Robex Resources Inc.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013 and 2012

CONSOLIDATED STATEMENTS OF LOSS
YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2013	2012
	$	$
INCOME		
Interest	**18,218**	40,424
Others	**2,600**	34,890
	20,818	75,314
EXPENSES		
Administration fees - note 6	**1,134,283**	1,051,079
Stock-based compensation expense - note 18	**35,208**	329,837
Professional fees	**876,333**	516,402
Financial fees	**400,475**	60,006
Foreign exchange losses (gains)	**619,426**	(10,186)
Change in fair value of financial liabilities - note 26	**(410,573)**	(720,985)
Depreciation of fixed and intangible assets	**132,659**	2,216
Impairment of mining rights and titles	**1,076,052**	---
	3,863,863	1,228,369
NET LOSS	**3,843,044**	1,153,055
LOSS ATTRIBUTABLE TO:		
Common shareholders	**3,818,522**	1,153,055
Non-controlling interests	**24,522**	---
	3,843,044	1,153,055
NET LOSS PER SHARE, BASIC AND DILUTED - note 22	**$0.014**	$0.006

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2013	2012
	$	$
NET LOSS	**(3,843,044)**	(1,153,055)
Other comprehensive loss - Items that may be reclassified subsequently in net income		
Currency translation adjustments	**3,906,971**	(14,369)
COMPREHENSIVE LOSS	**63,927**	(1,167,424)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Common shareholders	**88,449**	(1,167,424)
Non-controlling interests	**(24,522)**	---
	63,927	(1,167,424)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

	Share capital	Reserve - Stock options	Deficit	Total shareholder's equity	Total accu-mulated other comprenhensive loss (Note 19)	Non-controlling interests	Total equity
Balance as at December 31, 2012	43,853,774	2,392,263	(18,736,983)	27,509,054	(1,673,991)	938	25,836,001
Net loss	---	---	(3,818,522)	(3,818,522)	---	(24,522)	(3,843,044)
Currency translation adjustments	---	---	---	---	3,906,971	---	3,906,971
Share issue - note 18	1,000,000	---	---	1,000,000	---	---	1,000,000
Exercise of warrants - note 15	282,536	---	---	282,536	---	---	282,536
Share issue expense	---	---	(5,000)	(5,000)	---	---	(5,000)
Exercise of stock options - note 18	117,150	(45,900)	---	71,250	---	---	71,250
Stock options granted - note 18	---	35,208	---	35,208	---	---	35,208
Balance as at December 31, 2013	**45,253,460**	**2,381,571**	**(22,560,505)**	**25,074,526**	**2,232,980**	**(23,584)**	**27,283,922**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2012 and December 31, 2011

(all amounts are in Canadian dollars unless otherwise indicated)

	Share capital	Reserve - Stock option	Deficit	Total shareholder's equity	Total accu-mulated other comprenhensive loss (Note 19)	Non-controlling interests	Total equity
Balance as at December 31, 2011	34,319,328	2,029,561	(17,207,612)	19,141,277	(1,659,622)	938	17,482,593
Net loss	---	---	(1,153,055)	(1,153,055)	---	---	(1,153,055)
Currency translation adjustments	---	---	---	---	(14,369)	---	(14,369)
Share issue - note 18	9,401,405	---	---	9,401,405	---	---	9,401,405
Exercise of warrants - note 15	72,291	---	---	72,291	---	---	72,291
Share issue expense	---	---	(376,316)	(376,316)	---	---	(376,316)
Exercise of stock options - note 18	60,750	(23,250)	---	37,500	---	---	37,500
Stock options granted - note 18	---	329,837	---	329,837	---	---	329,837
Stock options included in the share issue expenses (1)	---	56,115	---	56,115	---	---	56,115
Balance as at December 31, 2012	**43,853,774**	**2,392,263**	**(18,736,983)**	**27,509,054**	**(1,673,991)**	**938**	**25,836,001**

(1) Options granted as part of a financing in March 2012.

CONSOLIDATED BALANCE SHEETS

(all amounts are in Canadian dollars unless otherwise indicated)

	December 31, 2013 $	December 31, 2012 $
ASSETS		
CURRENT		
Cash and cash equivalents	**5,523,373**	8,317,457
Inventories - note 7	**19,526**	---
Accounts receivable - note 8	**1,521,961**	209,385
	7,064,861	8,526,842
DEPOSITS PAID	**13,611**	---
MINING RIGHTS AND TITLES - notes 9 and 10	**20,820,555**	17,749,746
FIXED ASSETS - note 11	**25,607,220**	2,978,948
INTANGIBLE ASSETS - note 12	**253,152**	14,922
	53,759,399	29,270,458
LIABILITIES		
CURRENT		
Accounts payable - note 13	**2,026,257**	515,808
Short-term portion of long-term debt - note 14	**3,239,964**	202,635
Warrants - note 15	**---**	117,284
Authorized line of credit - note 14	**1,350,398**	---
	6,616,619	835,727
CONVERTIBLE DEBENTURE - note 17		---
Conversion rights at fair value	**4,332,495**	---
Debt component at amortized cost	**7,393,378**	---
WARRANTS - note 15	**3,131,898**	2,598,730
LONG-TERM DEBT - note 14	**4,790,943**	---
ENVIRONMENTAL LIABILITIES - note 16	**210,143**	---
	26,475,476	3,434,457
SHAREHOLDERS' EQUITY		
Share capital - note 18	**45,253,460**	43,853,774
Reserve - Stock options - note 18	**2,381,571**	2,392,263
Deficit	**(22,560,505)**	(18,736,983)
Total shareholders' equity	**25,074,526**	27,509,054
Accumulated other comprehensive loss - note 19	**2,232,980**	(1,673,991)
Non-controlling interests	**(23 584)**	938
Total equity	**27,283,922**	25,836,001
	53,759,399	29,270,458

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2013	2012
	$	$
NET INFLOWS (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
Operating		
Net loss	**(3,843,044)**	(1,153,055)
Adjustments for :		
Changes in fair value of warrants	**(410,573)**	(720,985)
Exchange rate on financial liabilities at fair value	**335,628**	---
Net financial fees	**382,257**	19,582
Depreciation of fixed and intangible assets	**132,659**	2,216
Provision for impairment of mining rights and titles	**1,076,052**	---
Stock-based compensation expense	**35,208**	329,837
Changes in non-cash operating working capital items - note 20	**(21,955)**	290,603
Interest paid	**(865,665)**	(60,006)
Interest received	**18,218**	40,424
	(3,161,215)	(1,251,384)
Investing		
Deposits paid	**(13,611)**	---
Addition to mining rights and titles	**(1,665,222)**	(1,745,898)
Acquisition of fixed assets	**(20,298,925)**	(1,413,305)
Acquisition of intangible assets	**(252,596)**	(8,069)
	(22,230,354)	(3,167,272)
Financing		
Issue and subscription of common shares	**1,345,750**	8,489,960
Issue of warrants	**---**	2,811,500
Share issue expenses	**(5,000)**	(320,201)
Issue of convertible debenture	**11,940,000**	---
Long term loan	**15,707,129**	202,635
Repayment of debt	**(6,528,458)**	---
	22,459,420	11,183,894
Effect of exchange rate changes on cash and cash equivalents	**138,065**	(6,965)
Increase (decrease) in cash and cash equivalents	**(2,794,084)**	6,758,272
Cash and cash equivalents at beginning	**8,317,457**	1,559,185
Cash and cash equivalents at end	**5,523,373**	8,317,457
Cash and cash equivalents are composed of:		
Cash in bank	**5,523,373**	8,317,457

Additionnal cash flow information is provided in Note 20

1 - NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

ROBEX Resources Inc. (the "Company") is a junior Canadian exploration and mining development company, which currently holds seven exploration licenses and a eighth in conjunction with Resolute Mining, all located in Mali, in West Africa. The Company is currently actively working on developing these permits, which all demonstrate a favorable geology with a potential for discovering significant gold deposits. The Company is particularly developing the Nampala deposits, located on the Mininko permit, for which a feasibility study was completed and for which profitability to an operating mine is forseen. Since the end of 2012, the Company is working to build a plant of gold production. The head office address is 437 Grande-Allee Est, Quebec (Quebec) G1R 2J5, Canada.

