

# Thor Explorations Announces Second Quarter 2021 Financial and Operating Results for the Three and Six Months Ended June 30, 2021

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

Vancouver, August 31, 2021 - [Thor Explorations Ltd.](#) (TSXV: THX) (AIM: THX) ("Thor Explorations" or the "Company") is pleased to provide an operational and financial review for its mineral properties located in Nigeria, Senegal and Burkina Faso for the three and six months to 30 June 2021 ("Q2 2021") (altogether the "Period").

The Company's Condensed Consolidated Interim Financial Statements together with the notes related thereto, as well as the Management's Discussion and Analysis for the three and six months ended June 30, 2021, are available on Thor Explorations' website <https://thorexpl.com/investors/financials/>.

## Operational Highlights of the Period

- Operational milestones at the Company's Segilola Gold Project (the "Segilola Project" or the "Project") were achieved in this Period including the arrival and phased installation of the process plant equipment
- Process plant equipment, including the SAG and Ball Mills, was delivered to site and installation commenced
- Mining operations advanced in this Period, including site preparation, advanced work at the Tailings Management Facility and Water Storage Dam and the arrival of contract mining fleet to site
- 1,565,505 Lost Time Injury ("LTI") free shifts at the end of Q2 2021
- Protocols introduced to prevent the introduction of Covid-19 cases at site continue with no reported cases reported to date
- Recruitment for our technical team for survey, mine engineering and grade control were enhanced during the Period and the core of the process plant team are now in place
- Commenced trading on the AIM Market of the London Stock Exchange

## Post Period Highlights

- First gold poured at the Segilola Mine on 30 July 2021
- Ramp up to commercial production remains on schedule for Q3 2021
- 72,000 tons of ore mined and stockpiled at Segilola
- The Segilola Project remains LTI free
- Completion of 4,000 metre Reverse Circulation drilling program at Segilola with results expected in Q4 2021

- The Company received encouraging drill results from the Douta Project, Senegal, including the newly discovered Makosa Bridge prospect, where a continuous gold mineralisation over a strike length of ~7.5 kilometres was established between Makosa and Makosa Tail

#### Outlook

- The Company is now ramping up to Commercial Production and is on schedule for Q3 2021
- Segilola Mine FY 2021 production guidance adjusted to 30,000 to 35,000 ounces ("oz") reflecting First Gold Pour occurring in July 2021 as opposed to the initial target of June 2021

Segun Lawson, President & CEO, stated:

"This quarter was a particularly transformational period for the Company as it saw us getting closer to commercial commissioning of our 100% owned Segilola Gold Project in Nigeria, which has been in construction since February 2020. Since the end of Q2, we have achieved first gold pour, becoming Nigeria's first large scale gold mine, an immense accomplishment, and the culmination of years of dedication and hard work of the Thor team, especially during the challenging circumstances of the pandemic.

"The work doesn't stop there, as we press forward, onto commercial production and the eventual ramp up to a life of mine average annual production of approximately 90,000 oz of gold per year.

"Furthermore, the Company is aiming, from its own internally generated financial resources, to comprehensively explore its extensive licence holdings in the Segilola region. During this current quarter, we increased our exploration activities, focussing on generating high quality drilling targets, with the objective of adding open pit ounces to the Segilola Plant to supplement production and extend the Segilola mine life.

"Q2 2021 also marked the milestone of the Company dual listing our shares onto the AIM Market of the London Stock Exchange, to further raise the profile and status of the Company with the global investment community.

"We look forward to updating the market in the coming months with progress at Segilola, as well as the activity at our Douta Project in Senegal, where we recently reported outstanding drill results which demonstrated highly encouraging gold mineralisation."

Further details can be found on the Company's website: [www.thorexpl.com](http://www.thorexpl.com)

#### About Thor Explorations

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

[Thor Explorations Ltd.](#)

Segun Lawson  
President & CEO

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Segilola Project, Nigeria

## Executive Summary

The Company continued to make excellent progress throughout the Q2 2021, with construction progressing well. Protocols introduced to prevent the introduction of Covid-19 cases at site continue with no reported cases reported to date. There was no time lost to injury during the Period and the Segilola Project continues to be LTI free, with 1,565,505 LTI free shifts being recorded by the end of the Period.

Process Plant equipment has now all been delivered to site and civils work at the Process Plant is nearing completion with concrete work remaining at the Crusher, Run of Mine ("ROM") pad and Gold Room. Significant progress at the Camp has been made with construction of the Mining Contractors camp now complete. Installation of Process Plant equipment is well underway, and work at the Tailings Management Facility and Water Storage Dam are advanced.

Mining operations are advancing with site preparation work well advanced and the contract mining fleet is now at site. The ROM pad is at design height, with ore being delivered to the stockpiles from July.

## Health & Safety

Covid-19 restrictions which came into place at the end of the first quarter of 2020 continue with no cases of Covid-19 recorded at site to the end of the Period. Temperature checks, Social Distancing and the wearing of masks have become a normal part of operating procedures. Health and Safety efforts during the second quarter focused on Contractor Management at Site with Site Health and Safety rules being further consolidated. Systems and Safe Operating Procedures continue to be developed to ensure compliance with safety rules and the Project is adopting ISO45001:2018 and intends to apply for accreditation in 2022. The Segilola Project remains LTI Free.

## Staffing and Project Office

Staffing of the Segilola Project is ongoing with the core of the team in place. The engineering department is fully established with benefits in quality control being realized. The Human Resources Department is driving the establishment of HR policies and effective working practice across the Company. The Finance Department is being strengthened and financial controls and procedures augmented. The security team, already in place, continues to be developed further. Our technical team for survey, mine engineering and grade control were enhanced during Q2 2021 and the core of the Process Plant team are in place, with key positions now being filled. A team of Process Plant Operators and Maintenance Technicians is in place, with these teams participating in installation work at the process plant, as part of their training program. A Performance Management Process has been implemented and a training department established.

## Community

Compensation payments to landowners and farmers is 99% complete. Over 250 Community Workers have benefited from employment at site and a number of community projects have been initiated.

## Engineering, Procurement and Construction

Construction work continued at the Process Plant, with civils work nearing completion with concrete work remaining at the Crusher, ROM and Gold Room. The installation of Process Plant equipment is well underway with the SAG and Ball Mills installed, while installation of the jaw crusher started, and leach tanks and ancillary equipment installation is almost complete. Significant progress at the Camp has been made, with most buildings now occupied including the Mining Contractors camp. Work at the Tailings Management Facility is advanced with the embankment at commissioning height. Project handover remains on target for the third quarter 2021. It is planned that the EPC contractor will remain on site into 2022 to assist the Company in fixing snags and providing operational guidance.

## Mining Operations

Mining Operations are advancing with site preparation work mostly complete. The Mining Contract has started with the mining fleet arriving at site. Construction of the ROM Pad is advanced, with the ROM at design height and is now also being expanded to enable the establishment of the stockpiles.

Blasting operations have started. Grade control drilling is progressing well with many of the initial mining areas now having been drilled.

The Mine Laboratory has been constructed with power and services now required prior to commissioning. All the necessary mining permits are now in place.

A number of technical projects are being undertaken to facilitate mining operations. Dewatering holes and water monitoring holes have now been drilled. The dewatering system and fuller water management system has been designed with the order for pumps, pipes and ancillary equipment having been made. A study on the geochemical attributes of ore, waste and tailings is ongoing to enable informed decision making for waste management strategies and a review of blasting performance has commenced with a view to enhancing the control of dilution.

## Management Systems

A number of operational and business management systems are being developed across the business. Various planning systems are in place and being further developed to aid our mining, geology and exploration teams. GCX is being used for Grade Control and Reconciliation purposes; we have selected Fusion for our Geological Database; Surpac, Minesched and Deswick are being used for Mine Planning and scheduling. A Gold accounting system has been developed in-house for production monitoring. For business systems, our Enterprise Resource Planning system (MS Dynamics) has been implemented which will be the key tool in measuring performance against KPIs. Across the business each department has developed an Operations Management Plan with a Balanced Scorecard system under development for full implementation by the fourth quarter of 2021.

