

# Thor Explorations Announces First Quarter 2022 Financial and Operating Results, for the Three Months Ending March 31, 2022

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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, May 31, 2022 - [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 months to March 31, 2022 ("Q1 2022" or 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 months ended March 31, 2022, are available on Thor Explorations' website <https://thorexpl.com/investors/financials/>

## Operational Highlights of the Period

- Achievement of commercial production with 21,343 oz of gold produced at Segilola in the Period
  - Mill feed grade was 3.38 grammes per tonne ("g/t") gold and recovery was 94.1%
  - The Company exported the gold regularly throughout the period selling 16,658 oz of gold and 922 oz of silver in the Period
- Gold dore inventory of 6,626 oz as at the end of Q1 2022
- 7,500 metre reverse circulation ("RC") and diamond drilling programme commenced at Segilola to test both near mine and regional drill targets that were generated during the Period and are within trucking distance of the Segilola Plant
- 6,000 metre RC drilling programme completed on the Douta Project, Senegal subsequent to the period.
- One Lost Time Incident over the Period
- Commencement of the Company's 2021 Sustainability Report, which is scheduled for completion in Q2 2022
- The Company has funded a range of livelihood restoration programmes to aid the local community members who lost assets (crops and trees) and land within the mine's footprint
- Community development included support for women's programmes, school scholarships for children from vulnerable families; road upgrades and construction of local market facilities

## Financial Highlights of the Period

- First gold sales in the Period generating revenues of US\$24,865,482
- As at March 31, 2022, the Company had cash of US\$6,276,376
- Shipped 16,658 oz at a cash operating cost of US\$696 per oz sold and all-in sustaining cost ("AISC") of US\$799 per oz sold
- In the Period, the Company cancelled US\$1.35 million of its Senior Facility with Africa Finance Corporation ("AFC") it did not draw down. The Company also made its first scheduled debt repayment on March 31, 2022, to AFC of US\$2.53 million consisting of principal and interest in accordance with the terms of its Senior Secured Facility
- Instalment payments on the AFC Senior Secured Facility of US\$22,904,418 are due by December 31, 2022. These will be paid from cashflows during the year
- Following gold shipment of 16,658 oz in Q1 2022, all outstanding Mining Contractor invoices to the end of the Period were paid. The payment of the final EPC invoices, amounting to US\$10,992,978 has been extended by the EPC Contractor following the delay in commercial production experienced in Q4 2021 and will be paid from cash flows during H2 2022
- In Q1 2022, the Company changed its presentation currency to the United States dollar ("\$"). This being the functional currency for the Company, and the currency of the primary economic environment in which the Company operates.

## Post Period Highlights

### Senior Management Appointments

Following the transition to commercial production, the Company is pleased to announce that James Philip has been appointed as Chief Operating Officer.

James has been the Vice President of Corporate Development at Thor since 2016 and has been instrumental in the successful development of the Segilola project and the establishment of the Company's current operating and project development platform. James has a long track record in the mining industry and brings a diversified skill set having worked in project development, strategy, corporate finance and more recently in operations. He is a graduate of the Royal School of Mines, Imperial College London with a M.Eng. degree in Earth Resources & Environmental Engineering.

The Company is also pleased to announce the appointment of Chris Omo-Osagie as Acting Chief Financial Officer, succeeding Ben Hodges who has resigned as Chief Financial Officer ("CFO"). Chris will report directly to the CEO and is not joining the Board of the Company. Ben will remain as a consultant to the Company over the next three months to ensure a smooth transition.

Chris moves into the position from Deputy Chief Finance Officer of Thor. Chris has served in various senior executive roles across North America, Europe, the Caribbean and Africa with PricewaterhouseCoopers, Deloitte, Centrica, Molson Coors and more recently as Deputy Regional Chief Finance Officer for Dangote Cement Plc in Nigeria. Chris has led and sponsored numerous business transformational projects and has extensive experience in financial reporting, finance operations, mergers and acquisitions, controls and assurance, and treasury management and also financial advisory and corporate finance services to organizations, with transaction values from US\$30 million to US\$45 billion, including supporting new listings on the TSX.V (Toronto Stock Exchange) and the Irish Stock Exchange.

Chris is a Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales, and member of the Institute of Chartered Accountants of Ontario, Canada.

