



Consolidated Financial Statements
December 31, 2019

TABLE OF CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

	Page
Independent Auditor's Report.....	1
Consolidated Statements of Income.....	5
Consolidated Statements of Comprehensive Income (Loss).....	6
Consolidated Statements of Changes in Equity.....	7
Consolidated Statements of Financial Position.....	8
Consolidated Statements of Cash Flows.....	9

Notes to Consolidated Financial Statements

1 - Nature of Operations and Going Concern.....	10
2 - Basis of Presentation.....	11
3 - Significant Accounting Policies.....	11
4 - Changes in Accounting Methods.....	21
5 - Future Accounting Changes.....	21
6 - Critical Accounting Estimates and Judgements.....	22
7 - Segmented Information.....	24
8 - Mining Operation Expenses.....	26
9 - Administrative Expenses.....	26
10 - Financial Expenses.....	26
11 - Inventories.....	27
12 - Accounts Receivable.....	27
13 - Mining Properties.....	28
14 - Property, Plant and Equipment.....	30
15 - Intangible assets.....	31
16 - Accounts Payable.....	31
17 - Long-Term Debt and Line of Credit.....	32
18 - Environmental Liabilities.....	33
19 - Lease Obligations.....	34
20 - Non-convertible debentures.....	34
21 - Share capital.....	35
22 - Accumulated Other Comprehensive Income.....	38
23 - Additional Information on the Consolidated Statements of Cash Flows.....	38
24 - Income tax.....	39
25 - Earnings per Share.....	41
26 - Contingency.....	41
27 - Capital Disclosures.....	41
28 - Commitments.....	42
29 - Financial Instruments.....	42
30 - Related Party Transactions.....	45
31 - Subsequent Events.....	46



Independent auditor's report

To the Shareholders of
Robex Resources Inc.

Our opinion

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

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of income for the years ended December 31, 2019 and 2018;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
Place de la Cité, Tour Cominar, 2640 Laurier Boulevard, Suite 1700, Québec, Quebec, Canada G1V 5C2
T: +1 418 522 7001, F: +1 418 522 5663

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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



Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

PricewaterhouseCoopers LLP¹

Québec, Quebec
April 28, 2020

¹ CPA auditor, CA, public accountancy permit No. A121191

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2019	2018
	\$	\$
REVENUE - GOLD SALES	99,191,841	78,381,824
COSTS OF OPERATIONS		
Mining operation expenses - note 8	33,456,953	30,326,794
Administrative expenses - note 9	11,852,379	12,675,744
Depreciation of property, plant and equipment and amortization of intangible assets	31,569,072	16,688,844
Stock-based compensation expense - note 21	881,951	51,936
OPERATING INCOME	21,431,486	18,638,506
OTHER EXPENSES (INCOME)		
Financial expenses - note 10	2,653,024	5,514,991
Foreign exchange loss (gain)	64,041	(271,460)
Change in fair value of financial liabilities	---	(1,776,623)
Gain on disposal of property, plant and equipment	---	(366,005)
Write-off of mining properties - note 13	1,326,186	---
Write-off of property, plant and equipment and intangible assets	29,233	---
Other gain - note 16	(1,108,739)	---
Other income	(127,608)	(40,225)
INCOME BEFORE INCOME TAX EXPENSE	18,595,349	15,577,828
Income tax expense (recovery)		
Current - note 24	1,403,658	678,273
Deferred - note 24	(1,939,798)	3,610,886
	(536,140)	4,289,159
NET INCOME FOR THE YEAR	19,131,489	11,288,669
ATTRIBUTABLE TO		
Common shareholders	19,072,196	10,379,848
Non-controlling interest	59,293	908,821
	19,131,489	11,288,669
EARNINGS PER SHARE - note 25		
Basic	0.033	0.018
Diluted	0.033	0.018

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2019	2018
	\$	\$
NET INCOME FOR THE YEAR	19,131,489	11,288,669
Other comprehensive income (loss)		
Item that may be reclassified subsequently to net loss		
Exchange difference	(4,318,225)	2,107,568
COMPREHENSIVE INCOME	14,813,264	13,396,237
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Common shareholders	14,784,137	12,479,898
Non-controlling interest	29,127	916,339
	14,813,264	13,396,237

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

	Common shareholders				Total	Non-controlling interest	Total equity
	Share capital	Reserve - stock options	Deficit	Accumulated other comprehensive income - note 22			
Balance as at December 31, 2017	66,734,172	3,300,359	(30,311,332)	3,966,503	43,689,702	(221,122)	43,468,580
Net income for the year	---	---	10,379,848	---	10,379,848	908,821	11,288,669
Other comprehensive income	---	---	---	2,100,050	2,100,050	7,518	2,107,568
Comprehensive income for the year	---	---	10,379,848	2,100,050	12,479,898	916,339	13,396,237
Stock options charged to expense during the year - note 21	---	51,936	---	---	51,936	---	51,936
Balance as at December 31, 2018	66,734,172	3,352,295	(19,931,484)	6,066,553	56,221,536	695,217	56,916,753
Net income for the year	---	---	19,072,196	---	19,072,196	59,293	19,131,489
Other comprehensive loss	---	---	---	(4,288,059)	(4,288,059)	(30,166)	(4,318,225)
Comprehensive income (loss) for the year	---	---	19,072,196	(4,288,059)	14,784,137	29,127	14,813,264
Stock options exercised during the year - note 21	116,532	(49,032)	---	---	67,500	---	67,500
Stock options charged to expense during the year - note 21	---	881,951	---	---	881,951	---	881,951
Balance as at December 31, 2019	66,850,704	4,185,214	(859,288)	1,778,494	71,955,124	724,344	72,679,468

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2019	2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	13,599,000	7,422,458
Inventories - note 11	10,055,138	8,148,634
Accounts receivable - note 12	1,715,666	1,898,859
Prepaid expenses	185,373	156,161
Deposits paid	1,330,412	1,461,893
	26,885,589	19,088,005
MINING PROPERTIES - note 13	7,111,382	6,692,821
PROPERTY, PLANT AND EQUIPMENT - note 14	63,632,476	83,832,524
INTANGIBLE ASSETS - note 15	77,875	79,562
	97,707,322	109,692,912
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - note 16	9,226,879	12,635,531
Current portion of long-term debt - note 17	7,186,918	10,205,387
Line of credit - note 17	---	130,587
Current portion of lease obligations - note 19	146,963	---
	16,560,760	22,971,505
LONG-TERM DEBT - note 17	6,073,242	14,084,914
ENVIRONMENTAL LIABILITIES - note 18	736,272	468,854
LEASE OBLIGATIONS - note 19	182,488	---
NON-CONVERTIBLE DEBENTURES - note 20	---	11,640,000
DEFERRED INCOME TAX LIABILITIES - note 24	1,475,092	3,610,886
	25,027,854	52,776,159
EQUITY		
Share capital - note 21	66,850,704	66,734,172
Reserve - stock options - note 21	4,185,214	3,352,295
Deficit	(859,288)	(19,931,484)
Accumulated other comprehensive income - note 22	1,778,494	6,066,553
	71,955,124	56,221,536
Non-controlling interest	724,344	695,217
	72,679,468	56,916,753
	97,707,322	109,692,912

Going concern (note 1)

Commitments (note 28)