## Social & Environment

Construction of infrastructure (further development of the tailings storage dam ("TSF"), process plant the pollution control pond, progress on completing accommodation at camp, offices and recreation/canteen blocks, site security wall and security checkpoints) as well as commencement of mining in the Phase 1 pit were the key drivers of Environment and Social activities in Q2 2021. The relocation of the emulsion and detonator stores and access road near the TSF triggered further land and asset surveys and compensation payments. Evaluating new exploration licences has involved the Community Development and Stakeholder Team in meeting with community leaders in new jurisdictions to sensitise them on exploration activities.

Operational readiness has been the focus of environment and social management plans, standards operating procedures and on-site training during Q2 2021. The operational phase activities included community training on blasting procedures (siren system, erection of blasting notices in the three host communities and a step-up in security posts on the Iperindo Road passing through the site). Process /operations and focussed management plans for handling Cyanide and Hazardous Chemicals and Reagents have been completed prior to delivery of chemicals to site. Specialist PPE required for Cyanide and Chemicals was procured in Nigeria and delivered to site. A Community Health, Safety and Security Plan was completed to comply with IFC Performance Standard for Environment and Social Sustainability (IFC PS) 4.

The final mop up surveys for land, assets and spatial data continued in Q2 2021 for the eastern and northern edge of the mine site. Together with additional land requirements for the detonator and emulsion stores and an additional truck parking area the Q2 2021 compensation budget for the Project has increased to N1,407,500,000 (\$3.13 million) but remains in line with the overall compensation budget for the Project. This provides compensation for 216 landowners and 1019 asset owners (May 2021). A Nigerian consultancy firm has been appointed to aid the Company in the selection, analysis and preparation of business plans for Livelihood Restoration Programmes for project affected persons - those who lost land and /or assets within the mine footprint. These programmes are required under IFC PS 5 - Involuntary Resettlement.

Social listening continues (monitoring Segilola Resources Operating Limited ("SROL") and Thor mentions in Nigerian media) across electronic, TV and printed media and findings are shared with key departments in SROL. Most media coverage has been positive. A public relations company has been appointed to aid SROL in being more proactive in all media forms in Nigeria.

Progress on a range of Health, Safety, Social and Environment (HSSE) management plans occurred with emphasis on requirements for lenders (AFC) set out in their Environment and Social Action Plan (ESAP) 2. HSSE Plans, policies, procedures and protocols delivered to lenders' Environment and Social advisors in Q2 2021 in line with ESAP2 included:

New:

- Community Health Safety and Security Plan;
- Monitoring Procedure;
- Hazardous Chemicals and Reagents Management Plan;
- Cyanide Management Plan; and
- Cyanide Emergency Response Plan

Updates to:

- Environmental and Social Management System;
- Biodiversity Management Plan (incorporating findings from the annual Dry Season Ecology Survey);
- Aspects and Impacts Register - for hydrogeology, geochemical waste, and water and salt balances; and
- Training pack on IFC PS 1 to 8 - for of new HSSE team members (6)

Environment and social management inputs into Project Management Plans and Technical Operations Manuals:

- Tailings Storage Facility;
- Waste Rock Management; and
- Blasting Procedures.

Most documents submitted in Q2 2021 have been reviewed and closed out by lenders' (African Finance Corporation) Environment and Social Advisors - others will be reviewed following the site visit of July 2021. Monthly environment baseline surveys (summarized in quarterly reports to the Federal Ministry of Environment) were in line with emissions standards.

Upcoming focus for HSSE management (for Q3 2021) relates to HSSE inputs required for additional operations management plans and procedures for the Process Plant, Site Security and updates to the Stakeholder Engagement Plan and Emergency Response and Evacuation Plan. SROLSafe will also

continue to be updated with Standard Operating Procedures prepared for cyanide and hazardous chemical and reagents use and storage as well as further inputs into Mining Procedures.

Community benefits via Community Development Agreements ("CDAs") signed (in 2017-18) with the three host communities (in 2017-18) around the Project footprint included SROL continuing to deliver agreed benefits including a women's training initiative program, grading of local roads and maintenance of community boreholes. Local employment commitments outlined in the CDAs were also met with 15 to 18% of employment on site from the three host communities (averaging around 100 local employees for 650 employees at the mine site).

Corporate Social Responsibility ("CSR") programs progressed in Q2 2021 included construction of local markets, improvements to the Iperindo Road (replacing road and fixing potholes), replacing degraded wooden with steel electricity pylons; and training of community members in applying for jobs/preparing a CV.

### Nigerian Exploration Licences

The high grade Segilola Gold Deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor's exploration tenure currently comprises nine explorations licences. Together with the mining lease over the Segilola Gold Deposit, Thor's total exploration tenure amounts to 915 km<sup>2</sup>. The Company's exploration strategy includes further expansion of its Nigerian land package as and when attractive new licences become available.

There has been a significant increase in exploration activities during Q2 2021 which was focussed on generating high quality drilling targets. Exploration during Q2 2021 comprised regional stream sediment sampling, detailed auger soil sampling, trenching and detailed geological mapping.

During the Period exploration, comprising regional stream sediment sampling, surface and auger soil sampling, has been focussed on the group of tenements that surround the Segilola deposit (EL19066 and EL29977) as well as EL26357 located to the north. The sampling programs were successful in identifying a large area of scattered low-level gold anomalies in an area known as the Freeway Anomaly and which is located on the northern extensions of the structural corridor that, to the south, contains the Segilola deposit. Additional geochemical sampling and trenching was carried out to better define potential drilling targets.

The exploration program was successful in identifying a number of targets and priority areas of interest defined by anomalies. Further detailed geochemical surveys were undertaken to define potential targets in these areas.

Further near mine exploration identified a structural trend, extending north of the Segilola Pit, with gold anomalism occurring along a three kilometre strike length.

After the Period, the Company commenced an initial 4,000 metre Reverse Circulation drilling program with the objective of finding truckable open pit ounces to the Segilola Plant to supplement production and potentially extend the Segilola mine life. This commenced following successful initial soil geochemistry, mapping of the "Segilola Mine Package Sequence" and the appearance of visible gold in a number of the trenches. Results from the drill program are expected in Q4 2021.

### Douta Project, Senegal

The Douta Gold Project is a gold exploration permit that covers an area of 58km<sup>2</sup> and is located within the Kéniéba inlier, eastern Senegal. The permit is an elongate polygon.

The Douta licence is strategically positioned between the world class deposits of Massawa and Sabadola to the west and the Makabingui deposit to the east. Within the licence five separate gold prospects have been identified using surface geochemical sampling. These comprise the more advanced Makosa prospect, where first-pass Reverse Circulation and diamond drilling has defined mineralisation over a near 3km strike length,

and the earlier exploration stage Maka, Mansa, Samba and Makosa Tail prospects.

Reverse Circulation drilling continued at Makosa Tail and Makosa North extending the mineralised strike length to a total of over 7.4km.

During the Period further target generative work, comprising termite mound sampling and auger-assisted geochemical sampling, continued at the Maka and Mansa prospects.

Activity during the Period generated a total of 16,894 samples with analyses carried out by ALS Laboratories in Mali.

Company received and announced drilling results from the Makosa Tail prospect.

The exploratory drilling program was designed to infill the initial wide-spaced drilling that was completed in late 2020 which led to the Makosa Tail discovery. The results received to date confirm the continuation of the Makosa mineralised system along strike to the south.

Highlights include:

- Makosa Tail Prospect mineralisation confirmed over 1,000m of strike length in a number of parallel lodges including a 300m high grade zone in a previously untested area.
- Drillhole DTRC155
  - 5m at 11.0g/tAu from 17m
- Drillhole DTRC156
  - 5m at 10.1g/tAu from 7m
- Drillhole DTRC181
  - 5m at 3.3g/t from 4m

Following the Period, the Company received all outstanding drill results from its drilling program which confirmed mineralisation extends Makosa to the north and remains open-ended. Mineralisation was also confirmed between Makosa and Makosa Tail, resulting in the identification of a 7,400m prospective mineralised system.

Burkina Faso

In Burkina Faso, in April 2021, Thor regained a 100% interest from its Joint Venture with Barrick in the Central Houndé Project.

