditures. Readers should be aware that these measures do not have a standardised meaning. It is intended to provide additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS.

Table 3.3a: Sustaining and Non-Sustaining Capital

		Year Ended December 31, 2022
Property, plant and equipment additions during the year	$	24,757,723
Non-sustaining capital expenditures[1]	$	(18,722,873)
Payment for sustaining leases	$	4,882,786
Sustaining capital	$	10,917,636

[1] Includes EPC and other construction costs for the Segilola Mine.

Net Debt

Net debt is calculated as total debt adjusted for unamortized deferred financing charges less cash and cash equivalents and short-term investments at the end of the reporting period. This measure is used by management to measure the Company's debt leverage. The Company considers that in addition to conventional measures prepared in accordance with IFRS, net debt is useful to evaluate the Company's performance.

Table 3.4: Net Debt

		Year Ended December 31, 2022	Year Ended December 31, 2021
Loans from the Africa Finance Corporation	$	24,459,939	46,859,966
Due to EPC contractor	$	10,196,105	13,762,221
Deferred element of EPC contract	$	3,682,715	6,210,067
Less:			
Cash		(6,688,037)	(1,276,270)
Net Debt	$	31,650,722	65,555,564

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

EBITDA is calculated as the total earnings before interest, taxes, depreciation and amortisation. This measure helps management assess the operating performance of each operating unit.

Table 3.5: Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

		Year Ended December 31, 2022
Net profit/(loss) for the period	$	25,398,941
Amortisation and depreciation - owned assets	$	26,928,156
Amortisation and depreciation - right of use assets	$	4,724,101
Impairment of Exploration & Evaluation assets	$	12,014
Interest expense	$	14,616,810
EBITDA	$	71,680,022
Gold ounces sold	Oz Au	92,489
EBITDA per ounce sold	$/oz	775

OUTLOOK AND UPCOMING MILESTONES

This Section 5 of the MD&A contains forward looking information as defined by National Instrument 51-102. Refer to Section 16 of this MD&A for further information on forward looking statements.

We are focussed on advancing the Company's strategic objectives and near-term milestones which include:

2023 Operational Guidance and Outlook

Gold Production	Oz	85,000-95,000
All-in Sustaining Cost ("AISC")	US$/oz Au sold	1,150 - 1,250
Capital Expenditure	US$	8,000,000 - 10,000,000
Exploration Expenditure:		
Nigeria[1]	US$	4,200,000

Senegal	US$	3,000,000

1 This includes purchase of licenses

- The critical factors that influence whether Segilola can achieve these targets include:
    - Segilola's ability to maintain an adequate supply of consumables (in particular ammonium nitrate, flux and cyanide) and equipment.
    - Fluctuations in the price of key consumables, in particular ammonium nitrate, and diesel
    - Segilola's workforce remaining healthy
    - Continuing to receive full and on-time payment for gold sales
    - Continuing to be able to make local and international payments in the ordinary course of business

- Continue to advance the Douta project towards preliminary feasibility study ("PFS")

- Continue to advance exploration programmes across the portfolio:
    - Segilola near mine exploration
    - Segilola underground project
    - Segilola regional exploration programme
    - Douta extension programme
    - Douta infill programme
    - Assess regional potential targets in Nigeria

SUMMARY OF QUARTERLY RESULTS

The table below sets forth selected results of operations for the Company's eight most recently completed quarters.

Table 6.1: Summary of quarterly results

$	2022 Q4 Dec 31	2022 Q3 Sep 30	2022 Q2 Jun 30	2022 Q1 Mar 31
Revenues	43,251,204	55,703,098	41,354,747	24,865,482
Net profit for period	14,908,460	4,126,066	6,163,942	200,473
Basic profit per share (cents)	2.21	0.65	0.01	0.00

$	2021 Q4 Dec 31	2021 Q3 Sep 30	2021 Q2 Jun 30	2021 Q1 Mar 31
Revenues	6,049,485	-	-	-
Net profit/(loss) for period	3,116,416	463,844	(5,582,090)	(67,365)
Basic profit/(loss) per share (cents)	0.47	0.07	(0.87)	(0.01)

The Company reported a net profit of $14,908,460 (2.21 cents per share) for the three month period ended December 31, 2022, as compared to a net profit of $3,116,416 (0.47 cents per share) for the year ended December 31, 2021. The increase in profit for the period was largely due to:
sales during the period of $43,251,204 (Q4 2021: $6,049,485)

These were offset partially by:
Amortisation and depreciation of $12,250,612 (Q4 2021: $15,720); and
Interest of $3,265,120 (Q4 2021: $16,713)

No interest was earned during the three months period ended December 31, 2022, and 2021.

SELECTED ANNUAL FINANCIAL INFORMATION

The review of the results of operations should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto.

Table 7.1: Selected annual information

For the year ended		December 31 2022	December 31 2021	December 31 2020
Total revenues	$	165,174,531	6,049,485	-
Net profit/(loss)	$	25,398,941	(2,069,195)	(2,886,145)
Profit/(loss) per share (cents)				
Basic		3.81	(0.33)	(0.52)
Diluted		3.86	(0.33)	(0.52)
Total assets	$	223,251,813	212,238,762	111,596,899
Total non-current liabilities	$	57,663,580	63,406,824	36,530,000

RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021

The Company reported a net profit of $25,398,941 (3.86 cents per share) for the year ended December 31, 2022, as compared to a net loss of $2,069,195 (0.33 cents per share) for the year ended December 31, 2021. The move to profit for the year was largely due to:

- Sales during the year of $165,174,531 (2021: $6,049,485)

These were offset partially by:

- Amortisation and depreciation of $31,652,257 (2021: $106,191); and
- Interest of $14,616,810 (2021: $64,877)

No interest was earned during the year ended December 31, 2022, and 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, the Company had cash of $6,688,037 (2021: $1,276,270) and 1,884 ounces of gold dore in inventory to be sold (2021: 6,626 ounces), and a working capital deficit of $29,116,915 (2021: deficit of $45,542,373).

The increase in cash from December 31, 2021 is due mainly to gold sales revenue of $165,174,531, offset by instalment payments on the loan facility of $28,865,778, the purchase of property plant and equipment of $26,754,964 and operational costs and corporate overheads of $91,906,985. This cash expenditure was financed by operational cashflow and existing cash balances.

The total EPC amount has been finalized with our EPC contractor, and we have paid all outstanding EPC payments at the date of this report.

Working Capital Calculation

The Working Capital Calculation excludes $10,187,630 (2021: $12,837,633) of gold stream liabilities, and $2,215,585 (2021: $7,115,207) in third party royalties included in current accounts payable, that are contingent upon the achievement of the revised gold sales forecast of 85,000 to 95,000 ounces for the year ending December 31, 2023.

Included in working capital, in accounts payable and accrued liabilities, is a balance of $10,196,105 (2021: $13,762,221) due to our EPC contractors. As of the date of this report, the Company has made all outstanding due payments in relation to the EPC contract.

Table 8.1: Working Capital

		December 31, 2022	December 31, 2021
Current Assets			
Cash and Restricted Cash	$	6,688,037	4,772,262
Inventory	$	19,901,262	18,146,558
Amounts receivable, prepaid expenses, advances and deposits	$	10,697,365	824,516
Total Current Assets for Working Capital	$	37,286,664	23,743,336
Current Liabilities			
Accounts Payable and accrued liabilities	$	56,337,289	43,567,750
Deferred Income		6,581,743	-
Lease Liabilities	$	4,811,991	4,849,088
Gold Stream Liability	$	10,187,630	12,837,633
Loan and other borrowings	$	888,141	27,984,078
	$	78,806,794	89,238,549
less: Current Liabilities contingent upon future gold sales	$	(12,403,215)	(19,952,840)
Working Capital Deficit	$	(29,116,915)	(45,542,373)

Inventory

Gold inventory is recognised in the ore stockpiles and in production inventory, comprised principally of ore stockpile and doré at site or in transit to the refinery, with a component of gold-in-circuit.

Table 8.2: Inventory

		December 31 2022	December 31 2021
Plant spares and consumables	$	4,751,922	1,337,792
Gold ore in stockpile	$	11,869,168	8,663,728
Gold in circuit	$	1,160,237	1,614,267
Gold dore [1]	$	2,119,935	6,530,771
	$	19,901,262	18,146,558

1:Gold dore is valued at cost ($1,125/oz), which comprises production cost, depreciation and amortisation.

Liquidity and Capital Resources

The Company has generated strong operating cash flow during Q4 2022 and the year ended December 31, 2022 and expects to continue to do so based on its production and AISC guidance. This strong operating cash flow will support debt repayments, regional exploration and underground expansion drilling at Segilola, planned capital expenditures and corporate overhead costs.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Group's financial instruments consist of cash, restricted 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. 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, restricted cash, amounts receivable, and accounts payable, accrued liabilities, loans and borrowings 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 Company'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:

Table 9.3: Financial instruments by category

		December 31, 2022			December 31, 2021		
		Measured at amortised cost	Measured at fair value through profit and loss	Total	Measured at amortised cost	Measured at fair value through profit and loss	Total
Assets							
Cash and cash equivalents	$	6,688,037	-	6,688,037	1,276,270	-	1,276,270

Restricted cash	$	-	-	-	3,495,992		3,495,992
Amounts receivable	$	220,442	-	220,442	237,651	-	237,651
Total assets	**$**	**6,908,479**	**-**	**6,908,479**	**5,009,913**	**-**	**5,009,913**
Liabilities							
Accounts payable and accrued liabilities	$	54,121,704	2,215,585	56,337,289	38,024,962	7,106,979	45,131,941
Loans and borrowings	$	28,142,654	-	28,142,654	53,738,603	-	53,738,603
Gold stream liability	$	-	25,039,765	25,039,765	-	30,262,279	30,262,279
Lease liabilities	$	15,409,285	-	15,409,285	18,274,374	-	18,274,374
Total liabilities	**$**	**97,673,643**	**27,255,350**	**124,928,993**	**110,037,939**	**37,369,258**	**147,407,197**

Liquidity 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 was only available to be applied against the cost of the construction of the Segilola Gold Mine until construction is completed, at which point it then became available on demand.

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 tables summarize the Company's significant remaining contractual maturities for financial liabilities at December 31, 2022, and December 31, 2021. The tables show projected cashflows including interest payments.