### Outlook

- 2022 production guidance of 80,000 to 100,000 oz of gold at an AISC of US\$850-950 per oz
- Continue to advance the Douta project to preliminary feasibility study ("PFS")
- Advance exploration programmes across the portfolio, focusing on near mine and underground exploration at Segilola, extension drilling at Douta as well as accessing regional targets in Nigeria

Segun Lawson, President & CEO, stated:

"Firstly, on behalf of the Company, I would like to thank Ben for his contributions since joining the Company over the last six years, seeing the Company grow from an exploration company to a gold producer. Ben has played an instrumental role acting as CFO and Company Secretary since the acquisition of the Segilola Project, supporting all financial transactions, due diligence and regulatory activities and reporting for all the Company's subsidiaries. We wish him well in all his future endeavours."

"The Company's performance in Q1 2022 provides a solid foundation for the rest of the year. Segilola is now running efficiently and the Company continues to be on track to achieve its guidance of 80,000 to 100,000 ounces of gold this year within our AISC guidance of US\$850-US\$950 per ounce."

"We are also proud of our Environmental, Social and Governance efforts in and around the local communities. We are particularly proud to share our inaugural sustainability report, which will be published later in the year. In particular, we are proud of our International Women's Day celebrations, where the theme was women in STEM, we continue to address the gender chasm in male dominated STEM careers."

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

[Thor Explorations Ltd.](#)  
Segun Lawson  
President & CEO

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## FY 2021 Operational Review

### Segilola Project, Nigeria

During the period, there continued to be global supply chain issues resulting shortages and in increased prices for a number of essential consumables and supplies such as ammonium nitrate, diesel and spare parts. The Company has mitigated these risks through the bulk purchase of most supply chain items and anticipates that its production guidance and costs for the year remain in line.

### Gold Production

During the three months ended March 31, 2022, the Segilola Mine produced 21,343 ounces of gold. There is no comparable information as the Segilola Mine achieved commercial production on January 01, 2022.

The Company exported the gold regularly throughout the period selling 16,658 ounces of gold and 922 ounces of silver in the period and had a further gold dore inventory of 6,626 ounces on hand. These ounces

will be sold in the second quarter of 2022.

### Mining

During the three months ended March 31, 2022, 3,759,524 tonnes of material was mined, equivalent to mining rates of 41,772 tonnes of material per day. In this period, 226,314 tonnes of ore was mined, equivalent to mining rates of 2,515 tonnes of ore per day, at an average grade of 2.68g/t.

The stockpile balance at the end of the period was 179,758 tonnes of ore at an average of 1.23g/t.

### Processing

During the three months ended March 31, 2022, a total of 221,920 tonnes of ore, equivalent to a throughput rate of 2,466 tonnes per day, was processed.

The mill feed grade was 3.18g/t gold and recovery was 94.1% for a total of 21,343 ounces of gold produced. We continue to review the process plant to optimize throughput and recoveries.

For the month of March, the Segilola process plant continued to operate at a steady state, above design mill throughput, with 69,907 tonnes of ore processed at an average head grade of 3.38g/t and an overall gold recovery of 95.1% for a total of 7,220 ounces of gold produced.

All of the main operating units are performing as expected, and the plant is consistently operating above nameplate capacity. Optimization of the gold recovery process is ongoing, and the start-up issues encountered have been addressed.

Table 1: Production Metrics

	Units	Q1 2022
<b>Mining</b>		
Total Ore Mined	tonnes	226,314
Ore Processed	tonnes	221,900
Low Grade Ore Stockpiled	tonnes	179,758
Waste Mined	tonnes	3,533,610
Total Mined	tonnes	3,759,524
Total Ore Mined Gold Grade	g/t Au	2.68
Ore Processed	g/t Au	3.18
Low Grade Ore Stockpiled	g/t Au	1.23
<b>Processing</b>		
Ore Milled	tonnes	221,920
Daily Throughput Rate (average)	tpd	2,760
Daily Throughput / Nameplate Capacity	%	128%
Ore Processed Gold Grade	g/t Au	
Recovery	%	94.1
Gold Recovered	oz	21,343

### Health and Safety

The health and safety of personnel at site is of paramount importance. During the quarter there was one Lost Time Incident, four Medical Treatment Cases and eight Near Miss events.

### Environmental

Environment and social activities for Q1 2022 focused on the Company's corporate sustainability aspects

including upgrading the Company's corporate governance policies and the commencement of the Company's 2021 Sustainability Report, which is scheduled for completion in Q2 2022.