Overall Performance

For the six months ended June 30, 2021, the Company incurred a net loss of \$6,449,573 (\$0.010 loss per share) compared to a net loss of \$464,385 (\$0.000 loss per share) for the six months ended June 30, 2020. The increase in net loss is primarily due to foreign exchange losses of \$2,997,483 on US Dollar denominated liabilities, and extra-ordinary costs incurred in listing the Company's shares on the AIM Market of the London Stock Exchange of \$1,442,610. The loss of \$464,385 in the comparable period is net of the reversal of an impaired receivable of \$1,769,663 where, if not for this reversal, the loss for the six months to June 30, 2020, would have been \$2,234,048.

For the three and six months ended June 30, 2021, the Company incurred the following costs excluding acquisition and impairments across its mining tenements:

	Three Months ended June 30,		Six Months ended June 30,		Total cumulative expenditure June 30, 2021
	2021	2020	2021	2020	
Assets under construction	\$ 30,611,783	\$ 19,258,867	\$ 40,420,859	\$ 24,937,438	\$ 114,011,492
Exploration expenditures	1,295,193	191,418	1,738,875	279,633	11,270,098
Total	\$ 31,906,976	\$ 19,450,285	\$ 42,159,734	\$ 25,217,071	\$ 125,281,591

The majority of the expenditure for the six months ended June 30, 2021, was on the construction of the Segilola Gold Mine in Nigeria of \$40,420,859, including \$7,029,529 in capitalised Project Finance costs, and exploration works at the Douta Gold Project in Senegal of \$1,440,181.

With the commencement of construction during 2020, the Company has recognised a provision for restoration costs of \$1,656,897 for future rehabilitation work (refer to Note 13 of the Q2 Unaudited Financial Statements).

During Q2 2021 no acquisition costs were incurred. The cumulative acquisition costs for the Segilola Gold Project, Nigerian exploration licences, Douta Gold Project and Central Houndé Project expenditures at June 30, 2021, amount to \$20,065,625, \$35,896, \$6,199,492 and \$664,145 respectively.

The value of the Central Houndé Project has been impaired fully as at June 30, 2021, with a charge of \$123,644 being recognised in the Consolidated Statement of Comprehensive Loss.

As at June 30, 2021, the Company had cash of \$9,402,749, restricted cash of \$4,338,728, and net working capital, excluding Gold Stream repayments and borrowings, of \$11,186,551 (December 31, 2020 - cash of \$28,261,552, restricted cash of \$4,460,026, and net working capital, excluding Gold Stream repayments and borrowings, of \$22,307,767).

### Summary of Quarterly Results

The table below sets forth selected results of operations for the Company's eight most recently completed quarters (in Canadian dollars, except per share amounts).

Description	Q2	Q1	Q4	Q3	Q2	Q1	
	June 30 2021 \$	Mar 31 2021 \$	Dec 31 2020 \$	Sep 30 2020 \$	Jun 30 2020 \$	Mar 31 2020 \$	
Revenues	-	-	-	-	-	-	-
Net (loss)/profit for period	(6,849,148)	399,575	(2,033,901)	(1,371,821)	1,124,648	(1,589,033)	(3,000,000)
Basic and fully diluted loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	159,443,519	137,104,210	141,505,374	108,989,434	100,439,234	54,754,250	53,000,000
Total long-term liabilities	(56,615,998)	(44,018,156)	(46,499,308)	(18,877,481)	(28,657,690)	(21,568,000)	(21,568,000)

### Results of Operations

The review of the results of operations should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto for the three and six months ended June 30, 2021.

### Results of operations for the six months ended June 30, 2021, and 2020

#### Loss for the Period

The Company reported a net loss of \$6,449,573 (\$0.010 loss per share) for the six months June 30, 2021, as compared to a net loss of \$464,385 (\$0.00 loss per share) for the six months ended June 30, 2020. The

increase in loss was largely the result of:

- an increase foreign exchange losses of \$3,197,368 from gains of \$199,885 in 2020 to losses of \$2,997,483 in 2021;
- costs of listing on the AIM Market of the London Stock Exchange of \$1,442,610; and
- a gain realized of \$1,769,663 in the comparable period to June 30, 2020, upon the reversal of a receivables impairment which had the effect of reducing the loss in the comparable period.

The increase in costs was offset partially by a decrease in stock-based compensation costs of \$1,021,271 from \$1,021,271 in 2020 to \$nil in 2021.

## Revenue

The Company does not have any operating revenue. The Company's sole source of income is interest income on cash balances. No interest was earned during the six months ended June 30, 2021, and 2020.

Results of operations for the three months ended June 30, 2021, and 2020

## Loss for the Quarter

The Company reported a net loss of (\$6,849,148) (\$0.011 loss per share) for the three months June 30, 2021, as compared to a net profit of \$1,124,648 (\$0.000 profit per share) for the three months ended June 30, 2020. The increase in loss was largely the result of:

- an increase foreign exchange losses of \$4,561,416 from gains of \$96,217 in 2020 to losses of \$4,457,748 in 2021;
- costs of listing on the AIM Market of the London Stock Exchange of \$1,442,610; and
- a gain realized of \$1,698,730 in the comparable period to June 30, 2020, upon the reversal of a receivables impairment which had the effect of reducing the loss in the comparable period.

## Revenue

The Company does not have any operating revenue. The Company's sole source of income is interest income on cash balances. No interest was earned during the three months ended June 30, 2021, and 2020.

## Liquidity and resources

The Company had cash of \$9,402,749, restricted cash allocated to the Segilola Gold Project of \$4,338,728, and net working capital, excluding Gold Stream repayments and borrowings, of \$11,186,551 as at June 30, 2021 (December 31, 2020: cash of \$28,261,552, restricted cash allocated to the Segilola Gold Project of \$4,460,026, and net working capital, excluding Gold Stream repayments and borrowings, of \$22,307,767). The decrease in cash and cash balance of \$18,858,802 is due mainly to expenditure on assets under construction of \$39,724,859, intangible assets expenditures of \$1,579,494, the purchase of property plant and equipment of \$1,988,279, and operational overheads. This cash expenditure was financed by existing cash balances and drawdowns from a senior secured loan facility of \$26,596,399.

The Company has no current source of income. As at June 30, 2021, in addition to cash and restricted cash balances, the Company has undrawn debt facilities of \$13 million (US\$10.5 million) which should provide sufficient funding for the completion of the construction of its Segilola Gold Mine in Osun state, Nigeria. The Board has reviewed the Group's cash flow forecasts up until December 2022, having regard to its current financial position and operational objectives. The Board is satisfied that the Group has sufficient financial resources to meet its commitments for at least the next twelve months. Refer to note 2c of the Q2 2021 Unaudited Financial Statements for further detail on going concern.

## Unaudited Financial Statements

[Thor Explorations Ltd.](#)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Canadian dollars

	Note	(unaudited) June 30, 2021 \$	(audited) December 31, 2020 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		9,402,749	28,261,552
Restricted cash	6	4,338,728	4,460,026
Amounts receivable	7	1,187,341	56,705
Prepaid expenses, advances and deposits	8	1,752,889	552,696
Total current assets		16,681,707	33,330,979
<b>Deferred income tax assets</b>			
Prepaid expenses, advances and deposits	8	155,640	195,284
Right of use assets	9	52,030	87,817
Property, plant and equipment	14	125,084,202	91,576,876
Intangible assets	15	17,425,969	16,267,750
Total non-current assets		142,761,812	108,174,395
<b>TOTAL ASSETS</b>		<b>159,443,519</b>	<b>141,505,374</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	16	5,486,679	10,915,964
Lease liabilities	9	8,477	38,969
Gold stream liability	10	12,913,492	6,068,017
Loans and other borrowings	11	16,011,120	68,279
Total current liabilities		34,419,768	17,091,229
<b>Non-current liabilities</b>			
Gold stream liability	10	21,713,191	25,348,934
Loans and other borrowings	11	33,246,000	20,531,788
Provision for restoration costs	13	1,656,807	618,586
Total non-current liabilities		56,615,998	46,499,308
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	17	97,422,200	97,122,584
Shares subscription	17, 25	60,000	-
Share purchase warrants	17	475,000	475,000
Option Reserve	17	5,846,190	5,846,190
Currency translation reserve		(4,186,816)	(769,689)
Deficit		(31,208,821)	(24,759,248)
Total shareholders' equity		68,407,753	77,914,837
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>159,443,519</b>	<b>141,505,374</b>