Subsequent events (note 31)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2019	2018
	\$	\$
CASH FLOWS FROM THE FOLLOWING ACTIVITIES		
Operating		
Net income for the year	19,131,489	11,288,669
Adjustments for		
Financial expenses	2,653,024	5,514,991
Depreciation of property, plant and equipment and amortization of intangible assets	31,569,072	16,688,844
Deferred income tax expense (recovery)	(1,939,798)	3,610,886
Change in fair value of financial liabilities	---	(1,776,623)
Gain on disposal of property, plant and equipment	---	(366,005)
Unrealized foreign exchange	---	63,838
Write-off of mining properties	1,326,186	---
Write-off of property, plant and equipment and intangible assets	29,233	---
Stock-based compensation expense	881,951	51,936
Net changes in non-cash working capital items - note 23	(5,121,273)	(2,002,328)
Paid interest	(2,687,356)	(8,162,338)
	45,842,528	24,911,870
Investing		
Variation in deposits paid	35,680	322,607
Acquisition of mining properties	(2,131,646)	(1,166,334)
Acquisition of property, plant and equipment	(16,125,090)	(18,253,423)
Disposal of property, plant and equipment	---	1,440,069
Acquisition of intangible assets	(23,265)	(1,731)
	(18,244,321)	(17,658,812)
Financing		
Long-term debt contracted	---	15,000,901
Repayment of long-term debt	(9,618,427)	(8,717,356)
Long-term debt issue expenses	---	(291,011)
Repayment of non-convertible debentures	(11,640,000)	---
Repayment of convertible debentures	---	(7,255,000)
Variation in lines of credit	(105,020)	(526,639)
Payments of lease obligations	(137,507)	---
Issue of common shares	67,500	---
	(21,433,454)	(1,789,105)
Effect of exchange rate changes on cash	11,789	(179,250)
Increase in cash	6,176,542	5,284,703
Cash at the beginning of the year	7,422,458	2,137,755
Cash at the end of the year	13,599,000	7,422,458
Tax paid	736,005	649,131
Additional information (note 23)		

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

1 - NATURE OF OPERATIONS AND GOING CONCERN

Nature of activities

Robex Resources Inc. (the "Company") is a junior Canadian operations and exploration mining company. The Company has entered into commercial operation on its Nampala deposit, located on the Mininko permit, on January 1, 2017. In addition to its operational mining activities, the Company currently holds four exploration permits, all located in Mali, West Africa. These permits all demonstrate a favourable geology with a potential for the discovery of gold deposits. The head office's address is 437 Grande Allée Est, Québec (Quebec), G1R 2J5, Canada.

Going concern

These consolidated financial statements attached have been prepared using International Financial Reporting Standards («IFRS») published by the International Accounting Standards Board («IASB») based on the going concern assumption, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

If the Company's operations were to be interrupted due to COVID-19 (note 31), it could have difficulty ensuring a continuous supply from its mine and making sales. As at December 31, 2019, the Company had accumulated a deficit of \$859,288 and had working capital of \$10,324,829, of which \$13,599,000 was in cash, from which a dividend in the amount of \$11,592,452 was paid in April 2020 (note 31). Should the mine cease operations, the Company may not have sufficient working capital and liquidity to continue operations for a minimum period of twelve months.

Although the Company has taken significant measures to ensure the safety of its mine and to continue as a going concern, there can be no assurance that the Company will not be obliged to cease operations. The continuing operations of the Company will also depend on its ability to continue to raise the necessary debt financing. While management has successfully obtained financing in the past, there can be no assurance that such sources of financing will be available on terms acceptable to the Company in the future.

Also, although the Company has taken steps to verify the title to mining properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and may not be in compliance with regulatory requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

2 - BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors for issue on April 28, 2020.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for financial instruments classified at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and those of African Peak Trading House Limited, in which the Company has made a significant investment and all of whose earnings are redistributed to the Company in the form of preferred dividends. The Company's subsidiaries are Robex N'Gary SA, in which the Company holds an 85% interest, Robex Resources Mali SARL, which is wholly owned, and Nampala SA, in which the Company holds a 90% interest. These three subsidiaries are all located in Mali. All intercompany transactions and balances have been eliminated.

The non-controlling interest in the net assets of consolidated subsidiaries is presented within equity but separate from the Company's equity. The non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest share of recognized changes in equity since the date of acquisition.

Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Functional and presentation currency

The Canadian dollar is the presentation currency for the consolidated financial statements. The euro is the functional currency of the Company.

These consolidated financial statements are translated into the presentation currency as follows: assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the date of the consolidated statement of financial position. The foreign currency translation adjustment arising from such translation is included in accumulated other comprehensive income under equity. Income and expenses are translated at the exchange rate in effect on the date of the transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Foreign currency transaction translation

Transactions denominated in currencies other than the functional currency are translated into the relevant functional currency as follows: monetary assets and liabilities are translated at the exchange rate in effect on the date of the consolidated statement of financial position, and income and expenses are translated at the exchange rate in effect on the date of the transaction. Non-monetary assets and liabilities measured at historical cost and denominated in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value and denominated in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses arising from such translation are recorded in profit or loss under "Foreign exchange loss (gain)".

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial instruments are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification depending on the purpose for which the instruments were acquired and their characteristics.

The measurement of financial assets and financial liabilities is based on one of the following classifications:

(a) Assets and liabilities at fair value through profit or loss ("FVTPL")

Financial instruments classified as assets or liabilities at FVTPL are recognized at fair value at each consolidated statement of financial position date, and any change in the fair value is reflected in the consolidated statement of income in the period during which these changes take place.

(b) Assets and liabilities at amortized cost

Financial instruments classified as assets or liabilities at amortized cost are initially recognized at fair value including transaction costs and are subsequently measured at each consolidated statement of financial position date at amortized cost using the effective interest rate method; any change in the cost is reflected in the consolidated statement of income in the period during which these changes take place.

(c) Fair value through other comprehensive income ("FVTOCI")

Financial instruments classified as assets or liabilities at FVTOCI are initially recognized at fair value including transaction costs and are subsequently measured at each consolidated statement of financial position date at fair value; any change in the fair value is reflected in the consolidated statement of comprehensive income (loss) with no reclassification to net income on disposal of such assets and liabilities.

The Company's financial assets at amortized cost include cash, accounts receivable (except taxes receivable) and deposits paid. Financial assets at amortized cost are classified as current assets if payment is receivable within 12 months. Otherwise, they are presented as non-current assets.

The Company's financial liabilities at amortized cost include accounts payable, line of credit, lease obligations and long-term debt. Financial liabilities at amortized cost are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Financial instruments - (continued)

Transaction costs

Transaction costs related to financial instruments that are not classified as assets or liabilities at FVTPL, are recognized as adjustments to the cost of the financial instrument in the consolidated statement of financial position at the time of initial recognition. These will be amortized until they are carried out or until they are exercised.

Inventories

The material extracted from the mining pits is classified as a sterile material corresponding to stripping costs and capitalized to property, plant and equipment, or as ore stocks. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Raw materials comprise ore in stockpiles, which are subsequently processed into gold in a saleable form. Work in progress represents *doré* bars in the processing circuit that have not completed the production process, and are not yet in a saleable form. Supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as property, plant and equipment.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories includes direct labour, materials and subcontractor expenses and an allocation of mine site overhead costs. As ore is sent to the mill for processing, costs are reclassified out of inventory based on the average cost per tonne of the stockpile.

The Company records provisions to reduce inventory to net realizable value to reflect changes in economic factors that impact inventory value and to reflect present intentions for the use of slow-moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable variable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Mining properties

Expenditures incurred on activities that precede exploration for and evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately.

Exploration expenditures include rights to mining properties, paid or acquired through an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at fair value in the case of an impairment loss caused by a loss in value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into production. These costs are written off when properties are abandoned or when cost recovery or access to resources is uncertain. Proceeds from the sale of mining properties are applied against the related carrying amount, and any excess or shortfall is recorded as a gain or loss in the consolidated statement of income. In the case of partial sale, if the carrying amount exceeds the proceeds, only the losses are recorded.

Exploration expenditures also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration activities are capitalized when it is more likely than not that future economic benefits will be realized. The assessment of probability is based on factors such as the level of exploration and the degree of management's confidence in the ore body.

Exploration and evaluation expenditures reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. Exploration and evaluation expenditures include the costs of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether the development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures are capitalized if management determines that there is sufficient evidence to support the probability of generating positive economic returns in the future. When a mine project moves into the development phase, exploration and evaluation expenditures are capitalized to mine development costs. If an exploration and evaluation activity does not prove viable, all irrecoverable costs with the project are written off. Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Mining properties - (continued)

Impairment loss

The recoverability of amounts shown as mining properties is dependent upon the discovery of recoverable reserves on the economic plan, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition. The amount appearing as mining interests does not necessarily represent the current or future value of the mining interests.