During Q1 2022 significant progress has been made on the Segilola Gold Mine Project's Greenhouse Gas (GHG) Procedure and Tool. The Procedure sets out how carbon equivalent (CO<sub>2</sub> e) calculations will be undertaken for the project and how they will be reported. The GHG Procedure and Tool will be operational in Q2 2022.

The annual dry season biodiversity survey was undertaken for the Segilola Project March 2022. Generally, the overall biodiversity account of the 2022 survey showed better biodiversity parameters than that of 2021, indicating an increase and improvement in overall biodiversity and water quality status of the sites. This is thought to be linked to the fact that human interference around these sites have drastically reduced, allowing these sites to self-purify and re-grow.

Monthly environment baseline monitoring continued in Q1 2022 as per the Segilola EIA certificate requirements. The monitoring results are in compliance with permits and applicable regulations.

## Community

Social and community development parameters for the Segilola Project were also progressed in Q1 2022. Of significance was signoff for start-up funding for a range for livelihood restoration programmes to aid those local community members who lost assets (crops and trees) and land within the mine's footprint. Fish farms, chicken broiler farms and vegetable plots are being designed in land surrounding the water storage dam. Land clearing has occurred, and construction is planned to commence in Q2 through to Q4 2022. Commitments to livelihood programmes were outlined in SROL's Livelihood Restoration Plan. The programmes are expected to be self-sustaining within a two-year period and operate beyond the lifetime of the mine. An agricultural expert has been seconded into the SROL team to assist in the development of the agricultural programs.

Through funding agreed via Community Development Agreements, signed with the three communities surrounding the Segilola Mine, community programmes were progressed in Q1 2022. These included support for women's programs, school scholarships for children from vulnerable families (19 scholarships awarded); road upgrades (grading of local roads) and construction of local market facilities.

To mark International Women's Day (IWD) on the 8th of March, SROL celebrated with the female children and teachers of host communities. The theme - Women in STEM -aimed at addressing the gender chasm in male dominated Science, Technology, Engineering and Maths "STEM" careers. The program was organized by SROL's Cooperate Affairs Department. In attendance were speakers and guests from the Ministry of Mines and Steel Development and the Chairperson from Atakunmosa East LGA.

Compensation for the Segilola project footprint continued in Q1 2022. The compensation budget for the Project sits at \$3.5 million in line with the overall compensation budget for the Project. This provides compensation for 234 landowners and 1044 asset owners (March 2022). Additionally, compensation for temporary loss of assets and lands impacted by exploration activities (at 10 explorations sites across 3 states in Nigeria) stands at ~\$288,000 for 415 asset and landowners (as of March 2022).

## Exploration

### Douta Project, Senegal

In November 2021 Thor issued a Maiden mineral resource estimate ("MRE") for the Makosa deposit at the Douta Gold Project ("Douta") in Senegal. The MRE is classified as Inferred Resources and is constrained within optimised pit shells and comprises 15.3 million tonnes grading 1.5 g/t gold for 730,000 ounces of gold.

Reverse circulation (RC) drilling commenced during the quarter. The main objectives of this program are:

- Extensional drilling northwards from the Makosa Resource that will bridge the gap between Makosa and Mansa prospect.
- Initial exploration drilling at Sambara Prospect.

Table 2: Douta RC Drilling Statistics

Prospect	No. of Holes	Metres Drilled	No. of Samples
Makosa North	54	3,572	4,199
Sambara	46	3,036	3,573
	100	6,608	7,772

#### Regional Exploration, 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 now comprises nine explorations licences and five joint venture partnership exploration licences. Together with the mining lease over the Segilola Gold Deposit Thor's total exploration tenure amounts to over 1,252 square kilometres.

Exploration during the quarter comprised on-going regional steam sediment sampling, soil sampling and termite mound sampling in the exploration lease located both north and south of the Segilola Gold Deposit. Activity during the quarter generated a total of 4,330 surface geochemical samples (Figure 2.1).

Sample turnaround in Nigeria is currently being affected by the delayed commissioning of the exploration laboratory which the Company anticipates will be commissioned in July 2022. Until the exploration lab is commissioned, the Company continues to send its samples to third party laboratories in Ghana and Canada.