Table 9.4: Contractual maturity analysis

Contractual maturity analysis as at December 31, 2022

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable and accrued liabilities	55,368,069	1,001,983	-	-	56,370,052
Lease liabilities	1,255,581	3,766,744	12,681,521	-	17,703,846
Gold Stream Liability	2,986,708	8,475,973	23,420,334	-	34,883,015
Loans and borrowings	1,642,151	4,810,033	33,337,237	-	39,789,421
	61,252,509	**18,054,733**	**69,439,092**	**-**	**148,746,334**

Contractual maturity analysis as at December 31, 2021

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable and accrued liabilities	38,699,814	4,862,676	1,952,408	-	45,514,898
Lease liabilities	1,213,678	3,641,035	16,991,498	-	21,846,211

Gold Stream Liability	2,237,631	10,614,896	33,955,921		46,808,448
Loans and borrowings	1,984,714	26,031,054	32,400,920	-	60,416,688
	44,135,837	**45,149,661**	**85,300,747**	**-**	**174,586,245**

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's income and operating cash flows will be impacted by changes in market interest rates as the Group's secured loans from the AFC incurs Interest at SOFR plus 9% (Refer to Note 12 of the 2022 Audited Financial Statements). The Group's management monitors the interest rate fluctuations on a continuous basis and assesses the impact of interest rate fluctuations on the Group's cash position, and acts to ensure that sufficient cash reserves are maintained in order to meet interest payment obligations.

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 Group manages the credit risk associated with cash by investing these funds with highly rated financial institutions, and by monitoring its concentration of cash held in any one institution. As such, the Group deems the credit risk on its cash to be low. At 31 December 2022, 93% of the Group's cash balances were invested in AA rated financial institutions (2021: 93%), 2% in AA- rated financial institutions (2021: 1%), 1% in A+ rated financial institutions (2021: 1%) and 4% in B rated institutions (2021: 5%).

The Group sells its gold to large international organisations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at 31 December 2022 is considered to be negligible.

Market risk

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

Foreign currency risk

The Company's primary operations are in Nigeria and Senegal. Revenues generated and expenditures incurred are primarily denominated in United States Dollars, as are its loan facilities.

Although the Company does not enter into currency derivative financial instruments to manage its exposure, the Company tries to manage this risk by maintaining most of its cash in United States dollars.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 644,696,185 common shares issued and outstanding stock options to purchase a total of 26,901,000 common shares.

Authorized Common Shares

Table 14.1: Common shares issued

	December 31, 2022	December 31, 2021
Common shares issued	644,696,185	632,358,009

Warrants

There were no warrants that were outstanding at December 31, 2022, and as at the date of this report.

During the quarter ended December 31, 2022, no warrants were issued.

During the year ended December 31, 2018, 44,453,335 warrants were issued to subscribers as a part of the private placement ("closing options") that closed on August 31, 2018. These warrants were issued with an exercise price of $0.28 per share with an exercise period of three years from the date of closing. In addition, the Company issued a total of 1,497,867 broker warrants plus 166,667 broker warrants as an advisory fee, each broker warrant being exercisable for a common share at C$0.18 for a period of three years from the date the closing options were issued.

During the three months ended June 30, 2021, 1,664,534 broker warrants were exercised and converted into common shares at C$0.18 each.

During the three months ended December 31, 2021, 8,287,500 placement warrants were exercised and converted into common shares at C$0.28 each, and 36,165,835 placement warrants expired during the period ended December 31, 2021.

Stock Options

The number of stock options that were outstanding and the remaining contractual lives of the options at December 31, 2022, were as follows.

Table 14.2: Options outstanding

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Expiry Date
C$0.145	12,111,000	0.19	March 12, 2023
C$0.140	750,000	0.76	October 5, 2023
C$0.200	14,040,000	2.05	January 16, 2025
Total	26,901,000		

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

No options were issued during the year ended December 31, 2022, and a total of 9,250,000 options were exercised at a price of C$0.12 each and 689,000 at a price of C$0.145.

Under the Company's Omnibus Incentive Plan approved by shareholder on December 17, 2021, 44,900,000 common shares of the Company are reserved for issuance upon exercise of options or other securities.

During the year ended December 31, 2022, 2,399,176 Restricted Share Units ("RSUs") were granted to members of Executive Management under the Company's Long Term Incentive Plan ("LTIP").

In April 2023, the Board resolved to extend the expiry date of 12,111,111 shares with exercise price of C$0.145 past its original expiry date of March 12, 2023 up until June 15, 2023.

Audited Financial Results for the Year Ended 31 December 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
In United States dollars

	Note	December 31, 2022 $	December 31, 2021 $	January 1, 2021 $
			(restated)	(restated)
ASSETS				
Current assets				
Cash		**6,688,037**	1,276,270	22,181,737
Restricted cash	6	**-**	3,495,992	3,500,555
Inventory	7	**19,901,262**	18,146,558	-
Amounts receivable	8	**220,442**	237,651	44,506
Prepaid expenses, advances and deposits	9	**10,476,923**	586,865	433,796
Total current assets		**37,286,664**	23,743,336	26,160,594
Non-current assets				
Deferred income tax assets		**87,797**	86,795	36,628
Prepaid expenses, advances and deposits	9	**282,825**	105,683	153,273
Right-of-use assets	10	**16,849,402**	20,843,612	69,066
Property, plant and equipment	15	**149,513,917**	152,113,917	72,079,922
Intangible assets	16	**19,231,208**	15,345,419	13,097,416
Total non-current assets		**185,965,149**	188,495,426	85,436,305
TOTAL ASSETS		**223,251,813**	212,238,762	111,596,899

LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	17	**56,337,289**	43,567,750	8,555,799
Deferred income	18	**6,581,743**	-	-
Lease liabilities	10	**4,811,991**	4,849,088	30,648
Gold stream liability	11	**10,187,630**	12,837,633	4,812,872
Loans and other borrowings	12	**888,141**	27,984,078	53,590
Total current liabilities		**78,806,794**	89,238,549	13,452,909
Non-current liabilities				
Accounts payable and accrued liabilities	17	**-**	1,564,191	-
Lease liabilities	10	**10,597,294**	13,425,286	-
Gold stream liability	11	**14,852,135**	17,424,646	19,895,701
Loans and other borrowings	12	**27,254,513**	25,754,525	16,147,799

Provisions	14	**4,959,638**	5,238,176	486,500
Total non-current liabilities		**57,663,580**	63,406,824	36,530,000
SHAREHOLDERS' EQUITY				
Common shares	19	**80,439,693**	79,027,183	76,858,769
Share purchase warrants		**-**	-	375,895
Option reserve	19	**3,351,133**	4,513,900	4,626,427
Currency translation reserve		**(2,512,911)**	(2,889,510)	(769,690)
Retained earnings		**5,503,524**	(21,058,184)	(19,477,411)
Total shareholders' equity		**86,781,439**	59,593,389	61,613,990
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**223,251,813**	212,238,762	111,596,899

These consolidated financial statements were approved for issue by the Board of Directors on May 1, 2023, 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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,
In United States dollars

	Note	2022		2021
		$		$
Continuing operations				(restated)
Revenue		**165,174,531**		6,049,485
Production costs	5	**(68,907,249)**		(3,907,825)
Transportation and refining	5	**(3,419,333)**		(50,985)
Royalties	5	**(3,696,527)**		(108,258)
Amortisation and depreciation of operational assets - owned assets	5	**(25,673,590)**		-
Amortisation and depreciation of operational assets - right of use assets	5	**(4,638,775)**		-
Cost of sales		**(106,335,474)**		**(4,067,068)**
Loss on forward sale of commodity contracts		**(1,587,524)**		(43,295)
Gross profit (loss) from operations		**57,251,533**		1,939,122
Amortisation and depreciation - owned assets	5	**(1,254,566)**		(65,018)
Amortisation and depreciation - right of use assets	5	**(85,326)**		(41,173)
Other administration expenses	5	**(15,883,876)**		(3,294,820)
Impairment of Exploration & Evaluation assets	16	**(12,014)**		(99,059)
Profit (loss) from operations		**40,015,751**		(1,560,948)
Interest expense	5	**(14,616,810)**		(64,877)
Foreign exchange - gain/(loss)		**-**		881,069
AIM listing costs		**-**		(1,377,261)
Net profit (loss) before income taxes		**25,398,941**		(2,122,017)
Income Tax	5	**-**		52,822
Net profit (loss) for the year		**25,398,941**		(2,069,195)
Attributable to:				
Equity shareholders of the Company		**25,398,941**		(2,069,195)
Net profit (loss) for the period		**25,398,941**		(2,069,195)
Other comprehensive profit (loss)				
Foreign currency translation profit (loss) attributed to equity shareholders of the company		**376,599**		(2,119,820)
Total comprehensive income profit (loss) for the period		**25,775,540**		(4,189,015)
Net profit (loss) per share				
Basic	20	**$ 0.040**	$	(0.003)
Diluted	20	**$ 0.039**	$	(0.003)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
In United States dollars

	Note	2022	2021 (restated)
Cash flows from/(used in):			
Operating activities			
Net profit / (loss)		**$ 25,398,941**	$ (2,069,195)
Adjustments for:			-
Impairment of unproven mineral interest	16	**12,014**	99,059
Share-based compensation		**451,964**	-
Amortisation and depreciation	5	**31,652,256**	106,191
Loss on forward sale commodity contracts		**1,587,524**	43,295
Unrealized Foreign exchange (gains)/losses	5	**1,633,496**	1,282,492
Interest expense	5	**14,616,810**	64,877
Income tax		**-**	(52,822)
		75,353,005	(526,103)
Changes in non-cash working capital accounts			
Inventory	7	**(1,754,704)**	(18,510,206)
Receivables	8	**17,209**	(42,131)
Current prepaid expenses, advances and deposits		**(10,095,887)**	(346,917)
Non-current prepaid expenses, advances and deposits		**(177,142)**	(17,139)
Accounts payable and accrued liabilities	17	**14,464,283**	1,274,316
Deferred income	18	**6,581,743**	-
Net cash flows from/(used in) operating activities		**84,388,507**	(18,168,180)
Investing			
Restricted cash	6	**3,495,992**	812
Purchase of intangible assets	16	**(43,599)**	(175,423)
Assets under construction expenditures	15	**(1,884,352)**	(27,546,130)
Mobilisation of mining fleet	10	**-**	(2,785,055)
Property, Plant & Equipment	15	**(26,754,964)**	(2,086,123)
Exploration & Evaluation assets expenditures	16	**(5,366,778)**	(2,741,758)
Net cash flows used in investing activities		**(30,553,701)**	(35,333,677)
Financing			
Proceeds from issuance of equity securities		**-**	2,039,790
Borrowing costs paid		**-**	(510,838)
Share subscriptions received	19	**960,546**	-
(Repayment of) / Proceeds from loans and borrowings	13	**(39,864,224)**	31,178,558
Interest paid	13	**(4,645,014)**	(65,602)
Payment of lease liabilities	10	**(4,882,786)**	(2,811,315)
Net cash flows (used in)/from financing activities		**(48,431,478)**	29,830,593
Effect of exchange rates on cash		**8,439**	2,765,797
Net change in cash		**$ 5,411,767**	**$ (20,905,467)**
Cash, beginning of the period		**$ 1,276,270**	$ 22,181,737
Cash, end of the period		**$ 6,688,037**	$ 1,276,270