These consolidated financial statements were approved for issue by the Board of Directors on August 30, 2021, and are signed on its behalf by:

(Signed) "Adrian Coates"  
Director

(Signed) "Olusegun Lawson"  
Director

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

[Thor Explorations Ltd.](#)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,  
In Canadian dollars (unaudited)

	Note	Three Months Ended June 30,		Six Months Ended June 30,
		2021	2020	2021
Continuing operations				
Amortisation and depreciation - owned assets		2,935	13,767	10,740
Amortisation and depreciation - right of use assets	9	14,107	14,134	28,453
Other administrative expenses	5	929,766	648,983	1,845,985
Impairment of receivables / (reversal)		-	(1,698,730)	-
Impairment of Exploration & Evaluation assets	15	1,735	-	123,644
Share-based payments	17	-	-	-
Profit / (loss) from operations		(948,543)	1,021,846	(2,008,820)
Interest expense	9	(247)	(866)	(658)
Foreign exchange gain (loss)		(4,457,748)	103,668	(2,997,480)
Extra-ordinary expenses	5	(1,442,610)	-	(1,442,610)
Net profit / (loss) before taxes		\$ (6,849,148)	\$ 1,124,648	\$ (6,449,570)
Deferred income taxes		-	-	-
Net profit / (loss) for the period		\$ (6,849,148)	\$ 1,124,648	\$ (6,449,570)
Other comprehensive income				
Foreign currency translation gain (loss) attributed to equity shareholders of the company*		(2,376,460)	(1,308,652)	(3,417,120)
Total comprehensive (loss) for the period		\$ (9,225,608)	\$ (184,004)	\$ (9,866,700)
Net loss per share - basic and diluted	18	\$ 0.011	\$ 0.002	\$ (0.010)
Weighted average number of common shares outstanding - basic and diluted		621,808,390	514,959,954	621,506,000

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

\* Items that may be reclassified to profit or loss.

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

[Thor Explorations Ltd.](#)

CONDENSED CONSOLIDATED INTERIM  
STATEMENTS OF CASH FLOWS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,  
In Canadian dollars (unaudited)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Cash flows from (used in):					
Operating activities					
Net (loss) profit for the period		\$ (6,849,148)	\$ 1,124,648	\$ (6,449,573)	\$ (464,380)
Adjustments for:					
Foreign exchange loss (gain)		7,385,768	271,214	6,254,698	(238,090)
Impairment of exploration and evaluation assets	15	1,735	-	123,644	

Depreciation		17,042	27,903	39,194	56,338
Write-off of receivable		-	(1,698,730 )	-	(1,769,6
Stock based compensation	17	-	-	-	1,021,27
Interest expense	9	247	866	658	1,881
Changes in non-cash working capital items	20	2,130,368	155,209	(1,146,594 )	217,971
Cash utilized in operations		2,686,012	(118,890 )	(1,177,973 )	(1,174,6
Adjustments to net loss for cash items					
Realized foreign exchange loss (gain)		(66,800 )	2,029	174,954	(2,935
Net operating cash flows		2,619,212	(116,861 )	(1,003,019 )	(1,177,6
Investing activities					
Purchases of property, plant and equipment	14	(869,074 )	(21,060 )	(1,988,279 )	(133,44
Assets under construction expenditures	14	(27,877,883)	-	(39,724,859)	-
Exploration & Evaluation assets expenditures	15	(837,130 )	(8,090,480 )	(1,579,494 )	(13,400,
Other intangible assets	15	(30,939 )	-	(171,932 )	-
Net investing cash flows		(29,615,026)	(8,111,540 )	(43,464,564)	(13,533,
Financing					
Proceeds from issuance of equity securities	17, 25	359,616	5,816,448	359,616	6,885,25
Proceeds from loan drawdowns	11	26,596,399	-	26,596,399	-
Proceeds from gold stream liability	10	-	28,197,757	-	28,197,7
Borrowing costs paid	11	(440,524 )	-	(532,080 )	-
Payment of lease liabilities	9	(15,354 )	-	(30,824 )	(15,405
Share issue costs	17	-	(6,006 )	-	(35,213
Net financing cash flows		26,500,137	34,008,199	26,393,111	35,032,3
Effect of exchange rates on cash		(1,171,594 )	627,773	(784,330 )	1,102,08
Net change in cash		(1,667,271 )	26,407,571	(18,858,802)	21,423,1
Cash, beginning of the period		11,070,021	418,538	28,261,552	5,402,92
Cash, end of the period		\$ 9,402,750	\$ 26,826,109	\$ 9,402,750	\$ 26,826,1

## Supplemental cash flow information (Note 20)

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

[Thor Explorations Ltd.](#)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

In Canadian dollars (unaudited)

	Note	Common Shares	Share subscription	Share purchase warrants	Option R
Balance on December 31, 2019		\$ 67,550,111	\$ -	\$ 533,000	\$ 4,902,30
Private placements	17	12,593,150	-	-	-
Share issuance costs	17	(5,435 )	-	-	-
Share based payments	17	-	-	-	1,078,00
Net loss for the period		-	-	-	-
Comprehensive income		-	-	-	-
Balance on June 30, 2020		\$ 80,137,826	\$ -	\$ 533,000	\$ 5,980,30
Private placements	17	18,181,765	-	-	-
Share issuance costs	17	(1,239,007 )	-	-	-
Writeback of warrants expired	17	-	-	(58,000 )	-
Share based payments	17	-	-	-	(120,000
Options exercised	17	42,000	-	-	(14,118
Net loss for the period		-	-	-	-

Comprehensive income (loss)	-	-	-	-
Balance on December 31, 2020	\$ 97,122,584	\$ -	\$ 475,000	\$ 5,846,19
Exercise of warrants & options 17, 25	299,616	60,000		-
Reinstatement of warrants 17	-		58,000	-
Exercise of warrants 17	-	-	(58,000	) -
Net loss for the period	-	-	-	-
Comprehensive income (loss)	-	-	-	-
Balance on June 30, 2021	\$ 97,422,200	\$ 60,000	\$ 475,000	\$ 5,846,19

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

## 1. CORPORATE INFORMATION

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

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

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

### 1. BASIS OF PREPARATION

#### a) Statement of compliance

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

#### b) Basis of measurement

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

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

#### c) Nature of operations and going concern

As at June 30, 2021, the Company had cash of \$9,402,749, restricted cash of \$4,338,728 and net working capital, excluding Gold Stream repayments and borrowings of \$11,186,551. The Company had undrawn

debt facilities of \$13 million (US\$10.5 million) which will provide sufficient funding for the completion of the construction of its Segilola Gold Mine ("Segilola") in Osun state, Nigeria.

The predominant focus of operational activities will be the development of Segilola through to commercial production which is scheduled to commence in Q3 2021. The Board has reviewed the Group's cash flow forecasts up until December 2022, having regard to its current financial position and operational objectives. The Board is satisfied that the Group has sufficient financial resources to meet its commitments for at least the next twelve months.

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

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

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

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

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### a) Consolidation principles

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

### b) Details of the group

In addition to the Company, these unaudited condensed consolidated interim financial statements include all subsidiaries of the Company. Subsidiaries are all corporations over which the Company has power over the Subsidiary and it is exposed to variable returns from the Subsidiary and it has the ability to use its power to

affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The audited consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity, with Subsidiaries being fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

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

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

#### c) Foreign currency translation

##### Functional and presentation currency

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

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

##### Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss. There is a legal requirement in Nigeria for Nigerian incorporated companies to maintain a functional currency of Nigerian Naira ("the Naira"). Fluctuations in the value of the Naira, with most notably the US Dollar and Canadian Dollar will result in foreign exchange gains and losses as assets and liabilities denominated in US Dollar and Canadian Dollar are revalued in Naira at reporting dates.

#### d) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted

from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

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

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

##### Financial Assets

Under IFRS 9, the Group classifies its financial assets into the following categories: those to be held at amortised cost, and those to be measured subsequently at fair value through profit and loss.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

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

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

##### Cash and cash equivalents

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

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

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

As at June 30, 2021 the Company had \$4.3 million (US\$3.5 million) that is accounted for separately from cash and cash equivalents. It is classified as restricted cash as the funds are not freely available for the Company's use. Refer to Note 6.