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when impairment indicators arise, which is typically when one of these conditions occurs:

- The right to explore in the specific area expires or will expire in the near future and is not expected to be renewed;
- No exploration expense and subsequent evaluation in the specific area is planned or in the budget;
- No resource discovery is commercially viable and the Company has decided to cease exploration in the specific area; or
- Sufficient work has been done to indicate that the carrying amount of the expense recognized in the asset will not be fully recovered.

An impairment loss is recognized for the amount by which the carrying amount of a mining property exceeds its recoverable amount. For the purpose of measuring the recoverable amount, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount of a mining property is the higher of its fair value less costs of disposal and its value in use. The value in use is determined based on the present value of the expected future cash flows of the relevant asset or CGU. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The Company evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

Property, plant and equipment

Property, plant and equipment are initially and subsequently recorded at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. In case of change in these estimates, they are accounted for prospectively.

Expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditure will extend the productive capacity or useful life of an asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property, plant and equipment - (continued)

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated statement of income.

Property acquisition costs, exploration costs and mining development costs

Costs incurred relative to proven and probable developed and undeveloped reserves, and probable non-reserve resources, if there is sufficient objective evidence to support a conclusion that it is probable that the non-reserve resources will be produced (the "probable non-reserve resources"), are included in the depreciable amount. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of the asset is its cost, or any other amount substituted for cost, less its residual value.

Depreciation begins when a property is put into commercial operation and is calculated using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold. Estimated recoverable ounces of gold include proved and probable reserves and some indicated resources.

Exploration costs incurred on a property in production are capitalized to property, plant and equipment and amortized based on estimated recoverable ounces of gold in the resource area concerned.

Equipment related to mining operations

Equipment related to mining operations is recorded at cost and depreciated, less residual value, using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold. However, if the estimated useful life of the assets is less than that of the mine, depreciation is based on their estimated useful life, or using the straight-line method over the expected operating life of the mine.

Buildings and office development

Buildings and office development are recorded at cost and depreciated, less residual value, using the straight-line method over the expected operating life of the mine or using the declining balance method at rates of 20%. However, if the expected useful life of the assets is less than that of the mine, depreciation is based on their expected useful life.

Assets under construction

Assets under construction include property, plant and equipment under construction, including those intended for their own use. The cost includes the purchase price, as well as any cost directly attributable to bringing the asset into working condition for its intended use. Assets under construction are classified in the appropriate tangible asset category when the costs are incurred. Assets under construction are recognized at cost, less any recognized impairment loss, and are not depreciated. Their depreciation begins only when they are ready for their intended use.

Tools, equipment and vehicles

Tools, equipment and vehicles include communications equipment and computer equipment and are recorded at cost. Depreciation is calculated using the declining balance method at rates of 20% or 30%, and is recognized in the consolidated statement of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property, plant and equipment - (continued)

Exploration equipment

Depreciation of exploration equipment is capitalized to mining properties according to the capitalization policy of mining properties. Depreciation of property, plant and equipment, if related to mine development expenditures, is capitalized in mine development costs. These amounts will be recognized in the consolidated statement of income through depreciation of property, plant and equipment when they are put into production (or when mining properties are put into production). For those which are not related to exploration and development activities, depreciation expense is recognized directly in the consolidated statement of income. Depreciation is calculated on a declining balance basis at an annual rate of 20% or 30%.

Stripping costs

In open pit mining operations, it is necessary to remove overburden and other sterile materials to access ore from which minerals can be extracted economically. The process of mining overburden and other sterile materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body are capitalized under mining development costs and are amortized when the ore to which the costs are attached is extracted from the pit and the mine is considered operational. When these costs are directly attributable to the development of a tangible asset category, they are recorded into it.

It may be also required to remove waste materials and to incur stripping costs during the production phase of the mine. The Company recognizes a stripping activity asset if all of the below conditions are met:

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

The Company measures the stripping activity at cost based on an accumulation of costs incurred to perform the stripping activity that improves access to the identified component of ore.

After initial recognition, the stripping activity asset is carried at cost less depreciation and impairment losses in the same way as the existing asset of which it is a part.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as financial expenses in the consolidated statement of income in the period in which they are incurred.

Intangible assets

Intangible assets are initially and subsequently recorded at cost and amortized on a declining balance basis at an annual rate of 30%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – "CGUs"). The recoverable amount is the higher of its fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Provision for asset retirement obligations

The Company records the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred with a corresponding increase in the carrying amount of the related mining asset. For locations where mining activities have ceased, changes to provisions are charged directly to the consolidated statement of income under financial expenses. The obligation is generally considered to have been incurred when mining assets are constructed or the ground environment is disturbed at the production location.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provisions due to passage of time is recognized as financial expense. Changes in assumptions or estimates are reflected in the period in which they occur.

The discounted liability is adjusted at the end of each period to reflect the passage of time, based on a risk-free real discount rate that reflects current market assessments, and changes in the estimated future cash flows underlying the obligation.

Leases

The Company is a party to lease contracts for office space and vehicles.

Lease terms are negotiated on a case-by-case basis and include a wide range of terms and conditions. The lease agreements do not impose any covenants.

Leases are recognized as a right-of-use asset and a corresponding liability to the date when the leased asset is available for use by the Company. Each lease payment is allocated between liability and financial expenses. Financial expenses are charged to net income over term of the lease for a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is amortized over the lease term on a straight-line basis.

Right-of-use assets

Right-of-use assets are initially measured at cost and include:

- the amount of the initial measurement of the lease liability
- lease payments made on or before the start date, less any lease incentives
- all initial costs incurred directly by the Company
- restoration costs.

After the start date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses and are adjusted for any revaluation of the lease obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Leases - (continued)

Lease obligations

Lease obligations are initially measured at the present value of the lease payments that have not been paid as of that date. This includes:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable, in which case the latter is used.

Exemptions

The Company elected to apply exemptions for leases with low underlying asset values, or for which the lease term does not exceed 12 months. Payments associated with such leases are recognized on a straight-line basis as an expense in net income.

Non-controlling interest

Non-controlling interest consists of the interests in the equity of subsidiaries held by outside parties. The share of the net assets attributable to the non-controlling interest is presented within equity. Their share of profit or loss and other comprehensive income (loss) is recognized directly in equity even if the non-controlling interest has a deficit balance.

Income tax and deferred taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of income, except if it concerns items recognized directly in equity. In this case, the related tax is also recognized directly in equity.

The Company provides for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities, using enacted or substantively enacted income tax rates that are expected to be in effect for the years in which the assets are expected to be recovered or the liabilities to be settled.

A deferred tax asset is only recognized in the event that it is probable that future taxable profits, against which the asset can be utilized, will be available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Income tax and deferred taxes - (continued)

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Stock option plan

The Company grants stock options to directors, members of management, employees and service providers. The Board of Directors offers such options for periods of up to ten years, with no vesting period, except for stock options granted to the financial advisor for whom the options are exercisable for a period of twelve months at 25% per quarter, at prices determined by the Board of Directors.

The fair value of options is measured at the grant date using the Black-Scholes option pricing model and is recognized over the period during which employees acquire options. The fair value is recognized as an expense with offset to "Reserve - stock options". The amount recognized as an expense is adjusted to reflect the number of options that are expected to be acquired.

Revenue

Revenue includes the sale of gold and by-products (silver). The Company sells gold through a refiner. Sales are recognized when control of the gold has been transferred to the ultimate buyer, being when the gold is sold through the open market. Thus, the performance obligations are satisfied at a point in time when gold is sold on the open market. Revenue from the sale of gold is recognized based on the London Bullion Market price in euro at the time of the sale.

Earnings per share

Basic earnings per share for the period are calculated based on the weighted average number of common shares outstanding during the year.

Diluted earnings per share for the period are calculated using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. The treasury stock method is used to determine the dilutive effect of stock options. Under these methods, the calculation of diluted earnings per share is made, as if all dilutive potential shares had been issued at the later of the beginning of the year or the date of issuance, as the case may be, and as if the funds obtained thereby had been used to purchase common shares of the Company at the average quoted market value of the common shares during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

4 - CHANGES IN ACCOUNTING METHODS

Adoption of IFRS 16, Leases

On January 1, 2019, the Company adopted IFRS 16, which establishes principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, that is, the customer (“lessee”) and the supplier (“lessor”). IFRS 16 replaces the standard that previously applied to leases, IAS 17, Leases, and related interpretations.