Going concern

The consolidated financial statements (the "financial statements") are prepared in accordance with accounting principles applicable to a going concern, on the assumption that the Company will continue its operations for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of business.

The Company has incurred substantial operating losses in the past fiscal years and has yet to determine if all its mining properties contain reserves that could be commercially profitable, except for its Miniko permit, for which the beginning of operation is planned during the year 2014.

The Company’s viability is contingent on periodically obtaining new funding to pursue its activities. Even though the Company has been successful in obtaining support in the past, there is no guarantee that it will be able to do so in the future.

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.

For several years Mali has been affected by the armed conflict in the northern area. Although geopolitical conditions have improved, especially since the presidential elections that were held on August 11, 2013, and despite the fact that the licenses held by the Company are located in the southern and western part of Mali, there is always a risk that the Company cannot cover its assets or assume liabilities, or continue its activities, including the operation of its Nampala mine in the event that the geopolitical context deteriorates.

2 - STATEMENT OF COMPLIANCE

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and were approved by the Board of Directors on April 25, 2014.

The financial statements are presented in Canadian dollars, which is not the functional currency of the Company. The CFA franc is considered to be the functional currency of the Company and of its subsidiaries.

3 - ACCOUNTING POLICIES

Implementation of changes to standards during the year

The IASB issued in June 2011 modifications to the IAS 1, Presentation of Financial Statements, which improve the presentation of other comprehensive income. The amendments require the presentation by nature of other comprehensive income by distinguishing those that will be reclassified to the net loss during a subsequent period of those that will not.

IAS 1 is a presentation standard and is intended to inform users to help, among other things, to better understand the financial statements. These amendments are effective retrospectively.

IFRS 7 - Financial Instruments: Disclosures

The IASB has amended this standard in December 2011 by the publication of: Disclosures — Offsetting Financial Assets and Financial Liabilities. These amendments aim the disclosure of additional information about the offsetting of financial assets and financial liabilities.

IFRS 10 - Consolidated Financial Statements

This new standard defines the principle of control and establishes control as the basis for determining which entities are included in the consolidated financial statements.

IFRS 11 - Joint Arrangements

This new standard improves on IAS 31 Interests in Joint Ventures by establishing principles that are applicable to the accounting for all joint arrangements.

IFRS 12 - Disclosure of Interests in Other Entities

This new standard provides enhanced disclosures about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

3 - ACCOUNTING POLICIES (Continued)

IFRS 13 - Fair Value Measurement

This new standard, issued by the International Accounting Standards Board (IASB) in May 2011, defines fair value, sets out in a single standard a framework for measuring fair value and establishes the information to disclose about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

This new interpretation, issued by the International Accounting Standards Board in October 2011, clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 applies to the costs incurred to remove mine waste materials ("overburden") to gain access to mineral ore deposits during the production phase of a surface mine.

Any changes to these standards and these new standards had no impact on either the results or financial position of the Company, but the additional information required is provided in the present notes at the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, "Société Robex N'Gary – SA", in which the Company holds an 85% interest, "Robex Resources Mali S.A.R.L", a wholly-owned subsidiary, and "Nampala SA", in which the Company holds an 90% interest. The three subsidiaries are located in Mali. All significant intercompany transactions and balances have been eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interests consist of the non-controlling interests at the date of the original business combination plus the non-controlling interests in the net change in value since the date of acquisition.

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

Recognition of revenues from sales of properties

The proceeds from the sale of mining properties are initially recorded as a credit against the cost of the property and deferred exploration expenses until they are completely recovered. Any additional amounts are recognized as other income.

3 - ACCOUNTING POLICIES (Continued)

Functional and presentation currency

The presentation currency of these consolidated financial statements is the Canadian dollar unless noted otherwise. The CFA franc is considered to be the functional currency of the Company and of its subsidiaries.

The translation from the functional currency to the presentation currency is made as follows :

- All assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rates at the dates of each statement of financial position presented;

- All income and expenses in each statement of operations and comprehensive loss are translated at the average exchange rates for the periods presented;

- All resulting exchange differences are recognized as a separate component in other comprehensive income.

Any conversion of amounts into Canadian dollars should not be construed as a representation that such amounts have been, could be, or will be in the future convertible into Canadian dollars at the exchange rates used, or at any other exchange rate.

Currency conversion

The transactions in foreign currency transactions are denominated in a currency other than the functional currency of the entity. At the time of the transaction, each asset, debt, income and expense denominated in foreign currencies is translated into the functional currency of the entity using the exchange rates prevailing at that date. At each balance sheet date, the outstanding monetary items are translated into the functional currency of the entity using the exchange rates prevailing at the year end and the related conversion differences are recorded in "Foreign exchange losses (gains)" in the income statement of loss and statement of comprehensive loss.

Non-monetary items that are measured at historical cost are translated into the functional currency of the entity using the exchange rates prevailing at the date of the initial transaction and are not subsequently retired. Non-monetary items that are measured at fair value or revalued amounts are translated into the functional currency of the entity using the exchange rates prevailing at the date when the fair value is determined and translation differences related are recognized in the statements of the entity and extended depending on where the gain or loss on the underlying non-monetary item is recognized.

3 - ACCOUNTING POLICIES (Continued)

Uncertainty measurement

The preparation of the financial statements in conformity with IFRS requires that management makes judgments, estimations and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates and the amounts of revenues and expenses during the periods presented. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations.

The accounting policies and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised if the revision affects only that period or during the period of the revision and other periods if the revision affects the current and future periods.

Significant estimates used by the Company relate primarily to assumptions regarding the recoverability of mining rights and titles, tangible and intangible assets, estimation of provisions, the determination of the fair value of stock options and warrants and convertible debentures, the determination of the functionnal currency and the methods and useful lives of tangible and intangible assets.

The Company reviews the estimated useful lives of tangible and intangible assets at the end of each fiscal year.

The Company uses their judgment to determine if a present obligation exists at the end of the reporting period by considering all available data, including the advice of experts. Provisions related to present obligations are management’s best estimate of the amount of probable future outflow, expected timing of payments, and discount rates.

Stock - Option Plan

The Company grants stock options to directors, members of management, employees and service providers. The board offers such options for periods of up to five years, with no acquisition period except for options to purchase shares granted to the financial advisor for who the options are exercisable for a period of twelve months at 25% per quarter, at prices determined by the board of administration.

The fair value of the options is measured at the grant date using the Black-Scholes 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.

3 - ACCOUNTING POLICIES (Continued)

Warrants

Due to a settlement currency other than the functional currency, the warrants do not qualify as equity instruments and are classified as derivative instruments. They are measured initially and subsequently at fair value.

The fair value of warrants classified as financial liabilities is measured at issuance, exercise, maturity and balance sheet dates using the Black-Scholes model. Changes in fair value are recognized in net income in the line "change in fair value of financial liabilities".

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of shares during the reporting period.

Diluted loss per share is calculated by adjusting the net loss attributable to common shareholders and the weighted average number of outstanding common shares, the effects of all other potentially dilutive financial instrument.

The calculation of the number of additional shares is carried out considering that the potentially dilutive financial instruments were converted into common shares at the average market price during the reporting period.

Inventories

Inventories are measured at the lower of cost or net realizable value, whichever is lower of the two. The cost of inventories is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses that apply.