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
In United States dollars

	Note	Common shares	Share purchase warrants	Option reserve	Currency translation reserve	(Deficit)/ Retained earnings	Total shareholders' equity
Balance on December 31, 2020 (restated)		**$ 76,858,769**	**$ 375,895**	**$ 4,626,427**	**$ (769,690)**	**$ (19,477,411)**	**$ 61,613,990**
Net loss for the year		-	-	-	-	(2,069,195)	(2,069,195)
Other comprehensive loss		-	-	-	(2,119,820)	-	(2,119,820)
Total comprehensive loss for the year		**-**	**-**	**-**	**(2,119,820)**	**(2,069,195)**	**(4,189,015)**
Reinstatement of warrants	19	-	45,899	-	-	(45,899)	-
Exercise of warrants	19	2,073,451	(421,794)	-	-	421,794	2,073,451
Options exercised	19	94,963	-	(112,527)	-	112,527	94,963
Balance on December 31, 2021 (restated)		**$ 79,027,183**	**$ -**	**$ 4,513,900**	**$ (2,889,510)**	**$ (21,058,184)**	**$ 59,593,389**
Net profit for the period		-	-	-	-	25,398,941	25,398,941
Other comprehensive income		-	-	-	376,599	-	376,599
Total comprehensive loss for the year		**-**	**-**	**-**	**376,599**	**25,398,941**	**25,775,540**
Options exercised	19	1,412,510	-	(1,162,767)	-	1,162,767	1,412,510
Balance on December 31, 2022		**$ 80,439,693**	**$ -**	**$ 3,351,133**	**$ (2,512,911)**	**$ 5,503,524**	**$ 86,781,439**

Notes to the Audited Financial Statements

1. CORPORATE INFORMATION

Thor Explorations Ltd. (the "Company"), together with its subsidiaries (collectively, "Thor" or the "Group") is a West African focused gold producer and explorer, dually listed on the TSX-Venture Exchange (THX.V) and AIM Market of the London Stock Exchange (THX.L).

The Company was formed in 1968 and is organised under the Business Corporations Act (British Columbia) (BCBCA) with its registered office at 550 Burrard St, Suite 2900 Vancouver, BC, CA, V6C 0A3. The Company evolved into its current form in August 2011 following a reverse takeover and completed the transformational acquisition of its flagship Segilola Gold Project in Nigeria in August 2016.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated 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

The consolidated financial statements are presented in United States dollars ("US$"). Prior years consolidated financials have been previously presented in Canadian dollars ("C$") refer to note 3 (c) for further details on the change of presentational currency.

These consolidated financial statements have been prepared on a historical cost basis and are presented in United States dollars, except for the valuation of certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies below.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Group'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 judgement. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

c) Nature of operations and going concern

As at December 31, 2022, the Group had cash of $6,688,037 and inventory of 1,884 ounces of gold dore. During the year ended December 31, 2022, the Group sold 92,489 ounces of gold, in line with Management's production targets of 90,000 to 100,000 ounces for the year which yielded net cash flow to the Group of $84,388,507.

The Board has reviewed the detailed cash flow forecast prepared by management, for the twelve-month period from the date of this report. The Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next twelve months and that, as at the date of this report, there are no material uncertainties regarding going concern.

Key assumptions underpinning this forecast in addition to estimated production of 85,000 – 95,000 ounces of gold for 2023 include consensus analyst gold prices (between $1,800 per ounce and $2,050 per ounce), reduced debt servicing requirements following the amendments noted below, effective cost control of key production elements, production volumes in line with annual guidance and continuing support from our EPC contractor allowing the group to settle balances by Q2 2023. This is considered to be the Group's base case scenario which demonstrates the Group has sufficient cash and working capital to continue operations for a period of no less than twelve months from the date of approval of these financial statements.

In January 2023, post year end, the Group entered into an agreement with the AFC amending the terms of its senior debt facility. Certain covenants and restrictions were released, and the payment timetable re-scheduled to reallocate a higher percentage of the repayments to a later period in the Facility’s term. The updated agreement provides the Group with increased cashflow in the shorter term and less covenant and default provisions requiring assessment. For the purpose of the going concern review period the updated covenants and default provisions were reviewed with no cases of potential breach noted.

The Directors have also considered various scenarios that may impact cashflow including adverse changes in gold price (down to $1,600 per ounce), inflationary pressures on key cost elements (up to 5%), and adverse positions regarding the Facility covenants. The Directors are satisfied that these stress test scenarios have appropriate planned mitigating actions, which will be sufficient to maintain the Groups going concern status if in the unlikely event any of these eventualities occurred.

The Directors are therefore satisfied that the going concern basis of accounting is an appropriate assumption to adopt in the preparation of the consolidated financial statements as at December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Consolidation principles

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

b) Details of the group

In addition to the Company, these consolidated 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 consolidated financial statements present the results of the Company and its subsidiaries 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	September 30, 2011	100%
African Star Resources Incorporated (“African Star”)	British Virgin Islands	September 30, 2011	100%
Segilola Resources Incorporated (“SR BVI”)	British Virgin Islands	March 10, 2020	100%
Thor Gold Ventures Ltd (“Thor GV”)	United Kingdom	February 11, 2022	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%
Newstar Minerals Limited ("Newstar")	Nigeria	July 5, 2022	100%

The only changes to ownership interest from the previous year was the incorporation of Thor Gold Ventures Ltd in February 2022 and Newstar Minerals Limited in July 2022.

c) Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is the United States dollar ("$"). The functional currency for the Company is the currency of the primary economic environment in which the Company operates. 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). The Company has changed its presentation currency from Canadian Dollars to US Dollars as detailed in note 26.

During the year management has assessed the functional currency of the Company and its subsidiary SROL and concluded that from January 1, 2022 the functional currency of both entities changed to the US dollar from the Canadian dollar and Nigerian Naira, respectively. The assessment for the change in functional currency is detailed in note 4.b.iii.

Exchange rates published by Oanda were used to translate the Thor GV, Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL and SGL's financial statements into the United States 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 GV, Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SGL and Newstar 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 recognised in profit and loss. Fluctuations in the value of the local currencies of our subsidiaries, with most notably the US dollar will result in foreign exchange gains and losses as assets and liabilities denominated in US dollar are revalued in the Subsidiary's local currency at reporting dates.

d) Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), 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.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise cash, restricted cash, amounts receivable as well as prepaid expenses, advances and deposits in the consolidated statement of financial position. Cash includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Fair Value measurement hierarchy

IFRS 13 "Fair Value Measurement" requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the input used in making the fair value measurement.
The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived prices (level 2); and,
- Inputs for the asset or liability that are not based on observable market data (unobservable input) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Gold Stream arrangement

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

Under the terms of the GSA an advance payment of $21 million was received. Upon the commencement of production at Segilola the AFC had 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 $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.

The maximum $26.25 million payable after the initial $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 is recalculated at each reporting period and restated based on changes to the expected production profile and gold price estimates.

Revenue from the streaming arrangement was recognised under IFRS 15 when the customer obtained control of the gold and the Group satisfied its performance obligations. The revenue recognised reduced the contract liability balance.

In December 2021, the Group entered into a cash settlement agreement with the AFC where the gold sold to the AFC is settled in a net-cash sum payable to the AFC instead of delivery of bullion for repayment of the gold stream arrangement. This agreement triggered a modification to the contract liability, resulting in the liability to be accounted for in accordance with IFRS 9 whereby the liability is classified as a financial liability measured at fair value through profit or loss.

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 Group, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised 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 Group 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.

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.

Stripping costs

Capitalisation of waste stripping requires the Group to make judgements and estimates in determining the amounts to be capitalised. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalised and included in the carrying amount of the related mining property. During the production phase of a mine, stripping costs will be recognised as an asset only if the following conditions are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity.
- The entity can identify the component of the ore body (mining phases) for which access has been improved.
- The costs relating to the stripping activity associated with that component can be measured reliably.

Stripping costs incurred and capitalised during the development and production phase are depleted using the unit-of production method over the reserves and, in some cases, a portion of resources of the area that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in operating expenses.

Depreciation

Depreciation on property plant & equipment is recognised in profit or loss except where depreciation is directly attributable to mineral properties owned by the Group that are classified as either Exploration & Evaluation or Assets Under Construction ("AUC"). Depreciation in this instance is capitalised to the value of the mineral property asset (refer to Note 15). Upon commencement of commercial production, the value of AUC is reclassified as Mining and Plant assets (together "Mining Property") within Property, Plant & Equipment. Mining Property is depreciated using the unit of production method based on proven and probable reserves. Units of production are significantly affected by resources, exploration potential and production estimates together with economic factors, commodity prices, foreign currency, exchange rates, estimates of costs to produce reserves and future capital expenditure.

Depreciation of Mining and Other Equipment is provided on a straight-line basis over the estimated useful life of the assets as follows:

Description within Mining and Other Equipment	Rate
Motor vehicles	20-33%
Plant and machinery	20-25%
Office furniture	20-33%

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

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.

f) 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 Group, 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 realizable value, are written off to the statement of comprehensive income (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 Group 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 Group recognizes amounts payable under a farm-in agreement when the amount is due and when the Group has no contractual rights to avoid making the payment. The Group 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 Group, 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.

g) 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.

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.

h) 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 Group does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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, which 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 Group intends to settle its current tax assets and liabilities on a net basis. The Group has tax losses for which no deferred tax asset has been recognised.

i) Revenue recognition

The Group enters into forward sales contracts for the sale of gold at a pre-determined and agreed price with an agent who remits the cash proceeds to the Group.

The Group recognises the sale upon delivery at which point control of the product has been transferred to the Customer. Transfer of control generally takes place when refined gold is credited to the metals account at the refinery of the Customer who has sold the gold via forward sale. Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of the Agreement with the Customer.

j) Royalties

The Group has royalty payment obligations from production from its Segilola Gold Mine in Nigeria. A royalty is payable to the Nigerian government at a rate of 16,218 Nigerian Naira (prior to May 1, 2022: 5,400 Nigerian Naira) per ounce produced. The royalty is paid before the Dore is exported from Nigeria for refining. Royalties paid to the Nigerian government are recognised as cost of sales in the Consolidated Statement of Comprehensive Income/(Loss) at the point that the gold is exported.