The most significant change resulting from the adoption of IFRS 16 is the recognition of right-of-use assets and lease liabilities for existing operating leases under IAS 17.

The Company adopted the standard using the modified retrospective adoption method. Under this method, the Company recognized a right-of-use asset at a value equal to the lease liability. The adoption of IFRS 16 resulted in the recognition of right-of-use assets (in property, plant and equipment) and lease liabilities for operating leases in the amount of \$320,560 as at January 1, 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Company or its subsidiaries as at January 1, 2019.

The following table provides a reconciliation between operating lease commitments as at December 31, 2018 applying IAS 17 and the lease liabilities recognized as at January 1, 2019, applying IFRS 16:

	\$
Commitments disclosed as at December 31, 2018	4,813,075
<i>Less</i> : Items out of scope from IFRS 16 implementation	(4,698,402)
Commitments related to lease obligation as per IAS 17 as at December 31, 2018	114,673
Effect of discounting at the incremental borrowing rate of the Company (4%) or its subsidiaries (7.38%)	(7,468)
Adjustment as a result of a different treatment of extension options	213,355
Lease obligation as at January 1, 2019	320,560

5 - FUTURE ACCOUNTING CHANGES

Certain changes have been published by the IASB and are mandatory for accounting periods subsequent to December 31, 2019. Currently, there are no changes that should have a significant impact on the Company's consolidated financial statements upon adoption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

6 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Management believes that there are no critical judgements that may result in material adjustment to the carrying amounts of assets and liabilities.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future.

Impairment of property, plant and equipment

The Company's recoverability of the recorded value of its property, plant and equipment (including mining properties and associated deferred expenditures) is based on market conditions for metals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

Any change in the quality and quantity of recoverable ore reserves and mineral resources recoverable, expected selling prices and operating costs could materially affect the estimated fair value of mining assets, which could result in material write-downs or write-offs in the future.

Ore reserves and mineral resource estimates

Ore reserves and mineral resources are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves and the resources may change. Such changes may impact the Company's reported financial position and results, which include:

- (i) The carrying value of property, plant and equipment may be affected due to changes in estimated future cash flows;
- (ii) Amortization charges in the consolidated statement of income may change where such charges are determined using the units of production method, or where the useful life of the related assets change; and
- (iii) Provisions for environmental restoration obligations may change - where changes to the reserve estimates affect expectations about when such activities and resources will occur and the associated cost of these activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

6 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - (continued)

Estimated useful life of property, plant and equipment

A significant portion of property, plant and equipment is depreciated according to the method of production units. The calculation of the units-of-production rate of amortization could be impacted to the extent that actual gold production in the future is different from current forecast production based on proved and probable ore reserve and indicated resources. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating ore reserve and mineral resources.

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of mining assets for any period as well as their net recoverable value amounts are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of changes in the ore reserves and mineral resources, of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future, therefore affecting the amortization and net realizable value of these assets.

Provision for environmental restoration obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for decommissioning and restoration obligations in the period in which they are incurred. 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.

Fair value of stock options

The Company makes certain estimates and assumptions when calculating the fair value of stock options granted. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate of return. Any change in these estimates or inputs used to determine fair value could result in a significant impact on the Company's future operating results, liabilities or other equity components. Fair value assumptions used are described in note 21 - Share capital.

Renewal of research and exploration permits

The Company makes estimates relating to the renewal by the Malian government of research and exploration permits. The non-renewal of these permits could have an important impact on the value of the mining properties.

Valuation of lease obligations and right-of-use assets

The application of IFRS 16 requires the Company to make judgements that affect the valuation of the lease obligations and the valuation of right-of-use assets. These include : determining contracts covered by the scope of IFRS 16, determining the contract term and determining the interest rate used for discounting future cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

7 - SEGMENTED INFORMATION

The Company conducts its operating and exploration activities in Mali. The operational sectors presented reflect the Company's management structure and how the Company's principal operational decision-maker assesses business performance. The Company evaluates the performance of its operating sectors primarily based on operating income (loss), as shown in the following tables.

	Year ended December 31, 2019			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
REVENUE - GOLD SALES	99,191,841	---	---	99,191,841
Mining operation expenses - note 8	30,646,447	---	---	30,646,447
Mining royalties - note 8	2,810,506	---	---	2,810,506
Administrative expenses - note 9	6,361,462	28,600	5,462,317	11,852,379
Depreciation of property, plant and equipment and amortization of intangible assets	31,497,147	---	71,925	31,569,072
Stock-based compensation expense - note 21	---	---	881,951	881,951
OPERATING INCOME (LOSS)	27,876,279	(28,600)	(6,416,193)	21,431,486

	Year ended December 31, 2018			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
REVENUE - GOLD SALES	78,381,824	---	---	78,381,824
Mining operation expenses - note 8	27,744,418	---	---	27,744,418
Mining royalties - note 8	2,582,376	---	---	2,582,376
Administrative expenses - note 9	5,926,744	9,536	6,739,464	12,675,744
Depreciation of property, plant and equipment and amortization of intangible assets	16,682,944	---	5,900	16,688,844
Stock-based compensation expense - note 21	---	---	51,936	51,936
OPERATING INCOME (LOSS)	25,445,342	(9,536)	(6,797,300)	18,638,506

The Company's proceeds come from one client. The Company does not economically depend on a limited number of buyers for the sale of gold, as gold can be sold through many commodity traders around the world.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

7 - SEGMENTED INFORMATION - (continued)

The Company's assets by segment are as follows:

	As at December 31, 2019			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
Cash	7,870,445	106,274	5,622,281	13,599,000
Inventories	10,055,138	---	---	10,055,138
Accounts receivable	1,657,372	---	58,294	1,715,666
Prepaid expenses	171,537	3,398	10,438	185,373
Deposits paid	1,285,052	---	45,360	1,330,412
Mining properties	---	7,111,382	---	7,111,382
Property, plant and equipment	63,331,111	117,158	184,207	63,632,476
Intangible assets	19,835	58,040	---	77,875
	84,390,490	7,396,252	5,920,580	97,707,322

	As at December 31, 2018			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
Cash	1,062,781	35,398	6,324,279	7,422,458
Inventories	8,148,634	---	---	8,148,634
Accounts receivable	1,121,401	3,152	774,306	1,898,859
Prepaid expenses	123,539	23,901	8,721	156,161
Deposits paid	1,435,302	12,560	14,031	1,461,893
Mining properties	---	6,692,821	---	6,692,821
Property, plant and equipment	80,331,929	3,475,767	24,828	83,832,524
Intangible assets	23,811	55,751	---	79,562
	92,247,397	10,299,350	7,146,165	109,692,912

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

8 - MINING OPERATION EXPENSES

	2019	2018
	\$	\$
Operating and maintenance supplies and service	18,113,865	16,737,782
Fuel	10,183,614	8,181,804
Reagents	5,928,937	5,012,219
Employee benefit expenses	3,791,086	3,504,576
Inventory change	(304,901)	566,725
Less: Production expenses capitalized as stripping cost	(7,813,045)	(7,030,094)
Delivery costs	746,891	771,406
Total production costs	30,646,447	27,744,418
Mining royalties	2,810,506	2,582,376
	33,456,953	30,326,794

9 - ADMINISTRATIVE EXPENSES

	2019	2018
	\$	\$
Operations and explorations	6,390,062	5,936,280
Corporation management	5,462,317	6,739,464
	11,852,379	12,675,744

Salary related amounts of \$1,248,980 and \$332,934, respectively, are included in the «Operations and explorations» item and in the «Corporate management» item for the year ended December 31, 2019 (\$1,218,518 and \$295,811, respectively, for the year ended December 31, 2018).