An extensive soil geochemical survey commenced at the new exploration lease (EL34429) that is owned 100% by Thor. A total of 647 surface soil samples were collected together with 26 rock chip samples. Detailed geological mapping has been completed withing the exploration permit. This lease is located 160km north from Segilola in a newly identified gold-bearing schist belt. Follow up geochemical surveys, including 801 auger-assisted soil samples, were completed in the north-western sector of EL29978 where several anomalous stream sediment samples were previously collected.

Subsequent to the period, the Company commenced a 7,500 metre combined reverse circulation and diamond drilling program on a number of drill targets within trucking distance of the Segilola Processing Plant.

#### COVID-19 Pandemic

The COVID-19 pandemic continued in 2021 and has had a significant impact on businesses through restrictions put in place by governments around the world including the jurisdictions in which we conduct our business. Over the last two years, aspects of the Company's operations have been impacted by COVID-19 for a variety of reasons, such as government and other restrictions on transportation and the mobility of personnel and mandatory quarantine periods and border closures.

As of the date of this MD&A, it is not possible to determine the extent of the impact that this pandemic will have on our activities as the impacts will depend on future developments which themselves are uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, its extent and intensity, the duration of the outbreak, and possible government, societal, and individual responses to the situation.

Possible impacts of the continuing or worsening spread of COVID-19, including new variants of the virus, may include mandated or voluntary closures of operations, illness among the Company's workforce, restricted mobility of personnel, interruptions in the Company's logistics and supply chain, delay at or closure of the Company's refining and smelting service providers and global travel restrictions, all of which could disrupt the Company's operations and negatively impact its financial performance.

## SUBSEQUENT EVENTS

### Appointments

Following the period end, the Company appointed James Philip as Chief Operating Officer, and Chris Omo-Osagie as Acting Chief Finance Officer.

We believe that both James and Chris' operational experience will be valuable in taking us through the next phase of our evolution into a multi asset development, management, and operating group.

### Resignation

Ben Hodges has resigned from his position as Chief Finance Officer and will be transitioning from the Company over the next three months.

We are extremely grateful to Ben for his commitment and service during a very important period of the Company's development and we wish Ben the very best in his future pursuits.

## OUTLOOK AND UPCOMING MILESTONES

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

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

Maintain our rigorous health and safety protocols  
2022 Operational Guidance and Outlook

Gold Production	oz	80,000-100,000
All-in Sustaining Cost ("AISC")	US\$/oz Au sold	\$850 - \$950
Capital Expenditure	US\$	9,243,000
Exploration:		
Nigeria	US\$	4,200,000
Senegal	US\$	2,000,000

- The critical factors that influence whether Segilola can achieve these targets include:
  - Segilola's ability to maintain an adequate supply of consumables (in particular Ammonium Nitrate, Flux and Cyanide) and equipment, particularly if there is any resurgence in the COVID-19 pandemic
  - Fluctuations in the price of key consumables, in particular Ammonium Nitrate, and Diesel
  - Commissioning of the CNG generators in May 2022, thereby reducing the cost of power generation to the process plant
  - Segilola's workforce remaining healthy
  - Continuing to receive full and on-time payment for gold sales
  - Continuing to be able to make local and international payments in the ordinary course of business
- Continue to advance the Douta project to preliminary feasibility study ("PFS")
- Continue to advance exploration programs across the portfolio:
  - Segilola near mine exploration
  - Segilola underground project
  - Segilola regional exploration program
  - Douta extension program
  - Douta infill program
  - Assess regional potential targets in Nigeria

## SUMMARY OF QUARTERLY RESULTS

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

Table 2: Summary of quarterly results

	2022 Q1	2021 Q4	2021 Q3	2021 Q2
\$	Mar 31	Dec 31	Sep 30	Jun 30
Revenues	24,865,482	6,205,345	-	-
Net profit/(loss) for period	200,473	2,665,653	460,745	(5,582,090)
Basic and fully diluted profit/(loss) per share (cents)	0.00	0.40	0.08	(0.90)
	2021 Q1	2020 Q4	2020 Q3	2020 Q2
\$	Mar 31	Dec 31	Sep 30	Jun 30
Revenues	-	-	-	-
Net profit/(loss) for period	(67,365)	(1,560,694)	(1,030,715)	812,003
Basic and fully diluted profit/(loss) per share (cents)	(0.05)	(0.25)	(0.17)	0.16