The Group also has royalty obligations to three former owners of the Segilola Gold Project at rates of between 0.375% to 1.5% on the value of sales. Total royalties to the former owners ("third party royalties") are capped at $7.5 million. Royalties are calculated using the outturn date as reference point, whereby the number of ounces outturned are multiplied using the London Bullion Market Association ("LBMA") p.m. rate on the outturn date to establish a deemed sales value. The applicable royalty rate for each former owner is applied to the deemed sales value to determine the royalty payable.

Third party royalties have been assessed to be contingent consideration in the acquisition of the Segilola Gold Mine and accounted as an asset acquisition. In accordance with the Group's accounting policy the contingent consideration has been recognised as a financial liability at the point there was considered to be certainty over the payment arising (commencement of production). The discount will be unwound over the estimated time it will take to pay the entire $7.5 million obligation. The value of the royalties will be depreciated over the estimated life of the mine, and royalty payments will be applied in discharge of the financial liability. The financial liability was initially measured at fair value with subsequent fair value re-measurement to be recorded in the Consolidated Statement of Comprehensive Income/(Loss).

k) Inventory

Stores and consumables are stated at the lower of cost and net realizable value. The cost of stores and consumables includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Gold ore stockpiles are valued at the lower of weighted average cost and net realizable value. Cost includes direct materials, direct labour costs and production overheads.

Gold bullion and gold in process are stated at the lower of weighted average cost and net realizable value. Cost includes direct materials, direct labour costs and production overheads.

l) Basic and diluted income or loss per share

Earnings per share calculations are based on the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period.

m) 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 US dollars upon consolidation. Movements in the exchange rates of the Canadian Dollar, Pound Sterling, Nigerian Naira and West African Franc to the US dollar will affect the size of the comprehensive income (loss).

n) 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

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.

o) 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 a 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.

p) 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.

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.

q) Interest income

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

r) 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.

s) 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.

t) **Application of new and revised International Financial Reporting Standards**

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group elected to early adopt the Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use on the consolidated financial statements for the year ended December 31, 2021.

u) Future accounting pronouncements

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements 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 Group reviewed the terms of the Gold Sale Agreement and determined that it constituted 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.

In 2021, the arrangement was modified to allow the Group to settle the Gold Stream Liability in cash which led to the arrangement being reclassified as a financial liability.

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 is calculated 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$1,812 /oz at December 31, 2022. A 5% change in gold production estimates would result in an impact of less than $0.7 million on the Gold Stream liability.

(ii) *Estimated recoverable ounces*

The carrying amounts of the Group's mining interests are depleted based on the estimated recoverable ounces. Changes to estimates of recoverable ounces due to revisions to the Group's mine plans and changes in gold price forecasts can result in a change to future depletion rates.

(iii) Mineral reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserve and resource estimates include numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and on the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Group's financial position and results of operations.

(iv) *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 $0.25 million (2021: $0.25 million) on the provision for environmental and site restoration. The value of the period-end restoration provision is disclosed within Note 14.

(v) *Inventories*

Expenditures incurred, and depreciation and amortisation of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, ore in mill, and finished gold dore inventories. These deferred amounts are carried at the lower of average cost or net realizable value.

Their measurement involves the use of estimation to determine the tonnage, the attainable gold recovery, and the remaining costs of completion to bring inventory to its saleable form. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

In determining the net realizable value of ore in stockpiles, ore in mill, and gold dore the Group estimates future metal selling prices, production forecasts, realized grades and recoveries, and timing of processing to convert the inventories into saleable form. Reductions in metal price forecasts, increases in estimated future production costs, reductions in the number of recoverable ounces, and a delay in timing of processing can result in a write down of the carrying amounts of the Group's ore in stockpiles, ore in mill and gold dore inventories.

b) Critical accounting judgements

Information about critical judgements 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 judgements 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 $12,014 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) Indicators of impairment of property, plant and equipment

The Group considers both internal and external information in its process of determining whether there are any indicators for impairment of the Segilola Gold mine. Management considers the following external factors to be relevant: changes in the market capitalisation of the entity, changes in the long-term gold price expectations, or changes in the technological, market, economic or legal environment in which the entity operates, or in the market to which the asset is dedicated. Management considers the following internal factors to be relevant: changes in the estimates of recoverable ounces, significant movements in production costs and variances of actual production costs when compared to budgeted production costs, production patterns and whether production is meeting planned budget targets, changes in the level of capital expenditures required at the mine site, changes in the expected cost of dismantling assets and restoring the site, particularly towards the end of a mine's life. Refer to note 15 for details of impairment assessments performed during the year.

(iii) Functional currency

An analysis of functional currency under IAS 21 was undertaken on the Company and Segilola Resources Operations Limited ("SROL") in order to determine if significant changes to operational activities provide indicators that the functional currency for IFRS purposes should be reviewed and changed. Under IAS 21 an entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it. Accordingly, once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions.

The principal focus of the analysis was on the continuing applicability of the Nigerian Naira ("NGN") as the functional and reporting currency for SROL. Potential indicators of a change in functional currency for SROL were the commencement of the Mining Contract at Segilola and commencement of gold sales from Segilola, both denominated in US Dollars. The financial impact of a change in functional currency of SROL to US dollars was assessed at each of the dates where potential indicators of a change in functional currency could be considered to have been determined and it was concluded that a change in functional currency to US Dollars would best reflect the underlying transactions, events and conditions that are most relevant to the Company's operations.

(iv) Commercial production

The Segilola Gold Mine in Nigeria achieved its first gold sales in December 2021, with production starting in October 2021. However, production during Q4 2021 was below operating capacity and not consistent with the mine plan. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that the correct classification of Segilola was Assets under construction.

Production and recovery rates improved in January 2022 and have remained consistent with the mine plan during 2022, therefore, Management considered that commercial production was achieved from January 1, 2022 and has transferred Segilola`s Assets under construction to Segilola Mine assets and Processing plant.

5. COST OF SALES

		Year Ended December 31, 2022		2021
Mining contract		**37,133,315**		1,717,573
Contractors and consultants		**1,223,074**		56,572
Professional fees		**709,376**		32,812
Drilling and assays		**6,206,210**		287,064
Salaries		**6,834,866**		316,142
Materials and consumables		**22,376,335**		1,035,000
Drilling operations		**382,082**		17,673
Maintenance		**5,681,735**		262,804
Security		**1,771,671**		81,947
Foreign exchange (gains)/losses on production costs*		**(15,578,520)**		-
Other		**2,167,105**		100,238
Production costs	**$**	**68,907,249**	**$**	3,907,825
Transportation and refining		**3,419,333**		50,985
Royalties		**3,696,527**		108,258
Amortisation and depreciation of operational assets - owned assets		**25,673,590**		-
Amortisation and depreciation of operational assets - right of use assets		**4,638,775**		-
Cost of sales		**106,335,474**		4,067,068

* The total foreign exchange gain for the current year was $15,578,520, which comprises of realized foreign exchange gains of $17,212,016 and unrealized foreign exchange losses of $1,633,496. During the year, SROL purchased its local currency on a spot basis. The foreign exchange gains and losses from these trades are generated from the differences between the local currency values achieved on the trades versus the currency translation rate at the time of the trade..

5a. AMORTISATION AND DEPRECIATION

	Year Ended December 31, 2022		2021
Amortisation and depreciation of operational assets - owned assets	**25,673,590**		-
Amortisation and depreciation of operational assets - right of use assets	**4,638,774**		-
Amortisation and depreciation – owned assets	**1,254,566**		65,018
Amortisation and depreciation – right-of-use assets	**85,326**		41,173
	$ 31,652,256	**$**	106,191

5b. OTHER ADMINISTRATION EXPENSES

	Note	Year Ended December 31, 2022		2021
Audit and legal		**463,694**		279,944
Bank charges		**266,924**		204,385
Consulting fees		**1,262,943**		350,963
Directors fees	21	**404,097**		358,465
Equipment hire		**0**		-
Investor relations and transfer agent fees		**473,284**		246,218
Listing and filing fees		**32,362**		30,189
Camp costs		**4,093,086**		-
Near mine exploration		**0**		-
Office and miscellaneous		**3,834,177**		372,436
Salaries and benefits		**4,261,912**		1,285,606
Travel		**791,397**		166,614
		$ 15,883,876	**$**	3,294,820

5c. INTEREST EXPENSE

	Note	Year Ended December 31, 2022	2021
Interest on loan from the Africa Finance Corporation	12	**6,465,751**	1,714,041
Interest on deferred element of EPC contract	12	**472,811**	250,402
Interest on goldstream liability	11	**6,311,927**	6,562,830

Interest on leases	10	**1,052,329**	782,088
Interest on provisions	14	**108,164**	-
Other		**205,828**	
Total Interest		**14,616,810**	**9,309,361**
(-) Interest capitalised			-9,244,484
Interest expense		**$ 14,616,810**	**$ 64,877**

5d. INCOME TAX

The difference between tax expense for the year and the expected income taxes based on the Canadian statutory income tax rate is as follows:

		Year Ended December 31, 2022	2021
Profit/(Loss) before income taxes		**25,398,941**	(2,122,017)
Applicable Canada tax rate		**27%**	27%
Tax at applicable tax rate		**(6,857,714)**	572,945
Adjustments for different tax rates in the Group		**5,980,026**	(60,391)
Losses carried forward not recognized		**877,688**	(459,731)
Income tax credit/(charge)	**$**	**-**	**52,822**

During the years ended December 31, 2022, and 2021 the Canadian federal corporate income tax rate remained unchanged at 15%. The British Columbia provincial corporate income tax also remained unchanged at 12%.

The Senegalese and Burkina Faso income tax rates remained unchanged at 30% and 28% respectively.

The Nigerian corporate income tax rate remained unchanged at 30% however the Group companies in Nigeria are exempt from income tax during the first three years of operations under Section 36 of the Companies Income Tax Act of Nigeria.

The Company has available non-capital losses in Canada of approximately $14,575,000 (2021: $13,808,000). The Canadian non-capital losses may be utilized to offset future taxable income and have carry forward periods of up to 20 years. The losses, if not utilized, expire through 2040.