#### Impairment of Financial Assets

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

#### Financial Liabilities

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

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

The Group's financial liabilities consist of financial liabilities measured at amortised cost. These comprise

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

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

#### Gold Stream arrangement

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

Under the terms of the GSA an advance payment of US\$21 million was received. Upon the commencement

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

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

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

#### Capitalisation of borrowing costs

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

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

#### e) Property, plant and equipment

##### Recognition and Measurement

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

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

##### Subsequent Costs

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

##### Gains and Losses

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

##### Depreciation

Depreciation on property plant & equipment is recognized in profit or loss except where depreciation is

directly attributable to mineral properties owned by the Group that are classified as either Exploration & Evaluation of Assets Under Construction. Depreciation in this instance is capitalized to the value of the mineral property asset (refer to Note 14). Depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

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

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

#### f) Assets under construction

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

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

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

Assets under construction are not depreciated.

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

#### g) Exploration and evaluation expenditures

##### Acquisition costs

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

##### Exploration and evaluation expenditures

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

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

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

#### Farm-in agreements

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

#### h) Impairment of non-current assets

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

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

Impairment reviews performed under IFRS 6 are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

- sufficient data exists that render the resource uneconomic and unlikely to be developed
- title to the asset is compromised
- budgeted or planned expenditure is not expected in the foreseeable future
- insufficient discovery of commercially viable resources leading to the discontinuation of activities

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

#### i) Income taxes

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

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

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be

available against which the temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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

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

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

j) Basic and diluted income or loss per share

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

k) Comprehensive income (loss)

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

l) Share-based payments

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

- Exercise price
- Expected life of the award  
Expected volatility

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

m) Decommissioning, site rehabilitation and environmental costs

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

#### n) Leases

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

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

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

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

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

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

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

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

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

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

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

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

#### o) Interest income

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

#### p) Provisions

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

#### q) Contingent liabilities

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

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

Unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes to the financial statements.

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

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

#### s) Future accounting pronouncements

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

### 1. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

#### a) Critical accounting estimates

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

##### (i) Accounting treatment of Gold Stream Liability

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

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

The period-end Gold Stream obligation uses forward curve information based on the period-end gold spot price, which was US\$1,900 /oz at June 30, 2021. A 1% change in gold production estimates would result in an impact of less than US\$0.041 million on the Gold Stream liability.

#### b) Critical accounting judgments

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

##### (i) Impairment of exploration and evaluation assets

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

Management has determined that it is appropriate to impair fully the value of the Central Houndé Project in Burkina Faso following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the license. An impairment charge of \$123,644 has been charged in the six months to June 30, 2021, in the Condensed Consolidated Statement of Comprehensive Loss. There were no impairment indicators present in respect of any of the other exploration and evaluation assets and as such, no additional impairment test was performed.

## (ii) Impairment of property, plant and equipment

The Company has determined that there were no impairment indicators present in respect of the Segilola Gold Mine in accordance with IAS 36 and determined that no impairment was required to be recognised.

## (iii) Restoration, site rehabilitation and environmental costs

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

## 1. OTHER ADMINISTRATIVE EXPENSES

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Audit and legal		\$ (11,752 )	\$ 22,257	\$ 110,210	\$ 42,037
Consulting fees		93,405	43,088	180,137	202,716
Directors' fees	19	111,130	241,394	222,286	453,509
Salaries and benefits		393,424	193,490	795,573	300,743
Listing and filing fees		22,573	7,903	26,615	14,253
Investor relations and transfer agent		70,579	110,417	133,293	185,599
Bank charges		142,877	13,683	159,293	19,738
Office and miscellaneous		74,165	25,472	156,031	82,883
Travel		33,365	(8,721 )	62,547	52,965
		\$ 929,766	\$ 648,983	\$ 1,845,985	\$ 1,354,443

Extra-ordinary expenses of \$1,442,610 incurred in the 3 months ended 30<sup>th</sup> June 2021 are costs incurred in listing the Company's shares on the AIM Market of the London Stock Exchange.

## 1. RESTRICTED CASH

	June 30, 2021	December 31, 2020
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Restricted cash	\$ 4,338,728	\$ 4,460,026
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On December 1, 2020, announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a US\$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group's request in minimum disbursements of US\$5 million. As at June 30, 2021, SROL has received total disbursements of US\$43.5 million (\$53.9 million), with US\$22 million (\$26.6 million) drawn down during the period under review. Total disbursements received represent 80% of the facility. Under the terms of the facility, the Company was required to place a total of US\$3.5 million (\$4.4 million) into a cost overrun bank account that can only be used for expenditure on the development of the Segilola Gold Project in the event of construction costs exceeding budget. Accordingly, the balance of the cost overrun bank account at the reporting date has been shown separately from Cash on the Statement of Financial Position. Refer to Note 11 for further detail on the facility. The restricted cash balance will be released to the Company upon satisfaction of the following conditions:

1. Project construction being within budget; and
2. commissioning of the Segilola Gold Mine.

## 1. AMOUNTS RECEIVABLE

	June 30, 2021	December 31, 2020
GST / VAT	\$ 1,107,910	\$ 1,414
Other receivables	79,431	55,291
	\$ 1,187,341	\$ 56,705

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

## 1. PREPAID EXPENSES, ADVANCES AND DEPOSITS

	June 30, 2021	December 31, 2020
Current:		
Insurance	\$ 95,466	\$ 47,973
Gold Stream liability arrangement fees	48,114	52,910
Other deposits	1,504,208	295,795
Other prepayments	105,101	156,018
	\$ 1,752,889	552,696
Non-current:		
Gold Stream liability arrangement fees	\$ 132,313	\$ 171,957
Other prepayments	23,327	23,327
	\$ 155,640	\$ 195,284

## 1. LEASES

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

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. \$29,111 (2020 year: \$59,778) has been expensed in the period in relation to low value and short-term leases. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The key impacts on the Statement of Comprehensive Loss and the Statement of Financial Position for the period ended June 30, 2021, were as follows:

	Right of use asset	Lease liability	Income statement
Carrying value December 31, 2020	\$ 87,817	\$ (38,969	) \$-
New leases entered in to during the period	-	-	-
Depreciation	(32,025	) -	(28,453 )
Interest	-	(658	) (658 )
Lease payments	-	30,824	-
Foreign exchange movement	(3,762	) 326	(3,436 )
Carrying value at June 30, 2021	\$ 52,030	\$ (8,477	) \$(32,547 )

Total depreciation for the period under IFRS 16 was \$32,025. Of the total depreciation charge, \$28,453 was charged to the Statement of Comprehensive Loss, and \$3,572 was capitalized to Assets Under Construction.

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

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

## 1. GOLD STREAM LIABILITY

### Gold stream liability

	June 30, 2021 Total	December 31, 2020 Total
Balance at Beginning of period	\$ 31,416,951	\$-
Drawdown	-	28,197,777
Interest at the effective interest rate	4,359,146	4,545,134
Foreign exchange movement	(1,149,414	) (1,325,960 )
Balance at End of period	\$ 34,626,683	\$ 31,416,951
Current liability	12,913,492	6,068,017
Non-current liability	21,713,191	25,348,934

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

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

Interest expense of \$4,359,146 was recognised for the six months ended June 30, 2021, and has been capitalized and is included in the value of Assets Under Construction (Refer to Note 14). To the date of this report a cumulative total of \$8,904,280 has been capitalized and included in the value of Assets Under Construction. The interest expense will be released to the income statement upon commencement of production in line with units of gold produced.