### RESULTS FOR THREE MONTHS ENDED March 31, 2022

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

The Company reported a net profit of \$200,473 (\$0.00 profit per share) for the three months March 31, 2022, as compared to a net (loss) of (\$67,365) (\$0.05 loss per share) for the three months ended March 31, 2021. The move to profit for the three months was largely due to:

- sales in Q1 2022 of \$24,865,482 in Q1 2021 (nil);
- foreign exchange gains of \$2,183,811 from gains of \$1,153,721 in Q1 2021

These were offset partially by:

- Amortisation and depreciation of \$7,679,808; and
- Interest of \$3,758,131

The Company recorded sales revenue of \$24,865,482 for the three months ended March 31, 2022, and \$nil for the three months to March 31, 2021. No interest was earned during the three months ended March 31, 2022, and 2021.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had cash of \$6,276,376 and 6,626 ounces of gold to be sold and a working capital deficit of (\$38,511,529).

The increase in cash from December 31, 2021 (cash of \$1,276,270) is due mainly to gold sales revenue of \$24,865,482, offset by payment of lease liabilities of \$1,213,678, intangible exploration assets expenditures of \$715,626, the purchase of property plant and equipment of \$7,573,148 and operational costs and corporate overheads of \$13,708,578. This cash expenditure was financed by operational cashflow and existing cash balances.

The EPC Contractor has confirmed that it will support the Company by extending the payment period of the final EPC invoices and has acknowledged that the Company will make payment of the final EPC invoices from available cashflow.

## Unaudited Financial Statements

[Thor Explorations Ltd.](#)CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
In United States dollars (unaudited)

		March 31, December 31,	
	Note	2022	2021
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash		6,276,376	1,276,270
Restricted cash	6	-	3,495,992
Inventory	7	16,534,943	18,146,558
Amounts receivable	8	191,876	237,651
Prepaid expenses, advances and deposits	9	918,219	586,865
Total current assets		23,921,414	23,743,336
Non-current assets			
Deferred income tax assets		84,794	86,795
Prepaid expenses, advances and deposits	9	103,790	105,683
Right-of-use assets	10	19,707,915	20,843,612
Property, plant and equipment	15	146,438,336	147,373,656
Intangible assets	16	15,466,490	15,345,419
Total non-current assets		181,801,325	183,755,165
<b>TOTAL ASSETS</b>		<b>205,722,739</b>	<b>207,498,501</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	17	31,834,095	38,827,489
Deferred income	18	6,233,347	-
Lease liabilities	10	4,854,714	4,849,088
Gold stream liability	11	12,889,957	12,837,633
Loans and other borrowings	12	28,441,348	27,984,078
Total current liabilities		84,253,461	84,498,288
Non-current liabilities			
Accounts payable and accrued liabilities	17	1,031,309	1,564,191
Lease liabilities	10	12,587,430	13,425,286
Gold stream liability	11	16,860,524	17,424,646
Loans and other borrowings	12	25,733,198	25,754,525
Provision for restoration costs	14	5,341,369	5,238,176
Total non-current liabilities		61,553,830	63,406,824
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	19	79,949,297	79,027,183
Option Reserve	19	3,455,454	4,513,900
Currency translation reserve		(3,690,038)	(2,889,510)
Deficit		(19,799,265)	(21,058,184)
Total shareholders' equity		59,915,448	59,593,389
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>205,722,739</b>	<b>207,498,501</b>

These consolidated financial statements were approved for issue by the Board of Directors on May 30, 2022, and are signed on its behalf by:

(Signed) "Adrian Coates"

Director

(Signed) "Olusegun Lawson"

Director

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

[Thor Explorations Ltd.](#)CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31,  
In United States dollars (unaudited)

		Three Months Ended March 31,	
	Note	2022	2021
Continuing operations			
Revenue		\$ 24,865,482	\$ -
Production costs		(13,386,659)	-
Transportation and refining		(502,222)	-
Royalties		(550,765)	-
Loss on forward sale of commodity contracts		(294,922)	-
Gross profit from operations		10,130,914	-
Administrative expenses	5	(1,516,936)	(1,106,943)
Amortisation and depreciation	5	(6,162,872)	(17,501)
Other expenses	5	(673,612)	-
Impairment of Exploration & Evaluation assets	16	(2,701)	(96,317)
Profit (loss) from operations		1,774,793	(1,220,761)
Interest expense		(3,758,131)	(325)
Foreign exchange gains		2,183,811	1,153,721
Net profit (loss) before taxes		\$ 200,473	\$ (67,365)
Tax expense		-	-
Net profit (loss) for the period		\$ 200,473	\$ (67,365)
Other comprehensive loss			
Foreign currency translation loss attributed to equity shareholders of the Company*		(800,528)	(822,207)
Total comprehensive loss for the period		\$ (600,055)	\$ (889,572)
Net loss per share - basic and diluted	20	\$ (0.000)	\$ (0.000)
Weighted average number of common shares outstanding - basic and diluted		635,508,743	621,405,975