The only potential benefits of carry-forward non-capital losses and deductible temporary differences have been recognized in these financial statements relate to the Company's Senegalese subsidiary African Star Resources S.A.R.L. No other potential benefits have been recognized as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

6. RESTRICTED CASH

	December 31, 2022	December 31, 2021
Restricted cash	**$ -**	**$** 3,495,992

Under the terms of the $54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation (refer to note 12 for details on the Facility), the Group was required to place a total of US$3.5 million into a cost overrun bank account that could only be used for expenditure on the development of the Segilola Gold Project in the event of construction costs exceeding budget. Upon receipt of the Certificate of Completion on January 31, 2022, the cash ceased to be treated as restricted.

7. INVENTORY

		December 31, 2022		December 31, 2021
Plant spares and consumables	$	**4,751,922**	$	1,337,792
Gold ore in stockpile		**11,869,168**		8,663,728
Gold in CIL		**1,160,237**		1,614,267
Gold Dore		**2,119,935**		6,530,771
	$	**19,901,262**	$	18,146,558

There were no write downs to reduce the carrying value of inventories to net realizable value during the years ended December 31, 2022 and 2021.

The cost of inventories recognised as expense in the year ended December 31, 2022 was $89,382 thousand and was included in cost of sales (2021 - $nil).

8. AMOUNTS RECEIVABLE

		December 31, 2022		December 31, 2021
Accounts receivable	$	**67,084**	$	20,495
GST		**993**		3,715
Other receivables		**152,365**		213,441
	$	**220,442**	$	237,651

The value of receivables recorded on the balance sheet is approximate to their recoverable value and there are no expected material credit losses.

9. PREPAID EXPENSES, ADVANCES AND DEPOSITS

		September 30, 2022	December 31, 2021
Current:			
Gold Stream liability arrangement fees		**33,186**	38,829
Advance deposits to vendors		**9,625,204**	235,408
Other prepayments		**818,533**	312,628
	$	**10,476,923**	586,865
Non-current:			
Gold Stream liability arrangement fees	$	**74,667**	87,310
Other prepayments		**208,158**	18,373
	$	**282,825**	105,683

Included in Advance deposits to vendors, are payment deposits towards key equipment, materials and spare parts, with longer lead times to delivery, which are of critical importance to maintain efficient operations of the mine and process plant. These were made to mitigate against price volatility and inflation currently affecting the sector.

10. LEASES

The Group accounts 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. There were no such leases for the year ended December 31, 2022 and 2021.

Leases relate principally to corporate offices and the mining fleet at the Segilola mine. Corporate offices are depreciated over 5 years and mining fleet over the life of mine of Segilola.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position for the year ended December 31, 2022, were as follows:

	Right of use asset	Lease liability	Income statement
Carrying value December 31, 2021	$ 20,843,612	$ (18,274,374)	$ -
New leases entered in to during the period	660,064	(660,064)	-
Depreciation	(4,724,100)	-	(4,724,100)
Interest	-	(1,052,329)	(1,052,329)
Lease payments	-	4,882,786	-
Foreign exchange movement	69,826	(305,304)	(305,304)
Carrying value at December 31, 2022	$ 16,849,402	$ (15,409,285)	$ (6,081,733)
Current liability		(4,811,991)	
Non-current liability		(10,597,294)	

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

	Right-of-use asset	Lease liability	Income statement
Carrying value December 31, 2020	$ 69,066	$ (30,648)	$ -
New leases entered in to during the year	22,612,362	(19,668,810)	-
Depreciation	(2,355,674)	-	(41,173)
Interest	-	(782,088)	(563)
Lease payments	-	2,811,315	-
Foreign exchange movement	517,858	(604,143)	(86,285)
Carrying value at December 31, 2021	$ 20,843,612	$ (18,274,374)	$ (128,021)
Current liability		(4,849,088)	
Non-current liability		(13,425,286)	

The total depreciation for the year ended December 31, 2021 under IFRS 16 was $2,355,674, of that total $41,173 was charged to the Consolidated Statements of Comprehensive Income and $2,314,501 was capitalized into the Segilola Mine Asset.

11. GOLD STREAM LIABILITY

Gold stream liability

		December 31, 2022 Total		December 31, 2021 Total
Balance at Beginning of period	$	30,262,279	$	24,708,573
Interest at the effective interest rate		6,311,927		6,562,830
Repayments		(11,534,441)		(443,915)
Foreign exchange movement		-		(565,209)
Balance at End of period	**$**	25,039,765	**$**	30,262,279
Current liability		10,187,630		12,837,633
Non-current liability		14,852,135		17,424,646

On April 29, 2020, the Group announced the closing of project financing for its flagship Segilola Gold Project ("Segilola") in Osun State, Nigeria. The financing included a $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 into between the Group'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 $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 $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 $26.25 million represented 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 the production profile and gold price. The future gold price estimates were based on market forecast reports for the years 2021 to 2025 and, the production profile was based on the latest life of mine plan model. The liability was to 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 Income (Loss).

Interest expense of $6,311,927 was recognised for the Year Ended December 31, 2022 and has been expensed to the Consolidated Statement of Income. Prior to the commencement of commercial production on January 1, 2022, interest was capitalized and included in the value of the Segilola Gold Mine (Refer to Note 15). A cumulative total of $10,200,430 has been capitalized prior to commercial production and included in the value of the Segilola Gold Mine.

In December 2021, the Group entered into a cash settlement agreement with the AFC where the gold sold to the AFC is settled in a net-cash sum payable to the AFC instead of delivery of bullion in repayment of the gold stream arrangement. Refer to Note 3d for further information on the accounting treatment of the gold stream liability.

The following table represents the Group's loans and borrowings measured and recognised at fair value.

		Level 1	Level 2	Level 3	Total
Financial liability at fair value through profit or loss	$	-	-	25,039 ,765	25,039 ,765

The liabilities included in the above table are carried at fair value through profit and loss.

The valuation is based on a cash flow model with the following key inputs:

- Production profiles based on Segilola life-of-mine forecasts
- Gold price ranging from $1,600/oz to 1,735/oz
- Interest rate of 22.61%

The sensitivities performed are described in Note 4.a.i

12. LOANS AND BORROWINGS

		December 31, 2022		December 31, 2021
Current liabilities:				
Loans payable to the Africa Finance Corporation less than 1 year	**$**	**356,155**	$	24,192,518
Deferred element of EPC contract		**531,986**		3,122,990
Short term advances		**-**		668,570
	$	**888,141**		27,984,078
Non-current liabilities:				
Loans payable to the Africa Finance Corporation more than 1 year	**$**	**24,103,784**	$	22,667,448
Deferred element of EPC contract		**3,150,729**		3,087,077
	$	**27,254,513**	$	25,754,525

Loans from the Africa Finance Corporation

		December 31, 2022 Total		**December 31, 2021 Total**
Balance at Beginning of period	**$**	46,859,966	**$**	14,267,114
Drawdown		-		31,153,833
Repayments		(28,865,778)		-
Arrangement fees		-		(508,856)
Unwinding of interest in the period		6,465,751		1,714,041
Foreign exchange movement		-		233,834
Balance at End of period	**$**	24,459,939	**$**	46,859,966
Current liability		356,155		24,192,518
Non-current liability		24,103,784		22,667,448

On December 1, 2020, the Group announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a $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 could be drawn down at the Group's request in minimum disbursements of $5 million. As at December 31, 2022, SROL has received total disbursements of $52.6 million (2021: $52.6 million), with $nil drawn down in 2022 (2021: $31.2 million) and the remaining $1.35m undrawn facility cancelled by the Group during the period under review (2021: $nil). Total disbursements received represent 97% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments commencing in March 2022 and to conclude in March 2025.

Repayment of the aggregate Facility will be made in instalments over a 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 SOFR plus 9% and is 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 $4,663,652 in relation to the loan facility. The fair value of the liability was determined at $45,822,943 taking into account the transaction costs and equity component and recognised at amortised cost using an effective rate of interest, with the fair value of the shares issued in April 2020 of $5,666,011 recognised within equity.

Interest paid during the year ended December 31, 2021, of $3,667,835 has been capitalised to the cost of the Segilola Gold Mine. (Refer to Note 15).

On 31 January 2023, the Group entered into an agreement with the AFC amending the terms of its senior debt facility. (See Note 27)

Certain covenants and restrictions were released, and the payment timetable re-scheduled to reallocate a higher percentage of the repayments to a later period in the Facility's term.

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

The Group has constructed 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 $67.5 million for the full delivery of design, engineering, procurement, construction, and commissioning of the proposed 715,000 ton per annum gold ore processing plant.

The EPC Contract includes a deferred element ("the Deferred Payment Facility") of 10% of the fixed price. As at December 31, 2022, a total of $3,682,715 (December 31, 2021: $6,210,067) was deferred under the facility. The 10% deferred element is repayable in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Deferred Payment Facility. Repayments commenced in March 2022 and will conclude in 2025. Interest on this element of the EPC deferred facility accrues at 8% per annum from the time the Facility taking-over Certificate was issued.

		December 31, 2022 Total		**December 31, 2021 Total**
Balance at beginning of period	$	6,210,090	$	1,934,275
Offset against EPC payment		440,263		3,999,815
Repayments		(3,440,449)		-
Unwinding of interest in the period		472,811		250,402
Foreign exchange movement		-		25,575
Balance period end	$	3,682,715	$	6,210,067
Current liability		531,986		3,122,990
Non-current liability		3,150,729		3,087,077

Short term advances

		December 31, 2022 Total		**December 31, 2021 Total**
Balance at beginning of period	$	668,570	$	-
Drawdowns		-		679,294
Repayments		(668,570)		-
Foreign exchange movement		-		(10,724)
Balance period end	$	-	$	668,570

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

December 31, 2022		**Gold stream liability**	**Short term advance**	**AFC loan**	**EPC deferred facility**	**Total**
January 1, 2022	$	30,262,279	668,570	46,859,966	6,210,090	84,000,905
Cash flows:						
(Repayment of) / Proceeds from loans and borrowings		(11,534,441)	(668,570)	(24,220,764)	(3,440,449)	(39,864,224)
Interest paid		-	-	(4,645,014)	-	(4,645,014)
Non-cash changes:						

Unwinding of interest in the year		6,311,927	-	6,465,751	472,811	13,250,489
Offset against EPC payment		-	-	-	440,263	440,263
December 31, 2022	$	25,039,765	-	24,459,939	3,682,715	53,182,419