The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Purchase costs include the purchase price, import duties and non-recoverable taxes, as well as transport costs, handling and others costs that are directly attributable to the acquisition of finished goods, materials or services.

3 - ACCOUNTING POLICIES (Continued)

Mining rights and titles

Costs related to the acquisition, exploration and development of mineral properties are capitalized within the property until the commencement of commercial production or until the company decides to sell the mining title. If the mineral properties are profitable on a commercial basis, the capitalized costs of the property are transferred to mining assets and depreciated according to the method of the production unit. If it is determined that capitalized acquisition and exploration expenditures are not recoverable over the estimated useful economic life of the property, or if the project is abandoned, the project is devalued to its recoverable amount.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of recoverable reserves on the economical 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 do not necessarily represent the current or future value of the mineral interests.

Depreciation of exploration equipment is capitalized in the mining rights and titles, as disclosed in Note 10.

The Company assesses its properties for impairment when facts and circumstances suggest that the carrying value of its mineral properties may exceed the recoverable amount.

Management's asserment as to the capitalization of exploration and development costs, as well as assumptions regarding the future recoverability of such costs, are subject to significant uncertainty. Management's assessment of the recoverability is based on, among other things, the period for which the entity has the right to explore a property, on the decision of the company to suspend its activities in a specific area or on the existence of sufficient data which indicates that, although a development in the specific area is likely to occur, the carrying amount of the asset is probably not recoverable in full through successful development or by sale. These assumptions and estimates may change in the future and could significantly affect the carrying value and the ultimate recoverability of the amounts shown as mineral properties as well as deferred expenses.

Farm-in, farm-out agreements

When the Company signs partnership agreements called "farm-in, farm-out", in which it holds mineral rights, the amounts it receives from its partner in addition to the expenses incurred by its partner are recorded against expenses already incurred and capitalized by the Company. No transaction is recorded for the operating expenses of the partner.

(all amounts are in Canadian dollars unless otherwise indicated)

3 - ACCOUNTING POLICIES (Continued)

Assets

Fixed assets

Tangible assets are initially and subsequently stated at cost and depreciated using either the method of the programmed use of the asset (method 1) or the straight-line depreciation method (method 2), or the declining balance method (method 3). Depreciation of these assets is either expensed or capitalized in the cost of another asset under construction when the asset is an incremental cost required to manufacture or to the construction of that other asset. Tangible assest are depreciated once they are ready to be put into service. Before they begin to be amortized, they are classified as current assets.

	Method	Rate	Amortization period
Factory and machinery	1 2 3	20%	11 years
Industrial equipment and tools	1 3	20%	
Electrical installations	2 3	20%	11 years
Laboratory	2		11 years
Vehicles	3	30%	
Computer equipment	3	30%	
Roads and access	2		11 years
Annex buildings	2		11 years
Furniture	3	20%	
Exploration equipment	3	20% to 45%	
Leasehold improvements	2		3 years

Once a facility or equipment includes significant components that have different useful lives, the components are accounted for separately, either as components of the installation or pieces of equipment, and depreciated according to their own form and duration.

Expenditure incurred to replace a component of an item of the property, facility or equipment that is accounted for separately is capitalized. Attributable costs that are incurred for major capital and site preparation projects are capitalized until the asset is in an operating condition, with respect to the intended use. These costs include the costs of dismantling and site restoration in which the compensation is accounted for as a provision.

Daily maintenance costs are included in the results when incurred.

Interest incurred by the Company and for the construction of certain capital assests are recorded within the asset itself.

3 - ACCOUNTING POLICIES (Continued)

Assets - (continued)

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 obligations are charged directly to the consolidated statement of earnings. The obligation is generally considered to have been incurred when mine assets are constructed or the ground environment is disturbed at the production location. 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.

The Company also estimates the timing of the outlays, which is subject to change depending on continued operation or newly discovered reserves.

Changes in restoration costs or in discount rates are recognized as changes to the corresponding assets and asset retirement obligation when they occur.

Intangible assets

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

Revision of the life duration and depreciation methods

At the end of each quarter, the Company reviews the amortization and life duration of tangible and intangible assets. In case of change in these estimations, they are accounted for prospectively.

Subsequent costs

The replacement costs of an item of the property, facility or equipment are recognized when they are incurred if it is probable that the Company has future economic benefits and the cost of the item can be evaluated reliably. All other costs are recognized as an expense when they are incurred.

3 - ACCOUNTING POLICIES (Continued)

Assets - (continued)

Impairment of non-financial assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is reviewed for impairment. The carrying value of an asset is devalued to its estimated recoverable amount (the higher of fair value minus costs to sell or the utility value) if it is less than the carrying value of the asset.

An analysis of indicators of impairment of exploration and evaluation costs is performed project by project, annually or more frequently if required, each project representing a single cash generating unit. An impairment test is performed when impairment indicators arise, 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;

- Sufficient work has been done to indicate that the carrying amounts of the expense recognized in the asset will not be fully recovered.

Reversals of impairment are recorded as exploration and evaluation expenses when changes in circumstances justify them. Any reversal of an impairment loss is recognized in the income statement.

Financial instruments

Financial instruments are originally recorded at fair value and subsequent evaluations depend on how they are classified.

Financial assets are classified according to the intent and ability to hold the assets invested. They are recognized in the following ways:

- Cash is classified as loans and receivables and is measured at amortized cost.

- Loans and receivables include cash, cash equivalents and debtors are carried at amortized cost using the effective interest method.

In addition, transaction costs related to securities classified as available-for-sale or loans and receivables are capitalized and amortized over the expected life of the instrument using the effective interest rate method.

3 - ACCOUNTING POLICIES (Continued)

Financial instruments - (continued)

Financial assets subject to a purchase or a sale with a standard delivery time is recorded using the method of accounting on the date of the transaction.

Financial liabilities carried at amortized cost using the effective interest rate include accounts payable and long-term debt.

Financial liabilities at fair value include warrants and the conversion option of the convertible debentures and the variation thereof is included in net income. The warrants are classified in fair value hierarchy level 2.

Convertible debentures

The convertible debentures (note 17), are valued in Canadian dollars, which is not the functional currency of the Company. Therefore, they must be separated in a debt component and a derivative financial instrument component, based on the characteristics listed in the description of the share capital of the Company. The fair value of the derivative financial instrument associated with the debenture was initially evaluated using the Black & Scholes model. This amount has been classified as a liability and measured initially and subsequently at fair value until the instrument is converted or the expiry date has arrived, with past fluctuations in net income. The difference between the fair value and the amount of funding was allocated to the debt component of the debenture. This will be amortized until it is carried out or until the expiry date. Transaction costs were expensed at the time of issuance.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. This interest rate is the rate that exactly discounts future cash payments so during the expected life of the financial liability or, where appropriate, for a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company removes from the balance sheet financial liabilities when and only when the Company's obligations are released, canceled or when they reach maturity. The difference between the carrying value of the financial liability derecognised and the consideration paid and payable is recorded under the heading "gain or loss on settlement of liabilities" in the consolidated income statement.

3 - ACCOUNTING POLICIES (Continued)

Exploration and evaluation costs

Once the legal right to explore is acquired, exploration and evaluation expenses are capitalized in the mineral properties. These costs include material and used fuel, the cost of surveying and drilling, and payments made to contractors.

Income tax and deferred taxes

Tax expenditures include current and deferred taxes. The taxes are recognized in the income statement except where they relate to items recognized directly in equity, in which case the related tax is recognized in equity. The current tax expenses are based on the results for the period and are adjusted according to the elements that are not taxable or not deductible. Current tax is calculated using tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax determined in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. The deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits against which the deductible temporary differences can be utilized will be available. Deferred tax assets from deductible temporary differences are recognized only if the taxable income against which we can use the benefits of the temporary differences will be high enough and that is expected to be reversed in the foreseeable future.