10 - FINANCIAL EXPENSES

	2019	2018
	\$	\$
Interest on non-convertible debentures - note 20	899,270	111,616
Interest on long-term debt	1,355,207	1,105,068
Effective interest on long-term debt	105,568	43,869
Interest on lines of credit	41,675	39,245
Interest on lease obligations	13,581	---
Bank charges	187,474	185,558
Change in environmental liabilities	50,249	204,696
Real interest on debt components at amortized cost of convertible debentures	---	2,070,788
Effective interest on debt components at amortized cost of convertible debentures	---	1,754,151
	2,653,024	5,514,991

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

11 - INVENTORIES

	2019	2018
	\$	\$
Work in progress (<i>doré</i> bars)	2,878,934	2,767,272
Parts and supplies	6,942,126	5,139,607
Ore stockpiles	217,731	233,244
Silver (metals)	16,347	8,511
	10,055,138	8,148,634

12 - ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Gold sales receivable	---	675,939
Taxes receivable	1,697,306	1,159,982
Other receivables	18,360	62,938
	1,715,666	1,898,859

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

13 - MINING PROPERTIES

	Diangounte (A)	Mininko (B)	Kolomba (C)	Sanoula (D)	Kamasso (E)	Total
Undivided interest	100%	100%	Not renewed	100%	100%	
Mining rights and titles						\$
Balance as at December 31, 2017	---	119,117	76,637	209,348	23,092	428,194
Exchange rate changes	---	4,440	2,856	7,803	860	15,959
Balance as at December 31, 2018	---	123,557	79,493	217,151	23,952	444,153
Acquisition costs	48,234	22,695	---	22,695	---	93,624
Write-off	---	---	(75,876)	---	---	(75,876)
Exchange rate changes	(314)	(8,829)	(3,617)	(15,004)	(1,580)	(29,344)
Balance as at December 31, 2019	47,920	137,423	---	224,842	22,372	432,557
Exploration costs						
Balance as at December 31, 2017	---	2,282,561	1,167,188	1,201,781	172,136	4,823,666
Expenses incurred	---	938,123	41,383	46,167	140,661	1,166,334
Amortization	---	26,656	3,375	3,375	10,191	43,597
Exchange rate changes	---	115,823	44,155	45,518	9,575	215,071
Balance as at December 31, 2018	---	3,363,163	1,256,101	1,296,841	332,563	6,248,668
Expenses incurred	21,523	1,543,531	---	21,523	463,874	2,050,451
Write-off	---	---	(1,250,310)	---	---	(1,250,310)
Amortization	1,172	15,994	---	1,172	10,269	28,607
Exchange rate changes	(50)	(271,300)	(5,791)	(85,604)	(35,846)	(398,591)
Balance as at December 31, 2019	22,645	4,651,388	---	1,233,932	770,860	6,678,825
Total as at December 31, 2018	---	3,486,720	1,335,594	1,513,992	356,515	6,692,821
Total as at December 31, 2019	70,565	4,788,811	---	1,458,774	793,232	7,111,382

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

13 - MINING PROPERTIES - (continued)

- (A) The Company holds the permit through its wholly owned subsidiary, Robex Resources Mali SARL. This research and exploration permit was granted on August 26, 2019. The permit is valid for 13 months, renewable twice for two years. The permit expires on September 27, 2024.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (B) Since April 30, 2007, the Company has held 100% of the mining titles of these properties, and the seller has benefited from a 2% NSR (Net Smelter Return) royalty on which the Company has a right of first refusal. During the year ended December 31, 2012, the Company completed the acquisition of half of the royalties for a cash consideration of \$250,000. Now, the seller will receive a 1% NSR on which the Company still has a right of first refusal.

On November 8, 2011, the Company released a feasibility study confirming a possible profitable exploitation on the Mininko site.

On March 21, 2012, the subsidiary Nampala SA, 90% owned by the Company, received its gold mining and mineral substances permit regarding a portion of the Mininko property. This mining permit is valid for thirty years.

In addition, when it assigned the mining permit, the Malian government was awarded 10% of Nampala SA's shares for free. The Malian government could decide to acquire an additional 10% for a fee, which has not been done at the date of these consolidated financial statements.

On September 17, 2019, its wholly owned subsidiary Robex Resources Mali SARL was granted again this research and exploration permit. The permit is valid for three years, renewable twice for two years. The permit expires on September 16, 2026.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (C) The Kolomba research and mining permit expired on January 16, 2020. As at December 31, 2019, the Company had decided to not go forward with the renewal. The Company has therefore recorded an amount of \$1,326,186 as a write-off in regards to this permit during the year.

- (D) Since May 30, 2008, the Company has held 100% of its mining titles through its wholly owned subsidiary, Robex Resources Mali SARL. The seller will receive NSR royalties of 2% on which the Company will have a right of first refusal.

On August 28, 2019, its wholly owned subsidiary Robex Resources Mali SARL was granted again this research and exploration permit. The permit is valid for three years, renewable twice for two years. The permit expires on August 27, 2026.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (E) The Company holds the permit through its wholly owned subsidiary, Robex Resources Mali SARL. This research and exploration permit was granted on September 19, 2017. The permit is valid for three years, renewable twice for two years. The permit expires on September 18, 2024.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

14 - PROPERTY, PLANT AND EQUIPMENT

	Mining development costs	Buildings and office development	Equipment related to mining explorations	Tools, equipment and vehicles	Exploration equipment	Total
Cost						\$
Balance as at December 31, 2017	11,133,875	5,783,582	74,237,087	2,292,751	729,407	94,176,702
Acquisition costs	4,493,686	1,655,872	8,963,822	301,697	5,782	15,420,859
Disposals	---	(406,953)	(484,728)	(502,104)	---	(1,393,785)
Exchange rate changes	417,500	230,836	2,816,213	90,052	27,411	3,582,012
Balance as at December 31, 2018	16,045,061	7,263,337	85,532,394	2,182,396	762,600	111,785,788
Adoption of IFRS 16 - note 19	---	320,560	---	---	---	320,560
Acquisition costs	1,538,820	1,841,541	12,056,004	1,030,538	---	16,466,903
Write-offs ⁽¹⁾	---	---	---	(211,244)	---	(211,244)
Exchange rate changes	(1,083,873)	(502,629)	(5,734,510)	(156,567)	(50,307)	(7,527,886)
Balance as at December 31, 2019	16,500,008	8,922,809	91,853,888	2,845,123	712,293	120,834,121
Accumulated depreciation						
Balance as at December 31, 2017	900,012	1,793,925	6,489,023	1,286,345	602,260	11,071,565
Depreciation for the year	1,849,700	719,258	13,856,262	253,975	30,537	16,709,732
Disposals	---	(80,568)	(27,525)	(264,998)	---	(373,091)
Exchange rate changes	51,421	69,382	350,573	50,609	23,073	545,058
Balance as at December 31, 2018	2,801,133	2,501,997	20,668,333	1,325,931	655,870	27,953,264
Depreciation for the year	3,369,720	1,171,806	26,727,917	297,781	23,457	31,590,681
Write-offs ⁽¹⁾	---	---	---	(183,145)	---	(183,145)
Exchange rate changes	(206,385)	(176,909)	(1,643,561)	(88,619)	(43,681)	(2,159,155)
Balance as at December 31, 2019	5,964,468	3,496,894	45,752,689	1,351,948	635,646	57,201,645
Net amounts:						
As at December 31, 2018	13,243,928	4,761,340	64,864,061	856,465	106,730	83,832,524
As at December 31, 2019	10,535,540	5,425,915	46,101,199	1,493,175	76,647	63,632,476
Not depreciated						
as at December 31, 2019 ⁽²⁾	687,585	464,996	3,352,050	---	---	4,504,631

⁽¹⁾ For the year ended December 31, 2019, an amount of \$211,244 for tools, equipment and vehicles was written off property, plant and equipment (no amount for the year ended December 31, 2018). This equipment had been depreciated for an amount of \$183,145 at the time of the write-off.