December 31, 2021		**Gold stream liability**	**Short term advance**	**AFC loan**	**EPC deferred facility**	**Total**
January 1, 2021	$	24,708,573	-	14,267,114	1,934,275	40,909,962
Cash flows:						
(Repayment of) / Proceeds from loans and borrowings		(443,915)	679,294	30,943,179	-	31,178 ,558
Interest paid		-	-	-	-	-
Transaction costs		-		(510,838)	-	(510,838)
Non-cash changes:						
Unwinding of interest in the year		6,562,830	-	1,738,601	250,402	8,551,833
Foreign exchange movements		(565,209)	(10,724)	421,910	25,575	(128,448)
Offset against EPC payment		-	-	-	3,999,815	3,999,815
December 31, 2021	$	30,262,279	668,570	46,859,966	6,210,067	84,000,882

14. PROVISIONS

December 31, 2022		**Other**		**Fleet demobilisation costs**		**Restoration costs**		**Total**
Balance at Beginning of period	**$**	-	**$**	173,241	**$**	5,064,935	**$**	5,238,176
Initial recognition of provision		18,415		-		-		18,415
Changes in estimates		-		-		(404,859)		(404,859)
Unwinding of discount		-		201		107,963		108,164
Foreign exchange movements		(258)		-		-		(258)
Balance at period end	**$**	18,157	**$**	173,442	**$**	4,768,039	**$**	4,959,638
Current liability		-		-		-		-
Non-current liability		18,157		173,442		4,768,039		4,959,638

December 31, 2021		**Fleet demobilisation costs**		**Restoration costs**		**Total**
Balance at Beginning of year	**$**	-	**$**	486,500	**$**	486,500
Initial recognition of provision		173,241		-		173,241
Increase in provision		-		4,628,124		4,628,124
Foreign exchange movements		-		(49,689)		(49,689)
Balance at year end	**$**	173,241	**$**	5,064,935	**$**	5,238,176
Current liability		-		-		-
Non-current liability		173,241		5,064,935		5,238,176

The restoration costs provision is for the site restoration at Segilola Gold Project in Osun State Nigeria. The 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 US forecast inflation rates of 2.9% and the interest rate of 4% on 5-year US bonds were used to calculate the expected future cash flows, which are in line with the life of mine. 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 at mine closure.

The fleet demobilization costs provision is the value of the cost to demobilize the mining fleet upon closure of the mine.

15. PROPERTY, PLANT AND EQUIPMENT

* Refer to note 26 for details on the prior year restatement

	Motor vehicles	Plant and machinery	Office furniture	Land	Decommissioning Asset	Processing Plant	Segilola Mine	Assets under construction	Total
Costs									
Balance, December 31, 2020	$ 1,397,109	$ 411,527	$ 271,949	$ 18,113	$ 486,887	$ -	$ -	$ 70,314,684	$ 72,900,269
Transfer from exploration & evaluation assets	-	-	-	-	-	-	-	-	-
Acquisition payments	-	-	-	-	-	-	-	7,295,056	7,295,056
Additions	777,710	187,805	939,282	-	4,634,103	-	-	71,130,046	77,668,946
Foreign exchange movement	(114,837)	(109,958)	(36,162)	(1,305)	(56,055)	-	-	(4,162,585)	(4,480,902)
Balance, December 31, 2021 (restated)*	$ 2,059,982	$ 489,374	$ 1,175,069	$ 16,808	$ 5,064,935	$ -	$ -	$ 144,577,201	$ 153,383,369
Transfers	-	-	-	-	-	60,687,651	83,889,550	(144,577,201)	-
Additions	148,862	5,649,341	668,936	-	-	7,459,467	8,946,765	1,884,352	24,757,723
Revisions to decommisioning assets	-	-	-	-	(404,859)	-	-	-	(404,859)
Disposals	-	-	-	-	-	-	-	-	-
Foreign exchange movement	(40,004)	(12,091)	(9,118)	-	-	-	-	-	(61,213)
Balance, December 31, 2022	**$ 2,168,840**	**$ 6,126,624**	**$ 1,834,887**	**$ 16,808**	**$ 4,660,076**	**$ 68,147,118**	**$ 92,836,315**	**$ 1,884,352**	**$ 177,675,020**
Accumulated depreciation and impairment losses									
Balance, December 31, 2020	$ 391,082	$ 313,571	$ 115,694	$ -	$ -	$ -	$ -	$ -	820,347
Depreciation	431,020	54,475	179,509	-	-	-	-	-	665,004
Disposals									-
Foreign exchange movement	(67,586)	(104,399)	(43,914)	-	-	-	-	-	(215,899)
Balance, December 31, 2021	$ 754,516	$ 263,647	$ 251,289	$ -	$ -	$ -	$ -	$ -	$ 1,269,452
Depreciation	457,259	354,275	306,542	-	952,322	10,247,764	14,603,113	-	26,921,275
Disposals	-	-	-	-	-	-	-	-	-
Foreign exchange movement	(14,966)	(11,780)	(2,878)	-	-	-	-	-	(29,624)
Balance, December 31, 2022	**$ 1,196,809**	**$ 606,142**	**$ 554,953**	**$ -**	**$ 952,322**	**$ 10,247,764**	**$ 14,603,113**	**$ -**	**$ 28,161,103**
Carrying amounts									
Balance, December 31, 2020	$ 1,006,027	$ 97,956	$ 156,255	$ 18,113	$ 486,887	$ -	$ -	$ 70,314,684	$ 72,079,922
Balance, December 31, 2021 (restated)	$ 1,305,466	$ 225,727	$ 923,780	$ 16,808	$ 5,064,935	$ -	$ -	$ 144,577,201	$ 152,113,917
Balance, December 31, 2022	**$ 972,031**	**$ 5,520,482**	**$ 1,279,934**	**$ 16,808**	**$ 3,707,754**	**$ 57,899,354**	**$ 78,233,202**	**$ 1,884,352**	**$ 149,513,917**

A summary of depreciation capitalized is as follows:

	Year Ended December 31,		Total depreciation capitalized	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Exploration expenditures	**116,108**	85,358	**620,352**	504,244
Total	$ **116,108**	$ 85,358	$ **620,352**	$ 504,244

a) Segilola Project, Osun Nigeria:

<u>Classification of Expenditure on the Segilola Gold Project</u>

On January 1, 2022, the Group achieved Commercial Production at the Segilola Gold Project in Nigeria ("the Project") Upon achieving Commercial Production, the Assets under Construction was reclassified within Property, Plant and Equipment, and transferred to Mining Asset, Processing Plant and Decommissioning Asset.

<u>Decommissioning Asset</u>

The decommissioning asset relates to estimated restoration costs at the Group's Segilola Gold Mine as at December 31, 2022. Refer to Note 14 for further detail.

<u>Impairment assessment</u>

During the year ended December 31, 2022, the Group performed a review for indicators of impairment for the Segilola Gold mine and evaluated key assumptions such as forecasts for gold prices, significant revisions to the mine plan including current estimates of recoverable mineral reserves and resources, recent operating results, and future expected production based on the reserves and resources. As a result of the above, the Group concluded that there were no indicators of impairment for the Segilola Gold mine at 31 December 2022.

16. INTANGIBLE ASSETS

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

	Douta Gold Project, Senegal	Central Houndé Project, Burkina Faso	Exploration licenses, Nigeria	Software	Total
Balance, December 31, 2020	**$ 12,783,387**	**$ -**	**$ 89,395**	**$ 224,634**	**$ 13,097,416**
Acquisition costs	-	-	74,897	-	74,897
Exploration costs	2,037,122	106,614	742,145	-	2,885,881
Additions	-	-	-	178,885	178,885
Amortisation	-	-	-	(167,648)	(167,648)
Impairment	-	(106,692)	-	-	(106,692)
Foreign exchange movement	(600,527)	78	(11,136)	(5,735)	(617,320)
Balance, December 31, 2021	**$ 14,219,982**	**$ -**	**$ 895,301**	**$ 230,136**	**$ 15,345,419**
Acquisition costs	-	-	24,103	-	24,103
Exploration costs	3,745,803	12,014	1,693,863	-	5,451,680
Additions	-	-	-	43,599	43,599
Amortisation	-	-	-	(122,988)	(122,988)
Impairment	-	(12,014)	-	-	(12,014)
Foreign exchange movement	(1,427,912)	-	(70,679)	-	(1,498,591)
Balance, December 31, 2022	**$ 16,537,873**	**$ -**	**$ 2,542,588**	**$ 150,747**	**$ 19,231,208**

Impairment assessment

During the year ended 31 December 2022, the Group performed a review for indicators of impairment of all exploration and evaluation assets in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. Exploration permits have been assessed as to whether the permits were in good standing and/or any further activity was planned. No impairment indicators were identified for the Group`s exploration and evaluation assets other than for the Central Houndé project as detailed below.

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

Effective February 24, 2012, the Group exercised its option to acquire a 70% interest in the Douta Gold Project pursuant to the terms of the Option Agreement between the Group and IMC. As consideration for the exercise of the option, the Group 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 Group'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 Group 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.

b) Central Houndé Project, Burkina Faso:

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

AFC Constelor SARL holds 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 holds 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 Group 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 Houndé 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 Houndé 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 Group carried out an impairment assessment at December 31, 2020, and determined that the unsuccessful sale attempt was an indication for impairment. It is the Group'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.

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 13 exploration licenses and four joint venture partnership exploration licenses. Together with the mining lease over the Segilola Gold Deposit, Thor's total exploration tenure amounts to 1,400 km². The Group's exploration strategy includes further expansion of its Nigerian land package as and when attractive new licenses become available.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2022		December 31, 2021 (restated*)
Trade payables	**$**	**46,914,333**	$	36,962,841
Accrued liabilities		**6,213,977**		3,058,121
Other payables		**3,208,979**		5,110,979
	$	**56,337,289**	$	45,131,941
Current liability		**56,337,289**		43,567,750
Non-current liability		**-**		1,564,191

* Refer to note 26 for details on the prior year restatement

Accounts payable and accrued liabilities are classified as financial liabilities and approximate their fair values.

Included in trade payables is a balance of $10,196,105 due to our EPC contractor. The total EPC amount has been finalized with our EPC contractor, and this balance has been paid at the date of release of these financial statements.

Also included in trade payables is a total of $2,215,585 (2021: $7,115,207) that relates to third party royalties that will become payable upon future gold sales. All these royalties' creditors are included in current liabilities (refer to Note 3j for further detail).

The following table represents the Group's trade payables measured and recognised at fair value.