## 1. LOANS AND BORROWINGS

	June 30, 2021	December 31, 2020
Current liabilities:		
Loans payable to the Africa Finance Corporation less than 1 year	\$ 14,829,879	\$-
Deferred element of EPC contract	1,181,241	68,279

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\$ 16,011,120 68,279

## Non-current liabilities:

Loans payable to the Africa Finance Corporation more than 1 year	\$ 30,993,064	\$ 18,140,636
Deferred element of EPC contract	2,252,936	2,391,152
	<b>\$ 33,246,000</b>	<b>\$ 20,531,788</b>

## Loans from the Africa Finance Corporation

	June 30, 2021 Total	December 31, 2020 Total
Balance at Beginning of period	\$ 18,140,636	\$ -
Drawdown	26,596,399	27,927,401
Equity component	-	(5,666,011 )
Arrangement fees	(532,080 )	(4,016,642 )
Unwinding of interest in the year	1,040,991	186,205
Foreign exchange movement	576,997	(290,317 )
Balance at End of period	<b>\$ 45,822,943</b>	<b>\$ 18,140,636</b>
Current liability	14,829,879	-
Non-current liability	30,993,064	18,140,636

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a US\$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation ("AFC") for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group's request in minimum disbursements of US\$5 million. As at June 30, 2021, SROL has received total disbursements of US\$43.5 million (\$53.9 million), with US\$22 million (\$26.6 million) drawn down during the period under review. Total disbursements received represent 80% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments expected to commence in March 2022 and conclude in March 2025.

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

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

In conjunction with the granting of the Facility, Thor issued 33,329,480 bonus shares to the AFC. Thor also incurred transaction costs of \$4,548,722 in relation to the loan facility. The fair value of the liability was determined at \$45,822,943 taking into account the transaction costs and equity component and recognized at amortised cost using an effective rate of interest, with the fair value of the shares issued in April 2020 of \$5,666,011 recognized within equity.

Interest paid during the period of \$1,646,172 has been capitalized under Assets Under Construction. (Refer to Note 14). As at June 30, 2021, \$13 million (US\$10.5 million) of the facility remains available for drawdown.

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

The Company is constructing its Segilola Gold Mine through an engineering, procurement and construction contract ("EPC Contract") signed with Norinco International Cooperation Limited. The EPC Contract has been agreed on a lump sum turnkey basis which provides Thor with a fixed price of US\$67.5 million for the full delivery of design, engineering, procurement, construction and commissioning of the proposed 715,000 ton per annum gold ore processing plant.

The EPC Contract includes a deferred element ("the Facility") of up to 10% of the fixed price. As at June 30, 2021, a total of \$3,434,177 (US\$2,792,906) (December 31, 2020: \$2,459,431 (US\$2,009,314)) was deferred

under the facility. Interest accrues at 8% per annum from the time the completion certificate is issued. Repayments are due to commence in March 2022 and conclude in 2025. The amount deferred was initially measured at fair value and subsequently at amortised cost using the effective interest method.

	June 30, 2021	December 31, 2020
	Total	Total
Deferred payment facility	\$3,434,177	\$2,459,431
Balance at period end	\$3,434,177	\$2,459,431
Current liability	1,181,241	68,279
Non-current liability	2,252,936	2,391,152

#### 1. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	AFC loan	EPC deferred facility	Total
January 1, 2021	\$ 18,140,636	2,459,431	20,600,067
Cash flows:			
Drawdowns	26,596,399	-	26,596,399
Transaction costs	(532,080 )	-	(532,080 )
Non-cash changes:			
Unwinding of interest in the year	1,040,991	-	1,040,991
Foreign exchange movements	576,997	-	576,997
Offset against EPC payment	-	974,746	974,746
June 30, 2021	\$ 45,822,943	3,434,177	49,257,120

#### 1. PROVISION FOR RESTORATION

	June 30, 2021	December 31, 2020
	Total	Total
Balance at Beginning of period	\$618,586	\$-
Initial recognition of provision	-	618,586
Increase in provision of discount	1,172,752	-
Foreign exchange movement	(134,531 )	-
Balance at period end	\$ 1,656,807	\$618,586
Current liability	-	-
Non-current liability	1,656,807	618,586

The above provision relates to site restoration at Segilola Gold Project in Osun State Nigeria. The fair value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. It is expected that the restoration costs will be paid in US dollars, and as such the 2020 US inflation rate of 2.28% and the interest rate of 0.25% on 5-year US bonds were used to calculate the expected future cash flows. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations completed or commenced as at June 30, 2021. The restoration liability will increase in future accounting periods as construction is completed.

#### 1. PROPERTY, PLANT AND EQUIPMENT

	Mining & other equipment	Land	Decommissioning Asset	Assets under construction	Total
Costs					
Balance, December 31, 2019	\$ 938,180	\$-	\$-	\$-	\$938,180
Transfer from exploration & evaluation assets	-	-	-	37,015,004	37,015,004
Acquisition payments	-	23,012	-	318,152	341,164
Additions	1,793,111	-	618,586	55,448,668	57,860,365
Foreign exchange movement	(87,927 )	-	-	(3,447,668 )	(3,535,595 )
Balance, December 31, 2020	\$ 2,643,364	\$ 23,012	\$ 618,586	\$ 89,334,156	\$ 92,619,118
Acquisition payments	-	-	-	-	-
Additions	1,767,605	-	1,172,752	39,248,107	42,188,464
Foreign exchange movement	(316,029 )	(2,146 )	(134,531 )	(8,010,602 )	(8,463,308 )

Balance, June 301, 2021	\$ 4,094,940	\$ 20,866	\$ 1,656,807	\$ 120,571,661	\$ 126,344,
Accumulated depreciation and impairment losses					
Balance, December 31, 2019	\$ 801,032	\$ -	\$ -	\$ -	\$ 801,032
Depreciation	254,046	-	-	-	254,046
Foreign exchange movement	(12,834 )	-	-	-	(12,834)
Balance, December 31, 2020	\$ 1,042,244	\$ -	\$ -	\$ -	\$ 1,042,244
Depreciation	327,133	-	-	-	327,133
Foreign exchange movement	(109,301 )	-	-	-	(109,301)
Balance, June 30, 2021	\$ 1,260,076	\$ -	\$ -	\$ -	\$ 1,260,076
Carrying amounts					
Carrying value at December 31, 2019	\$ 137,148	\$ -	\$ -	\$ -	\$ 137,148
Carrying value at December 31, 2020	\$ 1,601,120	\$ 23,012	\$ 618,586	\$ 89,334,156	\$ 91,576,8
Balance, June 30, 2021	\$ 2,834,864	\$ 20,866	\$ 1,656,807	\$ 120,571,661	\$ 125,084,

Included within Assets Under Construction additions is a total of \$7,029,529 borrowing costs capitalized during the period, including interest on the AFC loan of \$1,646,172. The costs relate to both the Gold Stream Prepayment and AFC Secured Loan. The associated borrowings are secured over the assets under construction, and other property, plant & equipment of Segilola Resources Operating Limited.

A summary of depreciation capitalized is as follows:

	Three Months ended June 30,		Six Months ended June 30,		Total depreciation capitalized	
	2021	2020	2021	2020	June 30, 2021	December 31, 2020
Assets under construction	\$ 197,031	\$ 21,153	\$ 354,215	\$ 36,068	\$ 691,955	\$ 181,576
Exploration expenditures	20,533	1,854	29,640	3,704	562,896	522,075
Total	\$ 217,564	\$ 23,007	\$ 383,855	\$ 39,772	\$ 1,254,851	\$ 703,651

a) Segilola Project, Osun Nigeria:

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

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

#### Decommissioning Asset

The decommissioning asset relates to estimated restoration costs at the Group's Segilola Gold Mine as at June 30, 2021. Refer to Note 13 for further detail.

#### 1. EXPLORATION AND EVALUATION ASSETS

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

	Douta Gold Project, Senegal	Central Houndé Project, Burkina Faso	Segilola Gold Project, Osun Nige
<b>Costs</b>			
Balance, December 31, 2019	\$ 13,708,142	\$ 1,555,938	\$ 31,336,433
Additions	\$ -	\$ -	\$ -
Exploration costs	1,705,210	1,121	5,678,571
Transfer to tangible assets	-	-	(37,015,004)
Impairment	-	(1,604,564)	) -
Depreciation	-	-	-
Foreign exchange movement	464,356	47,505	-
Balance, December 31, 2020	\$ 15,877,708	\$ -	\$ -
Additions	\$ -	\$ -	\$ -
Exploration costs	1,440,181	125,376	-
Impairment	-	(125,473)	) -
Amortisation	-	-	-
Foreign exchange movement	(534,613)	) 97	-
Balance, June 30, 2021	\$ 16,783,276	\$ -	\$ -

a) Douta Gold Project, Senegal:

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

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

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

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

b) Central Houndé Project, Burkina Faso:

- Bongui and Legue gold permits, Burkina Faso:

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

- Ouere Permit, Central Houndé Project, Burkina Faso:

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

The three permits together cover a total area of 474km<sup>2</sup> over the Houndé Belt which form the Central Houndé Project.