⁽²⁾ Property, plant and equipment with a book value of \$4,504,631 are not depreciated because they are either under development or construction, or not installed as at December 31, 2019 (\$7,396,180 as at December 31, 2018).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

15 - INTANGIBLE ASSETS**Software****COST****Balance at the beginning of the year**

Assets acquired

Write-offs ⁽¹⁾

Impact of exchange rate changes

Balance at the end of the year**ACCUMULATED DEPRECIATION****Balance at the beginning of the year**

Depreciation for the year

Write-offs ⁽¹⁾

Impact of exchange rate changes

Balance at the end of the year**NET AMOUNT**

	2019	2018
	\$	\$
Balance at the beginning of the year	371,642	356,645
Assets acquired	23,265	1,731
Write-offs ⁽¹⁾	(10,913)	---
Impact of exchange rate changes	(24,681)	13,266
Balance at the end of the year	359,313	371,642
ACCUMULATED DEPRECIATION		
Balance at the beginning of the year	292,080	257,676
Depreciation for the year	18,687	24,365
Write-offs ⁽¹⁾	(9,779)	---
Impact of exchange rate changes	(19,550)	10,039
Balance at the end of the year	281,438	292,080
NET AMOUNT	77,875	79,562

⁽¹⁾ For the year ended December 31, 2019, an amount of \$10,913 for patents and licences was written off intangible assets (no amount for the year ended December 31, 2018). Those patents and licences had been depreciated for an amount of \$9,779 at the time of the write-off.

16 - ACCOUNTS PAYABLE

Suppliers

Accrued interest

Due to the state ⁽¹⁾

Accounts payables to a shareholder-owned company

Other payables

	2019	2018
	\$	\$
Suppliers	6,893,886	8,494,439
Accrued interest	88,410	290,373
Due to the state ⁽¹⁾	615,541	2,119,864
Accounts payables to a shareholder-owned company	874,981	979,634
Other payables	754,061	751,221
	9,226,879	12,635,531

⁽¹⁾ As a result of the reduction in a provision, \$1,108,739 was recorded as a gain on earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

17 - LONG-TERM DEBT AND LINE OF CREDIT

	2019	2018
	\$	\$
Bank loan in the amount of \$4,515,998 (2,000,000,000 CFA francs), annual interest of 7%, secured by a third mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$114,009 (51,282,051 CFA francs) plus interest, until February 2020 inclusively.	228,017	1,708,852
Bank loan in the amount of \$7,239,033 (3,000,000,000 CFA francs), annual interest of 7.75%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$163,659 (73,615,402 CFA francs) including capital and interest, until April 2020 inclusively.	644,202	2,655,380
Bank loan in the amount of \$4,403,996 (2,000,000,000 CFA francs), annual interest of 7.75%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$108,776 (48,928,202 CFA francs) including capital and interest, until October 2020 inclusively.	1,050,095	2,381,242
Bank loan in the amount of \$4,603,143 (1,997,000,000 CFA francs), annual interest of 7.75%, secured by a pledge of \$5,762,573 (2,500,000,000 CFA francs) on equipment and material located at the Nampala mine. This loan is repayable in monthly instalments of \$147,545 (66,367,288 CFA francs) including capital and interest, until November 2020 inclusively.	1,488,108	3,185,672
Bank loan in the amount of \$11,549,531 (5,000,000,000 CFA francs), annual interest of 7%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$266,300 (119,784,353 CFA francs) including capital and interest, until August 2022 inclusively. ⁽¹⁾	7,752,979	11,036,015
Bank loan in the amount of \$3,451,370 (1,500,000,000 CFA francs), annual interest of 7%, secured by a third mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in quarterly instalments of \$277,896 (125,000,000 CFA francs) plus interest, until October 2021 inclusively. ⁽¹⁾	2,223,166	3,570,281
	13,386,567	24,537,442
Less: Capitalized financing fees in the amount of \$291,011 (122,263,500 CFA francs)	(126,407)	(247,141)
	13,260,160	24,290,301
Less: Current portion of long-term debt	(7,186,918)	(10,205,387)
	6,073,242	14,084,914

⁽¹⁾ Under these obligations, the Company is committed to complying annually with certain conditions and financial ratios. As at December 31, 2019, the Company complied with all required financial ratios.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

17 - LONG-TERM DEBT AND LINE OF CREDIT - (continued)

The principal payments required over the next three years amount to \$13,386,567.

	\$
2020	7,261,693
2021	4,049,323
2022	2,075,551

Line of credit

	2019	2018
	\$	\$
Reimbursed line of credit during the year	---	130,587

On October 2, 2019, the Company obtained an authorized line of credit from a Malian bank for a maximum amount of \$1,102,512 (500,000,000 CFA francs), bearing interest at an annual rate of 8%, with a renegotiation date of July 31, 2020.

As at December 31, 2019, no amount on this line of credit was used by the Company.

18 - ENVIRONMENTAL LIABILITIES

	2019
	\$
Balance at the beginning of the year	468,854
Change in the provision as a result of changes in estimates	247,673
Accretion expense of the year	50,249
Impact of exchange rate changes	(30,504)
Balance at the end of the year	736,272

The Company's activities are subject to various laws and regulations regarding environmental restoration and closure provisions, for which the Company estimates future costs. These provisions may be revised on the basis of amendments to such laws and regulations and the availability of new information, such as changes in reserves corresponding to a change in the mine life and discount rates, changes in estimated costs of reclamation activities and acquisition or construction of a new mine. The Company makes a provision based on a best estimate of the future cost of rehabilitating mine sites and related production facilities on a discounted basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

19 - LEASE OBLIGATIONS

Right-of-use assets are included in property, plant and equipment, as described below :

	Buildings and office development	Tools, equipment and vehicles	Total \$
Adoption of IFRS 16 as at January 1, 2019 - note 4	320,560	---	320,560
Additions of right-of-use assets	---	171,997	171,997
Revaluation of lease obligations	(24,206)	---	(24,206)
Depreciation of the year	(79,002)	(64,234)	(143,236)
Effect in exchange rate changes	(11,296)	---	(11,296)
	<u>206,056</u>	<u>107,763</u>	<u>313,819</u>

Liabilities related to lease obligations are presented as follows:

	2019 \$
Adoption of IFRS 16 as at January 1, 2019 - note 4	320,560
Additions of right-of-use assets	171,997
Revaluation of lease obligations	(24,206)
Depreciation of the year	(137,507)
Effect in exchange rate changes	(1,393)
	<u>329,451</u>
Less : Current portion of lease obligations	<u>(146,963)</u>
	<u>182,488</u>

The payments of lease obligations required over the next four years amount to \$329,451.

	\$
2020	146,963
2021	106,715
2022	68,959
2023	6,814

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's or its subsidiaries' incremental borrowing rate of 4% or 7.38%, respectively. There are no restrictions or covenants imposed by the leases.

20 - NON-CONVERTIBLE DEBENTURES

On November 26, 2018, the Company issued non-convertible and unsecured debentures in the amount of \$11,640,000 maturing on November 26, 2020. The debentures bore compound interest at the rate of 10% annually. On November 26, 2019, the Company repaid, in cash, all of the principal and interest due on these non-convertible debentures. For the year ended December 31, 2019, an amount of \$899,270 was recognized as accrued interest (\$111,616 as at December 31, 2018).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

21 - SHARE CAPITAL

Authorized

Unlimited number of shares without par value:

Common shares

Preferred shares, non-voting, variable non-cumulative dividend not exceeding 14%, non-participating in the remaining assets, redeemable at the purchase price

Issued and fully paid

580,259,566 common shares

(December 31, 2018 - 579,509,566 common shares)

2019	2018
\$	\$
66,850,704	66,734,172

Year 2019

In November 2019, the Company issued 750,000 shares following the exercise of stock options for a cash consideration of \$67,500. The value of options exercised that was reclassified to the share capital is \$49,032.

Stock option plan

Pursuant to the stock option plan, the Company may award options to directors, officers, employees and consultants. The maximum number of common shares of the Company issuable under the plan is 34,770,600. The maximum number of common shares which may be reserved for issuance to any one optionee within a one-year period, other than a consultant or a person employed to provide investor relations activities to the Company, may not exceed 5% of the common shares issued and outstanding at the date of grant. Upon issuance of the options, the Board of Directors determines the expiry date and exercise price of options and establishes the terms and conditions regarding the vesting rules at the date of grant. The option term cannot exceed ten years and the exercise price can be a discounted price. The maximum number of common shares which may be reserved for issuance to a holder who is a consultant or a person employed to provide investor relations activities to the Company in any twelve-month period may not exceed 2% of the common shares issued and outstanding at the date of grant. Finally, options granted to a person retained to provide investor relations activities to the Company will vest over a period of twelve months, at a rate of 25% in any three-month period.