		Level 1	Level 2	Level 3	Total
Trade payables Third party royalties	$	-	-	2,215,585	2,215,585

The valuation is based on a cash flow model with the following key inputs:

- Production profiles based on Segilola life-of-mine forecasts
- Gold price ranging from $1,660/oz to 1,735/oz
- Discount rate of 5.25%

There are no material impacts on the valuation from a sensitivity analysis.

18. DEFERRED INCOME

		December 31, 2022		December 31, 2021
Deferred income	$	**6,581,743**	$	-

The deferred income relates to advance sales of 3,687 oz of Gold that were delivered in January 2023.

19. CAPITAL AND RESERVES

a) Authorized

Unlimited common shares without par value.

b) Issued

	December 31, 2022 Number		December 31, 2022	December 31, 2021 Number		December 31, 2021
As at start of the year	632,358,009	$	79,027,183	621,405,975	$	76,858,769
Issue of new shares:						
- Share options exercised [i]	9,939,000		960,546	-		-
- RSU awards vested [ii]	2,399,176		451,964	-		-
- Share warrants exercised [iii]	-		-	9,952,034		2,073,450
- Share options exercised [iv]	-		-	1,000,000		94,964
	644,696,185	$	80,439,693	632,358,009	$	79,027,183

[i] Value of 9,250,000 options exercised at a price of CAD$0.12 per share and 289,000 options exercised at a price of CAD$0.145 per share, both on January 19, 2022, and 400,000 options exercised at a price of CAD$0.145 per share on December 13, 2022.
[ii] Value of 2,399,176 RSU awards that were granted and vested on October 11, 2022, at a deemed price of CAD$0.26 per share.
[iii] Value of 1,664,534 warrants exercised on June 8, 2021, at a price of CAD$0.18 per share, and 8,287,500 warrants exercised on August 31, 2021, at a price of CAD$0.28 per share.
[iv] Value of 500,000 options on July 5, 2021, and 500,000 options on December 41, 2021, all exercised at a price of CAD$0.12 per share.

c) Share-based compensation

Stock option plan

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

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

- On January 16, 2020, 14,250,000 stock options were granted at an exercise price of C$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 C$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 C$0.145 per share for a period of five years.

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	12/03/2018	0.19	2.00%	$ 0.145	105.09%	$0.14	12,800,000	12,800,000	12/03/2023
5	05/10/2018	0.76	2.43%	$ 0.14	100.69%	$0.14	750,000	750,000	05/10/2023
5	16/01/2020	2.05	1.49%	$ 0.20	66.84%	$0.07	14,250,000	14,250,000	16/01/2025

In Canadian Dollars

The Group has 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 Group has undergone since the acquisition of the Segilola Gold Project in August 2016, the Group's historical share price is not reflective of the current stage of development of the Group, 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.

The following is a summary of changes in options from January 1, 2022, to December 31, 2022, and the outstanding and exercisable options at December 31, 2022:

Grant Date	Expiry Date	Exercise Price	Remaining (Years)	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2022	$0.12	-	9,250,000	-	(9,250,000)	-	-	-	-
12-Mar-2018	12-Mar-2023	$0.145	0.19	12,800,000	-	(689,000)	-	12,111,000	12,111,000	-
5-Oct-2018	5-Oct-2023	$0.14	0.76	750,000	-	-	-	750,000	750,000	-
16-Jan-2020	16-Jan-2025	$0.20	2.05	14,040,000	-	-	-	14,040,000	14,040,000	-
Totals			**1.18**	**36,840,000**	**-**	**(9,939,000)**	**-**	**26,901,000**	**26,901,000**	**-**
Weighted Average Exercise Price				**$0.160**	**$0.000**	**$0.122**	**-**	**$0.174**	**$0.174**	**-**

In Canadian Dollars

The following is a summary of changes in options from January 1, 2020, to December 31, 2021, and the outstanding and exercisable options at December 31, 2021:

Grant Date	Expiry Date	Exercise Price	Remaining (Years)	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2022 i	$0.12	0.05	9,750,000	-	(500,000)	-	9,250,000	9,250,000	-
7-May-2017	7-May-2022 ii	$0.12	-	500,000	-	(500,000)	-	-	-	-
12-Mar-2018	12-Mar-2023	$0.145	1.19	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023	$0.14	1.76	750,000	-	-	-	750,000	750,000	-
16-Jan-2020	16-Jan-2025	$0.20	3.05	14,040,000	-	-	-	14,040,000	14,040,000	-
Totals			**1.62**	**37,840,000**	**-**	**(1,000,000)**	**-**	**36,840,000**	**36,840,000**	**-**
Weighted Average Exercise Price				**$0.159**	**$0.000**	**$0.120**	**-**	**$0.160**	**$0.160**	**-**

In Canadian Dollars

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

Restricted share units ("RSUs")

In October 2022, the Group granted under its Long-Term Incentive Plan ("LTIP") RSUs through issuing and allotting 2,399,176 new common shares in the Company at a price of CAD 26 cents per share.

The cost of $451,964 in relation to the RSU granted has been recognised in the Consolidated Statement of Comprehensive Income for the year ended December 31, 2022.

d) Nature and purpose of equity and reserves

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

'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 US dollars.

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

'Retained earnings' is used to record the Group's accumulated earnings.

20. EARNINGS PER SHARE

Diluted net earnings per share was calculated based on the following:

	December 31, 2022	December 31, 2021
Basic weighted average number of shares outstanding	**641,958,083**	**625,373,103**
Stock options	8,359,009	-
Diluted weighted average number of shares outstanding	**650,317,092**	**625,373,103**
Total common shares outstanding	**644,696,185**	**632,358,009**
Total potential diluted common shares	**671,597,185**	**669,198,009**

21. 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 year ended December 31, 2022, and 2021 were as follows:

			Year Ended December 31,		
			2022		**2021**
Salaries					
Current directors and officers	(i) (ii)	$	**1,638,597**	$	306,036
Former directors and officers			**71,557**		-
Directors' fees					
Current directors and officers	(i) (ii)		**404,097**		211,947
Share-based payments					
Current directors and officers	(iii)		**296,502**		-
		$	**2,410,753**	$	517,983

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2022, and 2021.

(ii) The Group paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Group for services. Accounts payable and accrued liabilities at December 31, 2022, include $102,092 (December 31, 2021 - $346,275) due to directors or private companies controlled by an officer and director of the Group. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

(iii) RSU granted on October 11, 2022. Refer to note 19.c for further information.

22. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, restricted 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. 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, restricted cash, accounts receivable, and accounts payable, accrued liabilities, loans and borrowings 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:

December 31, 2022		Measured at amortised cost	Measured at fair value through profit and loss	Total
Assets				
Cash and cash equivalents	$	6,688,037	-	6,688,037
Amounts receivable		220,442	-	220,442
Total assets	**$**	**6,908,479**	**-**	**6,908,479**
Liabilities				
Accounts payable and accrued liabilities	$	54,121,704	2,215,585	56,337,289
Loans and borrowings		28,142,654	-	28,142,654
Gold stream liability		-	25,039,765	25,039,765
Lease liabilities		15,409,285	**-**	15,409,285
Total liabilities	**$**	**97,673,643**	**27,255,350**	**124,928,993**

December 31, 2021		Measured at amortised cost	Measured at fair value through profit and loss	Total
Assets				
Cash and cash equivalents	$	1,276,270	-	1,276,270
Restricted cash		3,495,992	-	3,495,992
Amounts receivable		237,651	-	237,651
Total assets	**$**	**5,009,913**	**-**	**5,009,913**
Liabilities				
Accounts payable and accrued liabilities	$	38,024,962	7,106,979	45,131,941
Loans and borrowings		53,738,603	-	53,738,603
Gold stream liability		-	30,262,279	30,262,279
Lease liabilities		18,274,374	**-**	18,274,374
Total liabilities	**$**	**110,037,939**	**37,369,258**	**147,407,197**

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's income and operating cash flows will be impacted by changes in market interest rates as the Group's secured loans from the AFC incurs Interest at SOFR plus 9% (Refer to Note 12). The Group's management monitors the interest rate fluctuations on a continuous basis and assesses the impact of interest rate fluctuations on the Group's cash position and acts to ensure that sufficient cash reserves are maintained in order to meet interest payment obligations.

The following table discusses the Group's sensitivity to a 5% increase or decrease in interest rates:

		Interest rate Appreciation By 5%		Interest rate Depreciation By 5%
December 31, 2022				
Comprehensive income (loss)				
Financial assets and liabilities	$	(2,086,408)	$	2,086,408
December 31, 2021				
Comprehensive income (loss)				
Financial assets and liabilities	$	(2,162,336)	$	2,162,336

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 Group manages the credit risk associated with cash by investing these funds with highly rated financial institutions, and by monitoring its concentration of cash held in any one institution. As such, the Group deems the credit risk on its cash to be low. At 31 December 2022, 93% of the Group's cash balances were invested in AA rated financial institutions (2021: 93%), 2% in AA- rated financial institutions (2021: 1%), 1% in A+ rated financial institutions (2021: 1%) and 4% in B rated institutions (2021: 5%).

The Group sells its gold to large international organisations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at December 31, 2022 is considered to be negligible.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at December 31, 2022, and December 31, 2021, were as follows:

		December 31, 2022		December 31, 2021
Cash	$	6,688,037	$	1,276,270
Restricted cash		-		3,495,992
Amounts receivable		220,442		237,651
Total	**$**	**6,908,479**	**$**	**5,009,913**

Liquidity and funding risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Group's holdings of cash. The Group's cash is held in business accounts and are available on demand.

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

Liquidity and funding risk (continued)

The following table summarizes the Group's significant remaining contractual maturities for financial liabilities at December 31, 2022, and December 31, 2021.

Contractual maturity analysis as at December 31, 2022

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable and accrued liabilities	55,368,069	1,001,983	-	-	56,370,052
Lease liabilities	1,255,581	3,766,744	12,681,521	-	17,703,846
Gold Stream Liability	2,986,708	8,475,973	23,420,334	-	34,883,015
Loans and borrowings	1,642,151	4,810,033	33,337,237	-	39,789,421
	61,252,509	**18,054,733**	**69,439,092**	**-**	**148,746,334**

Contractual maturity analysis as at December 31, 2021

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable and accrued liabilities	38,699,814	4,862,676	1,952,408	-	45,514,898
Lease liabilities	1,213,678	3,641,035	16,991,498	-	21,846,211
Gold Stream Liability	2,237,631	10,614,896	33,955,921		46,808,448
Loans and borrowings	1,984,714	26,031,054	32,400,920	-	60,416,688
	44,135,837	**45,149,661**	**85,300,747**	**-**	**174,586,245**

Market risk

The Group is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Group manages its operations in order to minimize exposure to these risks, the Group 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 Group's loan facilities, certain exploration expenditures, certain acquisition costs and operating expenses are denominated in United States Dollars, Nigerian Naira, UK Pounds Sterling and West African Franc. The Group's exposure to foreign currency risk arises primarily on fluctuations between the United States Dollar and the Canadian Dollar, Nigerian Naira, UK Pounds Sterling and West African Franc. The Group has not entered into any derivative instruments to manage foreign exchange fluctuations. The Group does enter into foreign exchange agreements during the ordinary course of operations in order to ensure that it has sufficient funds in order to meet payment obligations in individual currencies. These agreements are entered into at agreed rates and are not subject to exchange rate fluctuations between agreement and settlement dates.