4 - FUTURE ACCOUNTING CHANGES IN ACCOUNTING POLICIES

A number of other new standards and amendments to standards and interpretations are not yet effective for the year ending December 31, 2013, and have not been applied in preparing the present financial statements. These new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2014, unless otherwise noted:

IAS 36 Impairments of assets

Under the amendments, the communication of the recoverable amount of impaired assets and other information revelant to assessing the recoverable amount of impaired assets when the recoverable amount is based on fair value minus costs of disposal, when the entity uses a technique of discounting to determine the recoverable value, is now required.

Amendments to IAS 32, Financial Instruments: Presentation

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event, and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. Also, the amendments clarify when a settlement mechanism provides for a net settlement or gross settlement that is equivalent to net settlement.

4 - FUTURE ACCOUNTING CHANGES IN ACCOUNTING POLICIES - (Continued)

IFRIC 21, Levies

IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. For the purposes of this interpretation, levies are outputs that are imposed by public authorities to entities according to legal or regulatory provisions and the recognition of a liability under a law or tax payable is performed only when the generating fact of obligation provided for in the legal or regulatory provisions occur.

IFRS 9, Financial Instruments

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets and financial liabilities. Financial assets will be classified into one of two categories on initial recognition: at amortized cost or fair value. For financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the change recognized in net income. The mandatory effective date has yet to be determined.

In November 2013, the IASB issued the Hedge accounting part of IFRS 9. The new model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures (IAS 39 allows components of financial items to be hedged, but not components of non-financial items). It will enable more entities to apply hedge accounting to reflect their actual risk management activities. The new IFRS 9 model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting, compared to IAS 39 which imposes eligibility and compliance based on metrics that are designed solely for accounting purposes. The IASB tentatively decided to require that an entity apply the IFRS 9 for annual periods beginning on or after 1 January 2018.

IAS 19 Employee Benefits

The amendments simplify the accounting for contributions from employees or third parties to defined benefit plans that are independent of the number of years of service.

(all amounts are in Canadian dollars unless otherwise indicated)

5 - SEGMENTED INFORMATION

A) Operating segments - The Company's operations are primarily directed towards the acquisition, exploration and production of gold in the West Africa area. As a result, the Company is organized as a single sector.

B) Geographic segments - The Company's assets by geographic areas are as follows :

			2013
			$
	West Africa	**Canada**	**Total**
Stock	**19,526**	**---**	**19,526**
Mining rights and titles	**20,820,555**	**---**	**20,820,555**
Fixed assets	**25,528,503**	**78,717**	**25,607,220**
Intangible assets	**253,152**	**---**	**253,152**
	46,621,736	**78,717**	**46,700,453**

			2012
			$
	West Africa	Canada	Total
Mining rights and titles	17,749,746	---	17,749,746
Fixed assets	2,969,721	9,227	2,978,948
Intangible assets	14,922	---	14,922
	20,734,389	9,227	20,743,616

(all amounts are in Canadian dollars unless otherwise indicated)

6 - ADMINISTRATION FEES

	2013	2012
	$	$
Salaries	**374,896**	651,305
Travel fees	**178,356**	134,396
Congress	**---**	1,000
Insurance	**8,024**	6,737
Rent	**22,538**	24,000
Financial reporting and stock exchange fees	**118,705**	86,388
Marketing	**2,770**	127,260
Telecommunications	**15,690**	7,808
Office fees	**19,958**	12,185
Generals fees	**393,346**	---
	1,134,283	1,051,079

7 - INVENTORIES

	2013	2012
	$	$
Parts and supplies	**19,526**	---
	19,526	---

8 - ACCOUNTS RECEIVABLE

	2013	2012
	$	$
Advances to suppliers	**1,305,845**	93,051
Advance to an officer	**---**	25,221
Corporate taxes	**64,467**	89,947
Other receivable	**151,649**	1,166
	1,521,961	209,385

(all amounts are in Canadian dollars unless otherwise indicated)

9 - MINING RIGHTS AND DEFERRED EXPLORATION COSTS

The acquisition cost and deferred exploration and development expenses by project are as follows:

	2013	2012
	$	$
Diangounte (1)		
85% undivided interest		
Acquisition	**1,162,605**	1,040,828
Exploration	**4,161,815**	3,678,402
Kolomba		
Undivided interest (2)		
Acquisition	**63,282**	56,655
Exploration	**646,869**	533,216
Moussala		
Undivided interest (3)		
Acquisition	**23,556**	21,090
Exploration	**1,358,681**	664,037
Willi-Willi East		
Undivided interest (4)		
Acquisition	**148,966**	133,362
Exploration	**1,415,754**	922,171
Willi-Willi West		
Undivided interest (4)		
Acquisition	**148,854**	133,262
Exploration	**711,115**	290,119
Carried forward :	**9,841,497**	7,473,142

(all amounts are in Canadian dollars unless otherwise indicated)

9 - MINING RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

	2013	2012
	$	$
Carried forward :	**9,841,497**	7,473,142
Mininko		
Undivided interest (5)		
Acquisition	**666,237**	596,451
Exploration	**8,828,087**	7,709,420
Kamasso		
Undivided interest (5)		
Acquisition	**664,534**	594,927
Exploration	**411,518**	139,539
	1,076,052	734,466
Impairment loss	**(1,076,052)**	---
	---	734,466
Sanoula		
Undivided interest (6)		
Acquisition	**191,493**	171,435
Exploration	**681,722**	564,542
N'Golopene		
Undivided interest (7)		
Acquisition	**439,633**	393,584
Exploration	**638,455**	524,404
Option income offset	**(466,569)**	(417,698)
	20,820,555	17,749,746

As of December 31, 2013, the acquisition costs and exploration expenses amount to $2,378,057 ($2,723,896 as of December 31, 2012) and $18,442,498 ($15,025,850 as of December 31, 2012).

9 - MINING RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

(1) The mining title of Diangounté is 100% owned by Robex N'Gary SA, a Malian rights company, of which Robex Resources Inc. holds 85% of the issued shares and N'Gary Transport, an unrelated company, owns 15%. The license was awarded on May 18, 2009 and expires on May 17, 2016. The license has received a first renewal on Oct. 9, 2012. The second renewal is scheduled for June 2014.

Under an agreement, the Company must pay a royalty of US$750,000 per million ounces of proven gold in excess of 500,000 ounces. Under the terms of the agreement, the royalty is 50% payable in cash and 50% in shares.

(2) The Company holds the license, through its wholly-owned subsidiary, Robex Resources Mali SARL. This license was granted on January 17, 2013. The validity of this permit is 3 years renewable twice for 2 years, for a total of 7 years.

(3) The Company holds 100% of the exploration permit.

The research and exploration licence was renewed in October 2008 and in August 2012. The licence will expire on October 10, 2014.

If a decision is made to mine a deposit, a mining company will have to be created to operate this activity. The Malian Government will hold, at all times, a 10% interest in the share capital received as free. This mining company will have to repay an amount of US$871,000 to the Malian Government as research or prospecting work.

(4) The Willi-Willi mining title is 95% owned by the Company.

The research and exploration permits were attributed in September 2005 and the Company obtained the renewal for a period of 3 years in February 2009 and in June 2012. The permits expire in September 2014.

The seller will receive NSR royalties of 2%, of which 1% is redeemable for US$1,000,000 for each of the properties. An NSR becomes payable when an entity is created for purposes of extracting mineral substances from the region covered by the exploration licence. The NSR corresponds to the revenue generated from selling the extracted mineral substances minus certain costs. The NSR must be paid within 30 days after collection of revenue from the sale of the minerals. The seller retains, at all times, 5% of the shares of the entity to be created without any financial obligations on its part.