The stock options granted by the Company are payable in equity instruments of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

21 - SHARE CAPITAL - (continued)**Stock option plan - (continued)**

The stock options varied as follows:

	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Oustanding at the beginning of the year	14,050,000	\$0.10	13,350,000	\$0.10
Granted	11,700,000	\$0.13	700,000	\$0.12
Exercised	(750,000)	\$0.09	---	---
Cancelled or expired	(2,000,000)	\$0.13	---	---
Oustanding at the end of the year	23,000,000	\$0.11	14,050,000	\$0.10
Exercisable	23,000,000	\$0.11	14,050,000	\$0.10

For the year ended December 31, 2019, the weighted average price per share during the exercise of stock options was \$0.11 (no stock options were exercised for the year ended December 31, 2018).

Reserve - stock options

	2019	2018
	\$	\$
Current stock options	1,626,876	929,080
Matured or cancelled stock options	2,558,338	2,423,215
	4,185,214	3,352,295

The total fair value of stock options granted for the year ended December 31, 2019 was \$881,951 (\$51,936 for the year ended December 31, 2018). For the year ended December 31, 2019, an amount of \$881,951 is included as stock-based compensation expense (\$51,936 for the year ended December 31, 2018). The total fair value was estimated on the grant dates using the Black-Scholes option pricing model with the following average assumptions:

	2019	2018
Risk-free interest rate	1.51%	2.31%
Expected volatility	69.60%	85.82%
Expected dividend yield	0%	0%
Expected life	5 years	5 years
Stock price	\$0.13	\$0.11
Exercise price	\$0.13	\$0.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

21 - SHARE CAPITAL - (continued)**Reserve - stock options - (continued)**

The following table summarizes some information on the Company's stock options as at December 31, 2019:

<u>Exercise price</u>	Outstanding options as at December 31, 2019		Exercisable options as at December 31, 2019	
	Weighted average remaining contractual life		Weighted average remaining contractual life	
	<u>Number</u>	<u>Years</u>	<u>Number</u>	<u>Years</u>
\$0.09	10,600,000	2.5	10,600,000	2.5
\$0.115	700,000	3.7	700,000	3.7
\$0.13	11,700,000	4.9	11,700,000	4.9
	23,000,000		23,000,000	

<u>Exercise price</u>	Outstanding options as at December 31, 2018		Exercisable options as at December 31, 2018	
	Weighted average remaining contractual life		Weighted average remaining contractual life	
	<u>Number</u>	<u>Years</u>	<u>Number</u>	<u>Years</u>
\$0.09	12,350,000	3.5	12,350,000	3.5
\$0.115	700,000	4.7	700,000	4.7
\$0.16	1,000,000	0.4	1,000,000	0.4
	14,050,000		14,050,000	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

22 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	2019	2018
	\$	\$
Exchange difference		
Balance at the beginning of the year	6,041,257	3,933,689
Exchange difference changes during the year	(4,318,225)	2,107,568
Balance at the end of the year	1,723,032	6,041,257
Attributable to		
Common shareholders	1,778,494	6,066,553
Non-controlling interest	(55,462)	(25,296)
	1,723,032	6,041,257

23 - ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	2019	2018
	\$	\$
<i>a) Net changes in non-cash working capital items</i>		
Decrease (increase) in current assets		
Accounts receivable	59,201	(628,896)
Inventories	(2,513,922)	(1,189,039)
Prepaid expenses	(47,788)	(49,157)
Deposits paid	(35,185)	(785,134)
	(2,537,694)	(2,652,226)
Increase (decrease) in current liabilities		
Accounts payable	(2,583,579)	649,898
	(5,121,273)	(2,002,328)
<i>b) Items not affecting cash related to investing activities</i>		
Change in accounts payable related to property, plant and equipment	51,469	2,832,564

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

24 - INCOME TAX**Current tax expense (recovery)**

	2019	2018
	\$	\$
Current income tax		
Income tax expense	1,403,658	678,273
Deferred tax expense (recovery)		
Recognition and reversal of temporary difference	(1,939,798)	3,610,886
Total income tax expense (recovery)	(536,140)	4,289,159

The reconciliation of the combined Canadian federal and Quebec provincial income tax rate to the income tax provision is as follows:

	2019	2018
	\$	\$
Income tax expenses payable at the combined statutory tax rate of 26.6% (26.7% in 2018)	4,946,363	4,159,280
Minimum taxes	77,418	678,273
Tax rate difference	(18,682)	438,500
Non-deductible and non-taxable items	(7,457,730)	(3,327,967)
Change in unrecognized deferred tax assets	2,058,469	2,625,964
Use of future tax asset not recognized in prior years	---	(910,381)
Impact of different accounting standards	(68,054)	(141,520)
Items not affecting earnings	(582,527)	1,271,898
Adjustment in respect of prior years	342,290	(226,972)
Other	166,313	(277,916)
	(536,140)	4,289,159

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

24 - INCOME TAX - (continued)**Deferred income taxes**

The components of the deferred tax assets and liabilities are as follows:

Recognized deferred tax assets and liabilities**Deferred tax assets**

Non-capital losses

2019	2018
\$	\$

1,679,797	6,474,811
------------------	-----------

1,679,797	6,474,811
------------------	-----------

Deferred tax liabilities

Property, plant and equipment

(3,154,889)	(10,033,089)
--------------------	--------------

Reserves

---	(52,608)
-----	----------

(3,154,889)	(10,085,697)
--------------------	--------------

Deferred tax, net

(1,475,092)	(3,610,886)
--------------------	-------------

Unrecognized deferred tax assets

Mining properties

3,154,037	4,585,677
------------------	-----------

Non-capital losses

10,003,521	6,899,922
-------------------	-----------

Financial expenses

61,368	41,233
---------------	--------

Capital losses

425,351	---
----------------	-----

Property, plant and equipment

2,704,780	1,917,483
------------------	-----------

16,349,057	13,444,315
-------------------	------------

As at December 31, 2019, there are no non-capital losses in Mali for which no deferred tax assets are recognized (none as at December 31, 2018).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

25 - EARNINGS PER SHARE

	2019 \$	2018 \$
Net earnings and diluted attributable to common shareholders	19,072,196	10,379,848
Basic weighted average number of shares outstanding	579,622,580	579,509,566
Stock options ⁽¹⁾	63,124	823,743
Diluted weighted average number of shares outstanding ⁽¹⁾	579,685,704	580,333,309
Basic net earnings per share	0.033	0.018
Diluted net earnings per share	0.033	0.018

⁽¹⁾ The calculation of the hypothetical conversions excludes options whose effect is anti-dilutive. Some stock options are anti-dilutive either because their price is higher than the average price of the Company's common shares for each of the periods presented or because the impact of the conversion of these elements on net income would result in diluted earnings per share exceeding the basic earnings per share for each of these periods. For the year ended December 31, 2019, 11,300,000 stock options are not included in the diluted net earnings per share calculation (1,700,000 stock options for the year ended December 31, 2018).

26 - CONTINGENCY

Environmental protection

The Company's activities are subject to governmental laws concerning the protection of the environment. The environmental consequences are difficult to identify, whether it is at the level of the results, of the term or of its impact. To the best knowledge of management, the Company is operating in compliance with the laws and regulations currently in effect. Costs resulting from the restructuring of sites are recorded in the results or included in the cost of the fixed assets concerned in the period in which it will be possible to make a reasonable estimate.

27 - CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities. The Company includes equity in the definition of capital. The Company's capital was \$72,679,468 and \$56,916,753 as at December 31, 2019 and December 31, 2018, respectively.

The Company's objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial obligations. The Company monitors capital in the light of its monthly burn rate and short-term obligations linked to its financial liabilities.