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2022:

	Functional currency				
	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2022 USD$	December 31, 2022 USD$	December 31, 2022 USD$	December 31, 2022 USD$	December 31, 2022 USD$
Canadian dollar	42,963	-	-	-	42,963
US dollar	(107,637,605)	-	-	-	(107,637,605)
Pound Sterling	(1,961,945)	(411,079)	-	-	(2,373,024)
Nigerian Naira	(2,362,830)	-	8,132	-	(2,354,698)
West African Franc	-	-	-	85,029	85,029
Euro	(170,595)	-	-	-	(170,595)
Australian dollar	(217,333)	-	-	-	(217,333)
Total	(112,307,345)	(411,079)	8,132	85,029	(112,625,263)

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, 2021:

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2021 USD$	December 31, 2021 USD$	December 31, 2021 USD$	December 31, 2021 USD$	December 31, 2021 USD$	December 31, 2021 USD$
Canadian dollar	(484,067)	-	-	-	-	(484,067)
US dollar	(190,391)	-	-	(132,585,040)	-	(132,775,431)
Pound Sterling	(361,244)	-	-	(80,926)	-	(442,170)
Nigerian Naira	-	-	-	(3,910,833)	-	(3,910,833)
West African Franc	-	-	-	-	11,481	11,481
Australian dollar	(36,626)	-	-	(19,377)	-	(56,003)
Total	(1,072,328)	-	-	(136,596,176)	11,481	(137,657,023)

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

December 31, 2022	United States Dollar Appreciation By 5%	United States Dollar Depreciation By 5%
Comprehensive income (loss)		
Financial assets and liabilities	$ 112,516	$ (112,516)
December 31, 2021		
Comprehensive income (loss)		
Financial assets and liabilities	$ 194,000	$ (194,000)

23. CAPITAL MANAGEMENT

The Group manages, as capital, the components of shareholders' equity. The Group'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.

The Group 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 Group may attempt to issue common shares, borrow, acquire or dispose of assets or adjust the amount of cash.

24. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments
The Group has no contractual obligations that are not disclosed on the Consolidated Statement of Financial Position.

Contingent liabilities
The Group is involved in various legal proceedings arising in the ordinary course of business. Management has assessed these contingencies and determined that, in accordance with International Financial Reporting Standards, all cases are considered as remote. As a result, no provision has been made in the financial statements for any potential liabilities that may arise from these legal proceedings.

Although the Group believes that it has valid defenses in these matters, the outcome of these proceedings is uncertain, and there can be no assurance that the Group will prevail in these matters. The Group will continue to assess the likelihood of any loss, the range of potential outcomes, and whether or not a provision is necessary in the future, as new information becomes available.

Based on the information available, the Group does not believe that the outcome of these legal proceedings will have a material adverse effect on the financial position or results of operations of the Group. However, there can be no assurance that future developments will not materially affect the Group's financial position or results of operations.

25. SEGMENTED DISCLOSURES

Segment Information

The Group's operations comprise three reportable segments, being the Segilola Mine Project, Exploration Projects, and Corporate. These three reporting segments have been identified based on operational focuses of the Group following the decision to develop the Segilola Mine Project. The following table provides the Group's results by operating segment in the way information is provided to and used by the Group's chief operating decision maker, which is the CEO, to make decisions about the allocation of resources to the segments and assess their performance.

December 31, 2022	**Segilola Mine Project**	**Exploration Projects**	**Corporate**	**Total**
Current assets	$ **36,334,005**	$ **120,752**	$ **831,907**	$ **37,286,664**
Non-current assets				
Deferred income tax assets	-	77,797	-	77,797

Prepaid expenses, advances and deposits	74,667	-	208,158	282,825
Right-of-use assets	16,232,353	-	617,049	16,849,402
Property, plant and equipment	149,050,728	339,785	123,404	149,513,917
Intangible assets	150,747	19,080,461	-	17,954,291
Total assets	**$ 201,842,500**	**$ 19,628,795**	**$ 1,780,518**	**$ 223,251,813**
Non-current asset additions	**$ 10,527,299**	**$ 2,612,033**	**$ 1,337,066**	**$ 14,476,398**
Liabilities	**$ (133,370,335)**	**$ (1,381,629)**	**$ (1,718,410)**	**$ (136,470,374)**
Profit (loss) for the period	**$ 27,939,847**	**$ (273,511)**	**$ (2,267,395)**	**$ 25,398,941**
- revenue	165,174,531	-	-	165,174,531
- consulting fees	(510,656)	(164,563)	(587,724)	(1,262,943)
- salaries and benefits	(1,468,610)	-	(2,793,302)	(4,261,912)
- depreciation owned assets	(26,907,422)	(8,672)	(12,062)	(26,928,156)
- impairments	-	(12,013)	-	(12,013)
- interest expense	(14,616,810)	-	-	(14,616,810)

Non-current assets by geographical location:

December 31, 2022	**Senegal**	**Burkina Faso**	**British Virgin Islands**	**Nigeria**	**United Kingdom**	**Canada**	**Total**
Prepaid expenses, advances and deposits	-	-	7,024	74,667	201,134	-	282,825
Right-of-use assets	-	-	-	16,232,354	617,048	-	16,849,402.00
Property, plant and equipment	176,645	-	-	149,635,179	101,491	5,461	149,918,776
Intangible assets	10,704,623	-	-	8,526,585	-	-	17,954,291
Total non-current assets	10,881,268	-	7,024	174,468,785	919,673	5,461	186,282,211

The Group`s total revenue of $165,174,531 (2021: $6,049,485) is fully generated in Nigeria and comprise of $165,060,320 gold sales (2021: 6,049,485) and $114,211 silver sales (2021: $nil). All sales are done to the Group`s only customer.

December 31, 2021	**Segilola Mine Project**	**Exploration Projects**	**Corporate**	**Total**
Current assets	$ **23,245,206**	**$ 76,104**	**$ 422,026**	**$ 23,743,336**
<u>**Non-current assets**</u>				
Deferred income tax assets	-	86,795	-	86,795
Prepaid expenses, advances and deposits	87,223	-	18,460	105,683
Right-of-use assets	20,843,612	-	-	20,843,612
Property, plant and equipment	151,655,614	455,339	3,964	152,114,917
Intangible assets	224,808	15,120,611	-	15,345,419
Total assets	**$ 196,056,463**	**$ 15,738,849**	**$ 444,450**	**$ 212,238,762**
Non-current asset additions	**$ 71,990,597**	**$ 3,999,195**	**$ 3,661**	**$ 75,993,453**
Liabilities	**$ (151,299,202)**	**$ (43,436)**	**$ (1,302,735)**	**$ (152,645,373)**
Profit (loss) for the year	**$ 1,975,712**	**$ (261,559)**	**$ (3,783,348)**	**$ (2,069,195)**
- revenue	6,049,485	-	-	6,049,485
- consulting fees	(8,096)	(148,781)	(194,086)	(350,963)
- salaries and benefits	(256,228)	-	(1,029,378)	(1,285,606)

- depreciation owned assets	(59,611)	(4,249)	(1,158)	(65,018)
- impairments	-	(99,059)	-	(99,059)
- interest expense	(64,877)	-	-	(64,877)

Non-current assets by geographical location:

December 31, 2021	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses, advances and deposits	-	-	12,623	74,686	18,374	105,683
Right-of-use assets	-	-	-	20,843,612	-	20,843,612
Property, plant and equipment	201,264	-	-	151,198,170	4,018	151,403,452
Intangible assets	14,529,771	-	-	815,648	-	15,345,419
Total non-current assets	14,731,035	-	12,623	172,932,116	22,392	187,698,166

26. PRIOR YEAR RESTATEMENT

During the preparation of the current financial statements, the Group identified invoices for contracted services provided during 2021, amounting to $4,740,261, in relation to the construction of the Segilola Gold Mine that had not been accounted for in the prior period financial statements.

Therefore, in accordance with “IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors”, the Consolidated Statement of Financial Position for the year ended December 31, 2021 has been adjusted by recording an increase of $4,740,261 in the "Property, Plant and Equipment" account and an equal increase in the "Accounts Payable and Accrued Liabilities" account.

There are no impacts on the Consolidated Statements of Comprehensive Income nor Cash Flows, as well as on years ended prior to December 31, 2021.

The presentation currency of the Group has also been changed to United States Dollars (US$) to align with the functional currency of the parent entity and SROL and applied this change retrospectively resulting in the restatement of prior periods.

27. SUBSEQUENT EVENTS

Amendment and rescheduling of senior debt facility

On 31 January 2023, the Group entered into an agreement with the AFC amending the terms of its senior debt facility.

The amended facility removes the project finance cash sweep requirement and allows for free distributions from SROL (subject to a 20% distribution sweep to the senior debt facility), as well as releasing the Group from restrictions regarding acquisitions, distribution of dividends and certain indebtedness covenants.

Repayment date	Repayment instalment (%)	Repayment amount ($)	$	%
Cancelled		1,346,167		
Paid	2.5%	1,316,346	25,566,930	46%
	25.0%	13,163,458		
	17.5%	9,214,421		
	1.0%	526,538		
31-Mar-23	1.0%	526,538	28,433,070	54%
30-Jun-23	1.0%	526,538		
30-Sep-23	1.5%	789,808		
31-Dec-23	7.5%	3,949,038		
31-Mar-24	14.0%	7,371,537		
30-Jun-24	14.0%	7,371,537		
30-Sep-24	7.5%	3,949,038		
31-Dec-24	7.5%	3,949,038		
	100.0%	**54,000,000**		

In addition, the amortization schedule of the facility has been re-scheduled per the below. No material accounting implications are expected as a result of this amendment.

EPC Contract

As of the date of these Financial Statements, the Company has made all outstanding due payments in relation to the EPC contract. At December 31, 2022, this amounted to US$10,196,105.