9 - MINING RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

(5) Since April 30, 2007, the Company holds 100% of the mining titles of these properties and the seller benefited from a 2% NSR on which the Company has a right of first refusal. During the year that ended on December 31, 2012 the Company completed the acquisition of half of the charges in exchange for a sum paid in cash 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.

The permit for the Kamasso property has expired. Although the Company is currently conducting steps to obtain a renewal of the permit, at the date of the financial statements, given that it cannot assume the success of its renewal, the Company has decided to recognize an impairment loss on this permit for an amount of $1,076,052 at December 31, 2013 ($0 at December 31, 2012).

On March 1, 2012, a wholly-owned subsidiary, Robex Resources Mali SARL, was granted a license for research and exploration on the Mininko property. The duration of this permit is three years and is renewable twice. The duration of each renewal period is two years, for a total of 7 years. This permit expires on February 28, 2019.

On April 14, 2012, the Company received its gold mining and mineral substances permit attributed to Nampala S.A. regarding the Mininko property. This exploitation permit is valid for 30 years.

In addition, when assigning the operating permit, the Malian government has been awarded 10% of the Nampala SA 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 financial statements.

(6) Since December 31, 2008, the Company holds 100% of mining titles through the subsidiary Robex Resources Mali SARL, a wholly-owned subsidiary. The seller will receive NSR royalties of 2% on which Robex Resources Inc. will have a right of first refusal.

The research and mining permit was granted on February 2, 2012. The permit is valid for a initial period of three years ans is renewable twice. Each period is equal to two years, for a total of seven years. This permit expires in February 2019.

The Company is subject to certain minimal requirements in terms of exploration works to be incurred over the validity of the permit.

9 - MINING RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

(7) In June 2006, the Company concluded an agreement to acquire, over a two-year period, prospecting and exploration permits in the Republic of Mali for US$245,000. In January 2008, the Company concluded a new agreement specifying that it would instead acquire 93% of the undivided interest of the property. The balance of the acquisition of US$125,000 was settled in full over 2008. During the month of May 2011, the Company proceeded with the acquisition of the remaining 7% undivided interest for a total cash consideration of $153,192. In relation thereto, the interest is now earned at 100%, through exclusive ownership subsidiary, Robex Resources Mali SARL.

An NSR of 2%, will be retained by the seller, which can be repurchased for US$500,000.

The research and mining permit was assigned in May 2010 and is valid for 3 years, renewable twice, for a total of 9 years.

In July 2011, the Company entered into a joint venture agreement with Resolute Mining Limited permitting them to acquire up to a 70% interest in the N'Golopene permit. Under the terms of this agreement, Resolute Mining Limited could acquire an initial holding of 51% in the joint venture once the following conditions are met: pay an initial amount of 400,000 Australian dollars in the first 12 months of the agreement, either in money or in shares of Resolute Mining Limited, or a combination of both and contribute financially to the joint venture for a total of one million U.S. dollars during the initial 2-year acquisition. After this period, Resolute Mining Limited may choose to acquire an additional 19% of the joint venture by investing an additional $1.5 million U.S. dollars in the 2 subsequent years or by completing a feasibility study. To date, a total of 400,000 Australian dollars was received in relation to this agreement. This amount was recorded as a reduction of the value of the property. In addition, Resolute Mining Limited have invested more than one million U.S. dollars in the first 2 years. Therefore, Robex now owns only 49% of this joint venture.

(all amounts are in Canadian dollars unless otherwise indicated)

10 - ACQUISITION COST AND DEFERRED EXPLORATION AND DEVELOPMENT EXPENSES

ACQUISITION COST	**2013**	2012
	$	$
Balance at beginning	**2,723,896**	2,807,801
Acquisition cost for the period	**---**	250,000
Option income offset	**---**	(312,503)
Provision for impairment	**(664,534)**	---
Effect on currency presentation	**318,695**	(21,402)
Balance at end	**2,378,057**	2,723,896

DEFERRED EXPLORATION AND DEVELOPMENT EXPENSES	**2013**	2012
	$	$
Balance at beginning	**15,025,850**	13,007,608
Add:		
Management fees	**175,005**	85,146
Exploration expenses	**1,110,349**	1,219,241
Equipment	**48,169**	20,964
Development fees	**128,701**	---
Travel expenses	**108,433**	207,295
Supplies and other	**94,565**	275,753
	1,665,222	1,808,399
Depreciation of exploration equipment and intangible assets	**265,399**	245,490
Provision for impairment	**(411,518)**	---
Effect on currency presentation	**1,897,545**	(35,647)
	3,416,648	2,018,242
Balance at end	**18,442,498**	15,025,850

	2013	2012
	$	$
TOTAL BALANCE	**20,820,555**	17,749,746

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

11 - FIXED ASSETS

Cost	Factory and machinery	Industrial equipment and tools	Laboratory	Vehicles	Computer equipment	Roads and access	Annex buildings	Furniture	Exploration equipment	Leasehold improvements	Assets under construction	TOTAL
Balance as at Dec. 31, 2011	**---**	**---**	**---**	**131,890**	**25,711**	**---**	**---**	**9,648**	**1,038,505**	**---**	**---**	**1,205,754**
Additions												
Assets acquired	389,584	106,896	14,931	70,808	3,004	59,609	82,041	6,831	132,827	---	1,547,108	**2,413,639**
Effect of currency presentation	40,685	2,192	812	732	24	355	1,575	26	(3,354)	---	---	**43,047**
Balance as at Dec. 31, 2012	**430,269**	**109,088**	**15,743**	**203,430**	**28,739**	**59,964**	**83,616**	**16,505**	**1,167,978**	**---**	**1,547,108**	**3,662,440**
Additions												
Assets acquired	977,132	156,051	142,684	308,590	185,623	101	1,421,066	267,864	225,000	17,433	17,628,963	**21,330,506**
Effect of currency presentation	43,242	20,491	1,842	45,735	14,535	7,014	9,783	323,107	(153,192)	442	1,464,802	**1,777,802**
Balance as at Dec. 31, 2013	**1,450,643**	**285,630**	**160,269**	**557,755**	**228,897**	**67,079**	**1,514,465**	**607,476**	**1,239,786**	**17,875**	**20,640,873**	**26,770,748**

For the year ended on December 31, 2013, interest costs of $800,115 are included in the acquisition costs of the asset ($0 for the year ended on December 31, 2012). Also, an amount of $210,143 is included in the acquisition costs representing the provision for costs of Dismantling of properties ($0 for the year ended on December 31, 2012). Finally, an amount of $21,324 relating to the amortization of certain assets were reclassified to the cost of construction in progress ($0 for the year ending on December 31, 2012).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

11 - FIXED ASSETS (Continued)

	Factory and machinery	Industrial equipment and tools	Laboratory	Vehicles	Computer equipment	Roads and access	Annex buildings	Furniture	Exploration equipment	Leasehold improvements	Assets under construction	TOTAL
Accumulated depreciation												
Balance as at Dec. 31, 2011	**---**	**---**	**---**	**34,859**	**20,011**	**---**	**---**	**9,264**	**372,509**	**---**	**---**	**436,643**
Depreciation for the period	3,014	3,059	373	33,874	1,969	2,710	1,715	362	197,010	---	---	**244,086**
Effect of currency presentation	70	(144)	8	539	(67)	101	35	(43)	2,264	---	---	**2,763**
Balance as at Dec. 31, 2012	**3,084**	**2,915**	**381**	**69,272**	**21,913**	**2,811**	**1,750**	**9,583**	**571,783**	**---**	**---**	**683,492**
Depreciation for the period	45,726	31,867	1,626	75,641	19,091	1,965	13,745	47,752	145,954	654	---	**384,019**
Effect of currency presentation	360	(243)	27	11,330	2,741	329	205	152,661	(71,412)	17	---	**96,017**
Balance as at Dec. 31, 2013	**49,170**	**34,539**	**2,034**	**156,243**	**43,745**	**5,105**	**15,700**	**209,996**	**646,325**	**671**	**---**	**1,163,528**
Net value:												
as at December 31, 2012	427,185	106,173	15,362	134,158	6,826	57,153	81,866	6,922	596,195	---	1,547,108	**2,978,948**
as at December 31, 2013	**1,401,473**	**251,091**	**158,235**	**401,512**	**185,152**	**61,974**	**1,498,765**	**397,480**	**593,461**	**17,204**	**20,640,873**	**25,607,220**

Fixed assets with a book value of $20,640,873 are not amortized because they are either under construction or being installed as at December 31, 2013 ($1,547,108 as at

December 31, 2012).