● Barrick Option Agreement, Central Houndé Project, Burkina Faso:

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

Earn-in in September 2018. As a result, Acacia earned a 51% interest in the Central Houndé Project. The Group currently holds a 49% interest in the Central Houndé Project.

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

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

Following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the licenses, the Company carried out an impairment assessment at December 31, 2020, and determined that the unsuccessful sale attempt was an indication for impairment. It is the Company's intention to focus on Segilola development and Douta exploration in the short term, and it does not plan to undertake significant work on the license areas in the near future. As a result, the decision was taken to impair fully the value of the Central Houndé Project, and for the six months to June 30, 2021, recognize an impairment charge of \$125,644 through the Condensed Consolidated Statement of Comprehensive Loss.

b) Exploration Licenses, Nigeria

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor's exploration tenure currently comprises nine explorations licenses. Together with the mining lease over the Segilola Gold Deposit, Thor's total exploration tenure amounts to 915 km<sup>2</sup>. The Company's exploration strategy includes further expansion of its Nigerian land package as and when attractive new licenses become available.

1. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade payables	\$ 3,937,387	\$ 10,363,935
Accrued liabilities	1,549,292	552,029
	\$ 5,486,679	\$ 10,915,964

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

1. CAPITAL AND RESERVES

a) Authorized

Unlimited common shares without par value.

b) Issued

	June 30, 2021 Number	June 30, 2021	December 31, 2020 Number	December 31, 2020
As at start of the year	621,405,975	\$ 97,122,584	449,352,215	\$ 67,550,111

## Issue of new shares:

- Share warrants exercised <sup>i</sup>	1,664,534	299,616	-	-
- Share options exercised <sup>ii</sup>	-	-	210,000	42,000
- Issue July 13, 2020 <sup>iii</sup>	-	-	75,548,530	13,558,254
- Issue costs July 13, 2020	-	-	-	(1,223,457)
- Issue April 29, 2020 <sup>iv</sup>	-	-	28,215,750	5,643,150
- Issue April 29, 2020 creditor settlement <sup>v</sup>	-	-	34,750,000	5,907,500
- Issue April 29, 2020 bonus shares <sup>vi</sup>	-	-	33,329,480	5,666,011
- Issue December 4, 2019 <sup>vii</sup>	-	-	-	(20,985)
	623,070,509	\$ 97,422,200	621,405,975	\$ 97,122,584

<sup>i</sup> Value of 1,664,534 warrants exercised on June 8, 2021, at a price of \$0.18 per share.

<sup>ii</sup> Value of 210,000 options exercised on December 10, 2020, at a price of \$0.20 per share.

<sup>iii</sup> Private placement of 75,548,530 common shares at a price of \$0.18 per share.

<sup>iv</sup> Private placement of 28,215,750 common shares at a price of \$0.20 per share.

<sup>v</sup> Issue of 34,750,000 common shares in settlement of US\$5 million owed to creditors. The fair value of the shares issued was determined at the share price at the date of issue of \$0.17 per share. The difference between the fair value of the shares issued of \$5,907,500 and the carrying amount of creditors settled of \$6,950,000 is recognised in the statement of comprehensive loss as gain of settlement of liabilities of \$1,042,000.

<sup>vi</sup> Issue of 33,329,480 bonus common shares in connection with secured borrowing facility shares at a price of \$0.17 per share (Refer to Note 11).

<sup>vii</sup> Additional costs associated with the private placement of 78,669,250 common shares in December 2019.

## c) Share-based compensation

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

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

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

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

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Options vested	Options granted	Expiry
5	01/16/2017	0.56	1.05%	\$0.12	197.32%	\$0.14	9,750,000	9,750,000	01/16/2022
5	05/07/2017	0.85	0.87%	\$0.12	192.23%	\$0.15	500,000	500,000	05/07/2022
5	03/12/2018	1.70	2.00%	\$0.145	105.09%	\$0.14	12,800,000	12,800,000	03/12/2023
5	10/05/2018	2.27	2.43%	\$0.14	100.69%	\$0.14	750,000	750,000	10/05/2023
5	01/16/2020	3.55	1.49%	\$0.20	66.84%	\$0.07	14,250,000	14,250,000	01/16/2025

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

The following is a summary of changes in options from January 1, 2021, to June 30, 2021, and the outstanding and exercisable options at June 30, 2021:

Grant Date	Expiry Date	Exercise Price	Contractual Lives Remaining (Years)	January 1, 2021			During the period			June 30, 2021
				Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance		
16-Jan-2017	16-Jan-2022 i	\$0.12	0.56	9,750,000	-	-	-	-	9,750,000	
7-May-2017	7-May-2022 ii	\$0.12	0.85	500,000	-	-	-	-	500,000	
12-Mar-2018	12-Mar-2023	\$0.145	1.70	12,800,000	-	-	-	-	12,800,000	
5-Oct-2018	5-Oct-2023	\$0.14	2.27	750,000	-	-	-	-	750,000	
16-Jan-2020	16-Jan-2025	\$0.20	3.55	14,040,000	-	-	-	-	14,040,000	
Totals			2.09	37,840,000	-	-	-	-	37,840,000	
Weighted Average Exercise Price				\$0.159	\$0.200	\$0.200			\$0.159	

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

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

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

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

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

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

#### d) Share purchase warrants

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

On August 31, 2018, the Company issued a total of 1,664,534 warrants to a broker for advisory services pursuant to the private share placement closed on the same date ("Broker Warrants"). The warrants were issued with an exercise price of \$0.18 for a period of thirty-six (36) months.

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

#### Right to accelerate exercise of warrants

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

	Number of Warrants	Weighted Average Exercise Price	Carrying Value
Balance, December 31, 2017			\$-
Private placement	44,453,335	\$0.28	475,000
Broker	1,664,534	\$0.18	58,000
Balance, December 31, 2018	46,117,869		533,000
Balance, December 31, 2019	46,117,869		533,000
Broker warrants expiry August 31, 2020	(1,664,534)	\$0.18	(58,000 )
Balance, December 31, 2020	44,453,335		475,000
Reinstatement of broker warrants	1,664,534	\$0.18	58,000
Balance, March 31, 2021	46,117,869		553,000
Exercise of broker warrants	(1,664,534)	\$0.18	(58,000 )
Balance, June 30, 2021	44,453,335		475,000

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

The aggregate value of the Placement Warrants and Broker Warrants outstanding at the reporting date is \$475,000 which was determined using the Black Scholes model. The inputs to the model are listed in the table below:

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expiry
3	31/08/2018	0.17	2.08%	\$ 0.28	82.43%	\$0.08	44,453,335	44,453,335	31/08/2021

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

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

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

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expiry
3	31/08/2018	0.17	2.08%	\$ 0.28	82.43%	\$0.08	44,453,335	44,453,335	31/08/2021

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3 31/08/2018 0.17 2.08% \$0.36 82.43% \$0.07 44,453,335 44,453,335 31/08/2021

e) Nature and purpose of equity and reserves

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

'Share subscription' is used to record the share subscription monies received before a share placement has closed and shares issued.

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

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

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

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

#### 1. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss attributed to shareholders for the six months to June 30, 2021, of \$6,449,573 (June 30, 2020: \$464,385) by the weighted average number of shares of 621,506,029 (June 30, 2020: 482,156,085) in issue during the year.