Other operations that affect equity are presented in the consolidated statement of changes in equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(all amounts are in Canadian dollars unless otherwise indicated)

28 - COMMITMENTS

As at December 31, 2019, the Company has commitments with different non-related party suppliers to purchase equipment and supplies for a total amount of \$3,656,730 (\$4,664,603 as at December 31, 2018). In addition, the Company has commitments with a non-related supplier for services for a total amount of \$225,168 (\$33,799 as at December 31, 2018).

The payments required over the next year amount to \$3,881,898.

29 - FINANCIAL INSTRUMENTS

Measurement categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income (loss). These categories are: assets and liabilities at FVTPL and financial assets and liabilities at amortized cost. The following table shows the carrying amounts of assets and liabilities for each of these categories:

	2019	2018
	\$	\$
Financial assets at amortized cost		
Cash	13,599,000	7,422,458
Accounts receivable	18,360	738,877
Deposits paid	1,330,412	1,461,893
	14,947,772	9,623,228
Financial liabilities at amortized cost		
Accounts payable	8,611,338	10,515,667
Line of credit	---	130,587
Long-term debt	13,260,160	24,290,301
Lease obligations	329,451	---
Non-convertible debentures	---	11,640,000
	22,200,949	46,576,555

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

29 - FINANCIAL INSTRUMENTS - (continued)

Financial risk factors

Due to the nature of its activities, the Company is exposed to financial risks: market risk, credit risk and liquidity risk.

a) Market risk

i) Fair value

The carrying amounts of financial assets at amortized cost approximate their fair value due to their short-term maturity and the prevailing interest rates of these instruments, which are comparable to those of the market.

The Company considers that the carrying amount of all its financial liabilities at amortized cost in its consolidated financial statements approximates their fair value. Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities. The fair value of long-term debt has not been determined due to the related specific conditions negotiated between the Company and the third parties concerned.

- Level 1: Measurement at fair value based on quoted prices (not subject to adjustment) in active markets for identical assets or liabilities;

- Level 2: Measurement at fair value based on data, other than the quoted prices mentioned in Level 1, observable for asset or liability, directly (that is, prices) or indirectly (that is, derived from prices); and

- Level 3: Measurement at fair value based on valuation techniques including a significant part of the data related to asset or liability and which are not based on observable market data (unobservable data).

As at December 31, 2019, there were no financial liabilities at fair value (none as at December 31, 2018).

During these periods, there was no transfer between levels.

The table below presents changes in financial instruments recognized at fair value and measured according to Level 3:

	2019	2018
	\$	\$
<u>Conversion rights</u>		
Balance at the beginning of the year	---	1,748,431
Changes in fair value recorded in profit or loss	---	(1,776,623)
Impact of exchange rate changes presented in profit or loss	---	63,838
Impact of exchange rate changes presented in other comprehensive income	---	(35,646)
Balance at the end of the year	---	---

ii) Interest rate risk

The Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or they are non-interest bearing.

Line of credit and long-term debt bear interest at fixed rates and are not exposed to interest rate risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

29 - FINANCIAL INSTRUMENTS (continued)**a) Market risk - (continued)**iii) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Canadian and the American dollar.

The Company holds balances in cash, accounts receivable, deposits paid and accounts payable in Canadian dollars and/or in American dollars. Accordingly, the Company is exposed to foreign exchange risk due to exchange rate fluctuations. The Company does not use any derivatives to mitigate its exposure to foreign exchange risk.

The balances in currencies are as follows as at December 31, 2019 and December 31, 2018:

	2019 CAD	2019 USD	2018 CAD	2018 USD
Cash	585,726	122,949	232,059	31,786
Accounts receivable	600	---	38,322	---
Deposits paid	98,331	465,476	33,549	201,959
Accounts payable	(948,243)	(568,952)	(1,580,040)	(1,784,815)
Lease obligations	(202,469)	---	---	---
Non-convertible debentures	---	---	(11,640,000)	---
	(466,055)	19,473	(12,916,110)	(1,551,070)
Net balance in euros	(€319,588)	(€17,023)	(€8,272,661)	(€1,355,868)

Assuming that all other variables are constant, a 5% weakening of the Canadian dollar exchange rate and the American dollar exchange rate would have generated an approximate increase of \$24,138 in net income and equity of the Company for the year ended December 31, 2019 (approximate increase of \$802,469 for the year ended December 31, 2018). A 5% strengthening of the Canadian dollar exchange rate and the American dollar exchange rate would have generated an approximate decrease of \$18,285 in net income and equity of the Company for the year ended December 31, 2019 (approximate decrease of \$724,732 for the year ended December 31, 2018).

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company offsets these risks by depositing its cash with Canadian and international financial institutions with excellent credit ratings. However, as at December 31, 2019, an amount of \$2,347,810 was held with banks in Africa that have no credit rating (\$110,301 as at December 31, 2018). Deposits were principally paid for the purchase of inventories of parts and supplies. The Company has been doing business with these suppliers for many years and believes that the credit risk associated with these advances is low.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

29 FINANCIAL INSTRUMENTS - (continued)**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The following table shows the contractual maturities of financial liabilities as at December 31, 2019:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	8,611,338	8,611,338	---	---
Long-term debt ⁽¹⁾	13,260,160	8,009,480	6,486,224	---
Lease obligations ⁽¹⁾	329,451	160,593	183,792	67,564
	22,200,949	16,781,411	6,670,016	67,564

The following table shows the contractual maturities of financial liabilities as at December 31, 2018:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	10,515,667	10,515,667	---	---
Long-term debt ⁽¹⁾	24,290,301	11,720,016	13,238,658	2,280,874
Line of credit	130,587	130,587	---	---
Non-convertible debentures ⁽¹⁾	11,640,000	1,164,000	12,804,000	---
	46,576,555	23,530,270	26,042,658	2,280,874

⁽¹⁾ Future maturities relating to these liabilities exceed their carrying amount because they include both capital and interest payments.

30 - RELATED PARTY TRANSACTIONS

Results for the year ended December 31, 2019 include expenses of \$5,706,229 that were incurred with the directors and officers of companies controlled by them (\$7,118,547 for the year ended December 31, 2018), including a total interest amount of \$792,269 on debentures (\$1,926,765 for the year ended December 31, 2018). These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established by the related parties.

The table below summarizes, for the respective years, the total compensation paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

	2019 \$	2018 \$
Salaries and wages ⁽¹⁾	3,988,463	4,844,554
Stock-based compensation	734,959	---
Attendance fees	60,900	124,500
	4,784,322	4,969,054

⁽¹⁾ These expenses are included in administrative expenses under corporation management; see note 9.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

(all amounts are in Canadian dollars unless otherwise indicated)

30 - RELATED PARTY TRANSACTIONS - (continued)

The table below summarizes, for the respective years, the transactions between the Company and the directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

	2019 \$	2018 \$
Repayment of short-term borrowings	---	1,561,520
Repayment of convertible debentures	---	16,760,000
Issue of non-convertible debentures	---	10,255,000
Repayment of non-convertible debentures	10,255,000	---
Transactions with Fairchild Participation SA ⁽²⁾	4,118,100	5,048,009
Interest on short-term borrowings	---	19,273
Interest on convertible debentures	---	1,828,429
Interest on non-convertible debentures	792,269	98,336

⁽²⁾ An amount of \$3,988,463 included in this amount is related to the compensation of the Company's management for the year ended December 31, 2019 (\$4,844,554 for the year ended December 31, 2018).

31 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus disease a global pandemic. This pandemic prompted governments around the world to adopt emergency measures to combat the spread of the virus. These measures caused significant disruption to businesses in all sectors and resulted in an economic downturn, including a change in demand for products and in the ability to ensure rapid access to supplies. As of the date of publication of the consolidated financial statements, it is not possible to reliably estimate either the length or the severity of these developments and their impact on the Company's financial results, conditions and cash

On March 16, 2020, the Company's Board of Directors has authorized and has declared an extraordinary dividend of \$0.02 per common share. This dividend was paid on April 7, 2020 for a total amount of \$11,592,452.

On April 6, 2020, the Company issued 492,300 shares following the exercise of stock options for a cash consideration of \$60,000.