(all amounts are in Canadian dollars unless otherwise indicated)

12 - INTANGIBLE ASSETS

	2013	2012
	$	$
Software		
Cost		
Balance at the beginning	**20,459**	12,297
Additions:		
Assets acquired	**252,596**	8,069
Effect of currency presentation	**23,851**	93
Balance at the end	**296,906**	20,459
Accumulated depreciation		
Balance at the beginning	**5,537**	1,849
Depreciation for the period	**35,363**	3,620
Effect of currency presentation	**2,854**	68
Balance at the end	**43,754**	5,537
Net value:	**253,152**	14,922

13 - ACCOUNTS PAYABLE

	2013	2012
	$	$
Accrued interest	**331,152**	---
Other payables	**1,695,106**	515,808
	2,026,257	515,808

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

14- LONG-TERM DEBT

	2013	2012
	$	$
Loan from a supplier, annual interest rate of 10 %, payable by monthly installments of $186,545 (83,502,722 CFA francs) plus interest, until January, 2016.	**4,679,907**	202,635
Loan from a supplier, maximum amount of $3,351,000 (1,500,000,000 CFA francs), annual interest of 10%, secured by a land mortgage on the operating license for gold and minerals in the region of Nampala. The Company may not pay dividends before the settlement of payments due to the supplier. This loan is repayable in 36 monthly installments of $93,083 (41,666,667 CFA francs) plus interest, as of January 2014.	**3,351,000**	---
	8,030,907	202,635
Short-term portion of the long-term debt	**3,239,964**	202,635
	4,790,943	---

AUTHORIZED LINE OF CREDIT

The Company has an authorized line of credit on a bank account in Mali for a maximum amount of $1,117,000 (500 000 000 CFA francs). Annual interest rates of 9%. The maturity date of this line of credit is March 31, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

15 - WARRANTS

The warrants that were granted varied as follows :

	2013		2012	
	Quantity	**Weighted exercice price**	Quantity	Weighted exercice price
Outstanding at the beginning	**101,811,438**	**$0.25**	16,213,271	$0.21
Granted	**--**	**--**	86,983,850	$0.26
Exercised	**(1,525,000)**	**$0.18**	(347,222)	$0.15
Cancelled or expired	**(18,897,550)**	**$0.26**	(1,038,461)	$0.18
Outstanding at the end	**81,388,888**	**$0.24**	101,811,438	$0.25
Exercisable	**81,388,888**	**$0.24**	101,811,438	$0.25

The total fair value of warrants granted during the year ended on December 31, 2013 was $0 ($2,811,500 for the year ended on December 31, 2012). The total was estimated on the grant dates of each of the warrants using the Black and Scholes option pricing model and the following weighted average assumptions:

	2013	2012
Risk-free interest rate	**--**	1.36%
Expected volatility	**--**	69.58%
Expected dividend yield	**--**	0%
Expected life	**--**	4.72 years

15 - WARRANTS (Continued)

The following table summarizes certain information on the Company's warrants as at December 31, 2013.

Outstanding, exercisable warrants as at December 31, 2013

Quantity	Exercice price	Remaining Life (year)
1,388,888	$0.30	0.3
80,000,000	$0.25	3.8
81,388,888		

Since these instruments are payable in Canadian dollars, which is not the functional currency of the Company, stock purchase warrants do not respect the criteria defined by the IFRS for classification as equity instruments. They are thus considered as derivative instruments initially valued at fair value and presented as financial liability. Any subsequent change in the fair value is recognized in the net income.

Fair value of stock purchase warrants is presented in note 26 hereinafter.

16 - OBLIGATIONS RELATED TO THE SHUTDOWN OF PROPERTIES

	December 31, 2013	December 31, 2012
	$	$
Relative provision to the dismantling of the facilities being built on the Nampala site	**210,143**	---

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.

(all amounts are in Canadian dollars unless otherwise indicated)

17 - CONVERTIBLE DEBENTURE

The Company issued, on November 21, 2013, convertible debentures in the amount of $11,940,000, unsecured, maturing on November 20, 2016. This amount is convertible into 79,600,000 common shares of the Company until November 20, 2016 at a price of $0.15 per share. The debentures bear interest at 10% annually and are payable in cash on each anniversary date. Interests are not convertible into shares of the Company, but may be settled in shares of the company based on the share price at that time, and subject to pre-approval of the Exchange. In certain situations, the Company has the possibility to make a redemption offer equal to 105% of the princiap amount and accrued and unpaid interests to the holders prematurely.

The convertible debentures are divided into two components, the debt portion and the conversion right. These two components were initially measured at fair value at the date of issuance of the debentures, on November 21, 2013. For the year ended on December 31, 2013, an amount of $130,849 was recorded as accrued interest and effective interests of $134,623 were recorded for the debt portion of the debenture ($0 for the year ended on December 31, 2012). The fair values of these debentures are as follows:

		Initial fair value
	December 31, 2013	November 21, 2013
	$	$
Derivative component - conversion rights	**4,332,495**	4,681,245
Debt component at amortized cost	**7,393,378**	7,258,755
	11,725,873	11 940 000

Fair values measured at the grant date and at December 31, 2013 have been according to the Black-Scholes option-pricing model with the following assumptions:

		Initial fair value
	December 31, 2013	November 21, 2013
Risk-free interest rate	**1.10%**	1.08%
Expected volatility	**50%**	50%
Expected dividend yield	**0%**	0%
Expected life	**2.89 years**	3 years

(all amounts are in Canadian dollars unless otherwise indicated)

18 - 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

	2013	2012
	$	$
Issued and fully paid		
283,425,539 common shares		
(December 31, 2012 - 274,733,872 common shares)	**45,253,460**	43,853,774

Year 2013

In November 2013, the Company issued 6,666,667 shares for a cash consideration of $1,000,000.

In July 2013, the Company issued 250,000 shares following the exercise of options to purchase shares for a cash consideration of $35,000. The value of options exercised that was reclassified to share capital is $24,000.

In May 2013, the Company issued 250,000 shares following the exercise of options to purchase shares for a cash consideration of $36,250. The value of options exercised that was reclassified to share capital is $21,900.

During the three month period ended on March 31, 2013, the Company issued 1,525,000 common shares following the exercise of warrants for a cash consideration of $274,500. The fair value of warrants exercised that was reclassified to share capital is $8,036.

An amount of $5,000 was paid for the issuance of these shares. No financing cost have been paid concerning these issued shares in 2013.

Year 2012

In October 2012, the Company issued 80,000,000 units at a price of $0.10 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.25 until October 2017.

In October 2012, the Company issued 8,000,000 units at a price of $0.125 per unit in exchange for payment of a debt to a supplier.

18 - SHARE CAPITAL (Continued)

Year 2012 - (Continued)

In March 2012, the Company issued 13,967,699 units at a price of $0.23 per unit. Each unit is comprised of one common share and one half warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.35 until September 2013.

The product of these emissions units was divided between equity and warrants based on the respective fair value of each of the instruments issued.

The issue for these private placements expenses totaled $376,316 including $54,699 representing the fair value of 759,715 options of granted compensation.