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

#### 1. RELATED PARTY DISCLOSURES

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

a) Trading transactions

The Africa Finance Corporation ("AFC") is deemed to be a related party given the size of its shareholding in the Company. There have been no other transactions with the AFC other than the Gold Stream liability as disclosed in Note 10, and the secured loan as disclosed in Note 11.

b) Compensation of key management personnel

The remuneration of directors and other members of key management during the three and six months ended June 30, 2021, and 2020 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Consulting fees & salaries				
Current directors & officers	\$ 163,399	\$ 177,252	\$ 330,058	\$ 350,655

## Directors' fees

Current directors	111,130	111,412	222,286	197,518
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## Share-based payments

Current directors and officers	-	-	-	813,115
	\$ 274,529	\$ 288,665	\$ 552,344	\$ 1,361,288

- Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and six months ended June 30, 2021, and 2020.
- The Company paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Company for services. Accounts payable and accrued liabilities at June 30, 2021, include \$136,606 (December 31, 2020 - \$44,288) due to directors or private companies controlled by an officer and director of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

## 1. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Amounts receivable	\$ 1,937,103	\$ (55,563 )	\$(1,209,171 )	\$(53,691 )
Prepaid expenses and deposits	(1,217,687 )	(67,528 )	(1,318,745 )	8,245
Accounts payable and accrued liabilities	87,902	4,654,587	(5,370,533 )	5,192,387
Change in non-cash working capital accounts	\$ 807,317	\$ 4,531,496	\$(7,898,449 )	\$ 5,146,941
Relating to:				
Operating activities	\$ 2,130,274	\$ 155,209	\$(1,146,751 )	\$ 217,971
Financing activities	-	(10,511 )	-	101,897
Investing activities	(1,322,956 )	4,386,798	(6,751,698 )	4,827,073
	\$ 807,317	\$ 4,531,496	\$(7,898,449 )	\$ 5,146,941

Accounts payable and accrued liabilities includes \$3,010,232 (December 31, 2020 - \$9,862,060) related to Assets under Construction and Exploration.

b) During the three and six months ended June 30, 2021 the Company had \$632,042 and \$1,646,172 outlays respectively (2020: \$nil) in respect of interest, and \$nil (2020: \$nil) outlays in respect of income taxes.

## 21. FINANCIAL INSTRUMENTS

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

## Fair value of financial assets and liabilities

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

## Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments

- Interest rate risk

- Credit risk
- Liquidity and funding risk
- Market risk

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

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

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

#### Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

June 30, 2021	Total
<b>Assets</b>	
Cash and cash equivalents	\$ 9,402,749
Restricted cash	4,338,728
Amounts receivable	1,187,341
Total assets measured at amortised cost	14,928,818
	<b>Total</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 5,486,679
Loans and Borrowings	49,257,120
Lease liabilities	8,477
Total liabilities measured at amortised cost	\$ 54,752,276
December 31, 2020	Total
<b>Assets</b>	
Cash and cash equivalents	\$ 28,261,552
Restricted cash	4,460,026
Amounts receivable	56,705
Total assets measured at amortised cost	32,778,283
	<b>Total</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 10,915,964
Loans and Borrowings	20,600,067
Lease liabilities	38,969
Total liabilities measured at amortised cost	\$ 31,555,000

#### Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to cash flow interest rate risk from the AFC secured loans with the interest at LIBOR plus 9% (Refer to Note 11). The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

June 30, 2021	Interest rate Appreciation By 1%	Interest rate Depreciation By 1%
Comprehensive income (loss)		
Financial assets and liabilities	\$ 566,000	\$ (566,000 )
December 31, 2020		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 280,700	\$ (280,700 )

#### Credit risk

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

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at June 30, 2021, and December 31, 2020, were as follows:

	June 30, 2021	December 31, 2020
Cash	\$ 9,402,749	\$ 28,261,552
Restricted cash	4,338,728	4,460,026
Amounts receivable	1,187,341	56,705
Total	\$ 14,928,818	\$ 32,778,283

#### Liquidity and funding risk

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

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

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at June 30, 2021, and December 31, 2020.

#### Contractual maturity analysis as at June 30, 2021

	Less than 3 months \$	3 - 12 Months \$	Longer than -5 years \$	Total \$
Accounts payable	3,390,182	547,205	Year	3,937,387
Accrued liabilities	1,549,292	-	\$	1,549,292
Loans and borrowings	23,077	15,984,204	41,368,147	57,375,428
	4,962,551	16,531,408	41,368,147	62,862,106

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

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

#### Market risk

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

#### a) Foreign currency risk

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

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

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the period ended June 30, 2021:

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	June 30, 2021 CAD\$	June 30, 2021 CAD\$	June 30, 2021 CAD\$	June 30, 2021 CAD\$	June 30, 2021 CAD\$	June 30, 2021 CAD\$
Canadian dollar	(377,607)	-	-	-	-	(377,607)
US dollar	2,847,508	-	-	(42,911,357)	-	(40,063,849)
Pound Sterling	(616,051)	-	-	(104,447)	-	(720,499)
Nigerian Naira	-	-	-	1,333,529	-	1,333,529
West African Franc	-	-	-	-	30,878	30,878
Australian dollar	(25,910)	-	-	-	-	(25,910)
Total	1,827,940	-	-	(41,682,274)	30,878	(39,823,457)

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

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

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

June 30, 2021	Canadian Dollar Appreciation By 5%	Canadian Dollar Depreciation By 5%
Comprehensive income (loss)		
Financial assets and liabilities	\$ 2,400,000	\$ (2,400,000 )
December 31, 2020		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 1,934,000	\$ (1,934,000 )

## 22. CAPITAL MANAGEMENT

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

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

## 23. CONTINGENT LIABILITIES

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

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

The Group has a contractual obligation of approximately US\$38 million in payments under the EPC contract for the construction of the Segilola Gold Mine. These liabilities are not reflected in the balance sheet as at reporting date as payment is contingent upon the completion of further construction work post reporting date.

## 24. SEGMENTED DISCLOSURES

### Segment Information

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

June 30, 2021	Segilola Mine Project	Exploration Projects	Corporate	Total
Current assets	\$ 12,042,183	\$ 118,764	\$ 4,520,760	\$ 16,681,707
Non-current assets				
Deferred income tax assets	-	43,971	-	43,971

Prepaid expenses and deposit	132,313	-	23,327	155,640
Right of use assets	28,579	-	23,451	52,030
Property, plant and equipment	124,648,275	434,723	1,203	125,084,202
Intangible assets	378,356	17,047,614	-	17,425,969
Total assets	\$ 137,229,706	\$ 17,645,072	\$ 4,568,741	\$ 159,443,519
Non-current asset additions	\$ 42,076,925	\$ 2,073,229	\$ -	\$ 44,150,154
Liabilities	\$ (88,581,465)	)\$ (17,888	)\$ (2,436,413)	)\$ (91,035,766 )
Loss for the period	\$ (3,270,096	)\$ (231,935	)\$ (2,947,542)	)\$ (6,449,573 )
- consulting fees	(571	) (88,428	) (91,138 )	(180,137 )
- salaries and benefits	(139,044	) -	(656,529 )	(795,573 )
- impairments	-	(123,644	) -	(123,644 )

## Non-current assets by geographical location:

June 30, 2021	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	19,151	113,162	23,327	155,640
Right of use assets	-	-	-	28,579	23,451	52,030
Property, plant and equipment	252,979	-	-	124,830,019	1,203	125,084,202
Intangible assets	16,956,618	-	-	469,351	-	17,425,969
Total non-current assets	\$ 17,209,597	\$ -	\$ 19,151	\$ 125,441,112	\$ 47,981	\$ 142,717,831
December 31, 2020	Segilola Mine Project		Exploration Projects	Corporate	Total	
Current assets	\$ 24,967,021		\$ 65,535	\$ 8,298,423	\$ 33,330,979	

## Non-current assets

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

## Non-current assets by geographical location:

December 31, 2020	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	24,472	147,485	23,327	195,284
Right of use assets	-	-	-	35,457	52,360	87,817
Property, plant and equipment	139,895	939	-	91,713,502	1,547	91,855,883
Exploration and evaluation assets	15,907,515	-	-	81,228	-	15,988,743
Total non-current assets	\$ 16,047,410	\$ 939	\$ 24,472	\$ 91,977,672	\$ 77,234	\$ 108,122,727

## 25. SUBSEQUENT EVENTS

On July 6, 2021, the Company announced 500,000 options had been exercised by a PDMR at C\$0.12 each and converted in to common shares.

On July 19, 2021, the Company announced that it had commenced the commissioning of its gold processing plant at Segilola following the successful turning of the mills. The Company also announced the commencement of Mining, with 700,000 tonnes of waste mined and 30,000 tonnes of ore stockpiled in preparation for Process Plant commissioning.

On July 30, 2021, the Company announced the first gold pour at Segilola.

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