During the year that ended December 31, 2012, the Company issued 250,000 common shares following the exercise of options to purchase shares for a cash consideration of $37,500 and issued 347,222 ordinary shares following the exercise of warrants for a cash consideration of $51,389. The value of stock options exercised that was reclassified to equity is $23,250 and the fair value of warrants exercised that was reclassified to share capital is $20,902.

Stock option plan

Under the stock option plan, the Company can award options to certain directors, officers, key employees and suppliers. The total number of common shares in the Company's share capital that can be issued under this plan is 10,000,000 shares. The total number of common shares reserved for the exercising of options in favour of an option holder should not represent more than five percent (5%) of the Company's common shares issued and outstanding. At the time that options are granted, the board of directors determines their terms and exercise prices. The terms of issued options cannot exceed five years, and, since April 2009, the exercise price can be fixed at a discounted price. Since April 2009, options granted under the terms of this plan can be exercised at the time that options are granted except for financial advisers for whom options granted will have to vest over a period of 12 months at a rate of 25% per three-month period.

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

(all amounts are in Canadian dollars unless otherwise indicated)

18 - SHARE CAPITAL (Continued)

The stock options varied as follows:

	2013		2012	
	Quantity	**Weighted average exercice price**	Quantity	Weighted average exercice price
Oustanding at the beginning	**7,959,715**	**$0.19**	6,525,000	$0.21
Granted	**400,000**	**$0.20**	3,759,715	$0.18
Exercised	**(500,000)**	**$0.14**	(250,000)	$0.15
Cancelled or expired	**(4,909,715)**	**$0.21**	(2,075,000)	$0.22
Oustanding at the end	**2,950,000**	**$0.19**	7,959,715	$0.19
Exercisable	**2,950,000**	**$0.19**	7,959,715	$0.19

The total fair value of stocks options granted for the year ended on December 31, 2013 was $35,208 ($351,969 for the year ended on December 31, 2012). An amount of $0 is included in the issuance costs and an amount of $35,208 is included as compensation cost to purchase shares ($54,699 and $329,837 for the year ended December 31, 2012), in the statement of loss. The total fair value was estimated on the grant dates using the Black-Scholes option pricing model and the following weighted average assumptions:

	2013	2012
Risk-free interest rate	**1.65%**	1.29%
Expected volatility	**50%**	69.14%
Expected dividend yield	**0%**	0%
Expected life	**5 years**	5 years

(all amounts are in Canadian dollars unless otherwise indicated)

18 - SHARE CAPITAL (Continued)

The following table summarizes certain information on the Company's stock options as at December 31, 2013 and December 31, 2012 :

	Outstanding options as at December 31, 2013		Exercisable options as at December 31, 2013	
Exercise price	Quantity	Weighted average remaining contractual life Years	Quantity	Weighted average remaining contractual life Years
From $0.10 to $0.145	**1,000,000**	**3.2**	**1,000,000**	**3.2**
From $0.15 to $0.195	**500,000**	**1.7**	**500,000**	**1.7**
From $0.20 to $0.245	**1,450,000**	**3.1**	**1,450,000**	**3.1**
	2,950,000		**2,950,000**	

	Outstanding options as at December 31, 2012		Exercisable options as at December 31, 2012	
Exercise price	Quantity	Weighted average remaining contractual life Years	Quantity	Weighted average remaining contractual life Years
From $0.10 to $0.145	2,500,000	4.4	2,500,000	4.4
From $0.15 to $0.195	1,300,000	3.1	1,300,000	3.1
From $0.20 to $0.245	4,159,715	3.1	4,159,715	3.1
	7,959,715		7,959,715	

(all amounts are in Canadian dollars unless otherwise indicated)

19 - ACCUMULATED OTHER COMPREHENSIVE LOSS

	2013	2012
	$	$
Currency translation adjustements		
Balance at the beginning	**(1,673,991)**	(1,659,622)
Currency translation adjustments	**3,906,971**	(14,369)
Balance at the end	**2,232,980**	(1,673,991)

20 - ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOW

Variations in non-cash operating working capital items	**2013**	2012
	$	$
Decrease (increase) in current assets		
Accounts receivable	**(1,312,576)**	11,828
Stock	**(19,526)**	---
	(1,332,102)	11,828
Increase in current liabilities		
Accounts payable	**1,310,147**	278,775
	(21,955)	290,603

(all amounts are in Canadian dollars unless otherwise indicated)

21 - UNREALIZED INCOME TAXES AND TAX ADVANTAGE

Benefit income taxes

The following table presents a reconciliation of income taxes stipulated by the Canadian law (federal and provincial), of 26.9% at December 31, 2013 (26,9% at December 31, 2012), and the charge of taxes actually recognized in the income statement.

	2013	2012
	$	$
Taxes on the profits recoverable at statutory rates	**999,449**	310,172
Non-taxable and non-deductible items	**100,974**	105,219
	1,100,423	415,391
Unrecognized tax benefit	**(1,100,423)**	(415,391)
	---	---

Unrealized tax benefit

For tax purposes, the operations of the year result in a loss for which the tax benefit was not recorded. Thus, the Company has tax losses that can be used to reduce future taxable income. These losses expire as follows:

	Federal	Provincial
	$	$
2014	645,000	636,000
2015	690,000	685,000
2026	656,000	656,000
2027	811,000	808,000
2028	707,000	707,000
2029	529,000	529,000
2030	433,000	429,000
2031	1,428,000	1,426,000
2032	1,997,000	1,995,000
2033	3,242,000	3,242,000
	11,138,000	11,113,000

In 2013, the tax value of mining properties exceeds approximately $4,155,000 ($3,126,000 in 2012) the book value. The difference between the tax basis and the amounts capitalized in the financial statements mainly results from radiation of mineral goods.

As at December 31, 2013, the unamortized balance for tax purposes, for fees of share emission totaling $700,000 ($1,012,000 in 2012) and will be deductible over the next five years.

(all amounts are in Canadian dollars unless otherwise indicated)

22 · NET LOSS PER SHARE

The following table shows a reconciliation between the basic and the diluted loss per share:

	2013 **$**	2012 $
Basic and diluted net loss	**3,818,522**	1,153,055
Weighted average number of basic shares outstanding	**276,964,648**	198,953,782
Stock options and warrants with dilutive effect (1)	**13,149,761**	2,423,301
Diluted weighted average number of shares outstanding	**290,114,409**	201,377,083
Net loss by basic and diluted share (2)	**$0.014**	$0.006

(1) The calculation of the hypothetical conversions excludes all anti-dilutive options and warrants. Some options and warrants are anti-dilutive because their price is higher than the average market value of the Company's common shares for each of the periods shown in the table. The weighted average number of excluded options, warrants and conversion rights are 3,261,910, 87,234,746 and 0 respectively for the year ended December 31, 2013 (4,824,623 options, 35,026,005 warrants and no conversion rights for same period of 2012).

(2) Due to net losses incurred during each of the years ended December 31, 2013 and 2012, all of the potentially dilutive securities were considered anti-dilutive.

(all amounts are in Canadian dollars unless otherwise indicated)

23 · CONTINGENCY

Environmental Protection

The Company's operations 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 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 period in which it will be possible to make a reasonable estimate.

24 · COMMITMENTS

Under some contracts for the acquisition of research permits and operating, the Company is committed to pay a permit renewal and to perform exploration work in the amount of 2,023 million CFA francs (CDN$4,519,382) for a period of nine years.

In addition, under certain contracts for the acquisition of research and exploration permits, the sellers benefit from royalties in the form of "net smelter return" (NSR) between 1% and 2%, redeemable in part by the Company for an amount of US$2,250,000 (US$2,250,000 in 2012).

The agreements between the Malian government and the holder of research and exploration permit usually require that the entity to be created to develop a mining property, cedes free of charge, a percentage of shares to the Malian government. In addition, the entity to be incorporated must repay some previous work undertaken by the Malian government.

On December 31, 2013, the Company has committed with different non-related suppliers, to purchase equipments and supply, for a total amount of $1,545,122 (in 2012, the Company commited to a non-related supplier to build the Nampala plant. As at December 31, 2012, this commitment was $5,612,965). In addition, the Company has committed to renting office space, in virtue of contracts expiring in 2016.

The payments required over the next years are as follows:

	$
2014	**1,625,852**
2015	**81,393**
2016	**71,295**
2017	**---**

25 · CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities. The Company includes shareholders' equity, cash and cash equivalents in the definition of capital.

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.

26 · FINANCIAL INSTRUMENTS

a) *Fair value of financial instruments*

The Company has and assumes financial assets and liabilities such as cash, accounts receivable, accounts payable, due to a related company controled by an officer and warrants. The fair value of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value due to their short-term maturities. The fair value of warrants and conversion rights is determined based on the Black-Scholes option model.

The table below provides an analysis of the financial instruments which are evaluated at fair value following the initial evaluation. The financial instruments are consolidated in levels 1 to 3, according to the degree to which the fair value is observable.

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

- Level 2: measurement at fair value pursuant to 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);

- Level 3: measurement at fair value pursuant to valuation techniques including an important part of the data related to asset or liability and which are not pursuant on observable market data (non observable data).

(all amounts are in Canadian dollars unless otherwise indicated)

26 · FINANCIAL INSTRUMENTS (Continued)

	Level 1	**Level 2**	**Level 3**	**2013 Total fair value financial liabilities**
Financial liabilites				
Conversion rights	---	**4,332,495**	**---**	**4,332,495**
Warrants	---	**3,131,898**	---	**3,131,898**
	---	**7,464,393**	**---**	**7,464,393**

	Level 1	Level 2	Level 3	2012 Total fair value financial liabilities
Financial liabilites				
Warrants		2,716,014		2,716,014
	---	2,716,014	---	2,716,014

The table below presents changes in financial instruments recognized at fair value and evaluated according to Level 2 parameters:

Conversion rights	**2013 $**
Balance at the beginning	**---**
Granted	**4,681,245**
Change in fair value recorded through net loss	**(510,831)**
Effect of the exchange rate change presented net income	**165,481**
Effect of the exchange rate change presented in other comprehensive income	**(3,400)**
Balance at the end	**4,332,495**

26 · FINANCIAL INSTRUMENTS (Continued)

Warrants	**2013**	2012
	$	$
Balance at the beginning	**2,716,014**	655,739
Granted	**---**	2,811,500
Exercised	**(8,036)**	(20,902)
Change in fair value recorded through net loss (gain) / loss	**100,259**	(720,985)
Effect of the exchange rate change presented net income	**294,405**	---
Effect of the exchange rate change presented in other comprehensive income	**29,255**	(9,338)
Balance at the end	**3,131,898**	2,716,014

During these periods, there were no transfers of financial instruments between levels 1 and 2 and between levels 2 and 3.

b) *Market risk*

The Company is exposed to market fluctuations in the price of gold, the U.S. currency and CFA francs with respect to the Canadian currency. The Company is not managing its exposure to these risks by using derivative financial instruments and forward sales contracts. The risks and managing these risks have remained unchanged over previous years.

c) *Currency risk*

As at December 31, 2013, the Company holds cash in Canadian dollars totalling $3,563,874 ($8,282,537 in Canadian dollars as at December 31, 2012), while the functional currency is the CFA franc.

On December 31, 2013, the Company held financial liabilities of approximately $651,603 ($515,808 as at December 31, 2012) and financial assets of approximately $78,078 ($209,385 as at December 31, 2012). A 5% change in the exchange rate between the Canadian dollar and the CFA franc would have resulted in a increase of $31,816 in net liabilities, a increase of $3,812 in net assets and an increase in the currency translation adjustment of $84,391. This 5% variation would have affected the result of the Company for an amount of ($112,395). This analysis is based on the assumption that all other variables remain constant.

(all amounts are in Canadian dollars unless otherwise indicated)

26 · FINANCIAL INSTRUMENTS (Continued)

d) Credit risk

Financial instruments exposing the Company to concentrations of credit risk comprise accounts receivable. The Company continuously assesses the possible losses and establishes a provision for losses based upon the estimated realized value, when needed.

e) Liquidity risk

The purpose of managing liquidity risk is to maintain a sufficient amount of cash to ensure that the Company has available funds to meet its obligations.

Accounts payable are due over the next fiscal year. Conversion rights have the following expiry delays:

Quantity on December 31,		Fair value on December 31,		Expiration date
2013	2012	**2013**	2012	
		$	$	
79,600,000	---	**4,332,495**	---	November 2016

Warrants have the following expiry delays:

Quantity on December 31,		Fair value on December 31,		Expiration date
2013	2012	**2013**	2012	
		$	$	
---	5,457,847	---	40,612	February 2013
---	2,569,076	---	19,809	February 2013
---	2,450,000	---	15,997	February 2013
---	2,777,777	---	4,137	May 2013
---	184,000	---	1,407	February 2013
1,388,888	1,388,888	---	27,974	May 2014
---	6,983,850	---	35,322	September 2013
80,000,000	80,000,000	**3,131,898**	2,570,756	October 2017
81,388,888	101,811,438	**3,131,898**	2,716,015	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended on December 31, 2013 and December 31, 2012

(all amounts are in Canadian dollars unless otherwise indicated)

26 · FINANCIAL INSTRUMENTS (Continued)

The following table shows the contractual maturities of financial liabilities as at December 31, 2013

	Book value	**Less than a year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5 years**
Accounts payable	**2,026,257**	**2,026,257**	---	---	---
Convertible debenture - Conversion rights	**4,332,495**	---	**4,332,495**	---	---
Convertible debenture - Debt component	**7,393,378**	---	**11,940,000**	---	---
Warrants	**3,131,898**	---	---	**3,131,898**	---
Long-term debt	**8,030,907**	**3,897,952**	**5,195,480**	---	---
Line of credit	**1,350,398**	**1,350,398**	---	---	---
	26,265,333	**7,274,607**	**21,467,975**	**3,131,898**	---

The following table shows the contractual maturities of financial liabilities as at December 31, 2012

	Book value	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Accounts payable	515,808	515,808	---	---	---
Warrants	2,716,014	117,284	27,974	2,570,756	---
Short-term debt	202,635	202,635	---	---	---
	3,434,457	835,727	27,974	2,570,756	---

(all amounts are in Canadian dollars unless otherwise indicated)

27 - RELATED PARTY TRANSACTIONS

Results and costs to issue shares for the year ended December 31, 2013 include $784,532 ($769,167 for the same period of 2012) committed to the directors and officers of companies controlled by them. 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 a director and senior executives having authority and responsibility for planning, directing and controlling the activities of the Company:

Remuneration of principal executives	**2013**	2012
Salaries	**589,079**	501,967
Stock-based compensation expense	**---**	221,200
Attendance fees	**7,000**	22,000
	596,079	745,167

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:

	2013	2012
Issuance and repayment of short-term borrowing	**4,500,000**	---
Issuance of convertible debentures	**10,000,000**	---
Transactions with the company "FairChild Participation S.A." (1)	**272,136**	---
Rent	**10,000**	24,000
Interest paid on short-term borrowing	**81,683**	---
	14,863,819	24,000

(1) An amount of $175,366 included in this amount is related to the remuneration of directors of the Company.

28 - SUBSEQUENT EVENTS

On January 10, 2014, the Company obtained a line of credit in the amount of $5,585,000 (2.5 billion CFA Francs), from an African bank, in Mali. This line of credit is subject to an annual interest rate of 8%.