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

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

#### [Thor Explorations Ltd.](#)

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

		Three Months Ended March 31,	
	Note	2022	2021
Cash flows from (used in):			
Operating activities			
Net loss for the period		\$ 200,473	\$ (67,365 )
Adjustments for:			
Foreign exchange gains		714,995	(893,620 )
Impairment of receivables		-	(56,042 )
Impairment of Exploration & Evaluation Assets	16	2,701	96,316
Depreciation		5,004,617	17,502
Loss on forward sale commodity contracts		294,923	-
Interest expense		3,752,766	325
Changes in non-cash working capital items	22	3,738,103	(2,463,755 )
Cash utilized in operations		13,708,578	(3,366,640 )
Adjustments to net loss for cash items			
Realized foreign exchange loss		150,080	191,002
Net operating cash flows		13,858,658	(3,175,638 )
Investing activities			
Purchases of property, plant and equipment	15	(7,573,148 )	(991,891 )
Assets under construction expenditures	15	-	(9,100,531 )
Exploration and evaluation expenditures	16	(715,626 )	(585,184 )

Purchase of other intangible assets	16	(169 )	-
Net investing cash flows		(8,288,943 )	(10,677,606)
Financing			
Proceeds from issuance of equity securities		919,162	-
Borrowing costs paid	12	-	(72,454 )
Proceeds from loans and borrowings	12	1,753,388	-
Repayments of loans and borrowings	12	(1,983,834 )	-
Payment of lease liabilities	10	(1,213,678 )	(12,243 )
Interest paid	11	(1,214,587 )	-
Net financing cash flows		(1,739,549 )	(84,697 )
Effect of exchange rates on cash		1,169,940	373,237
Net change in cash		5,000,106	(13,564,705)
Cash, beginning of the period		1,276,270	22,239,182
Cash, end of the period		\$ 6,276,376	\$ 8,674,477

Supplemental cash flow information (Note 22)

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 United States dollars (unaudited)

	Note	Common Shares	Option Reserve	Currency translation reserve	Deficit	Total shareholders' equity
Balance on December 31, 2020		\$ 76,858,769	\$ 4,626,426	\$ (594,667)	\$ (19,569,232)	\$ 61,701,296
Releases on the forward purchase program 2020		-	-	(804,019 )	-	(804,019 )
Net loss for the period		-	-	-	-	-
Balance on March 31, 2021	10	\$ 76,858,769	\$ 4,626,426	\$ (1,398,680)	\$ (19,675,495)	\$ 60,832,810
Net loss for the period		-	(1,922,527)	-	(43,526 )	(1,966,053)
Comprehensive loss		-	-	(1,490,830)	-	(1,490,830)
Balance on December 31, 2021	10	\$ 79,027,183	\$ (1,058,446)	\$ (2,889,510)	\$ (21,058,184)	\$ 59,593,383
Comprehensive loss		922,114	(1,058,446)	(800,528)	205,476	(800,528)
Balance on March 31, 2022		\$ 79,949,297	\$ 3,455,454	\$ (3,690,038)	\$ (19,799,265)	\$ 59,915,448

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

### [Thor Explorations Ltd.](#)

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

In United States dollars, except where noted (unaudited)

##### 1. CORPORATE INFORMATION

[Thor Explorations Ltd.](#) is a West African focused gold producer and explorer, dually listed on the TSX-V (THX.V) and AIM Market of the London Stock Exchange (THX.L).

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

## 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 United States 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 March 31, 2022, the Company had cash of \$6,276,376, restricted cash of \$nil and inventory of 6,626 ounces of gold to be sold. During Q1 2022 and post period end, the Company has continued production from its Segilola Gold Mine with 21,343 ounces of gold produced, and 16,658 ounces of gold sold to the end of Q1 2022.

The Board has reviewed the Group's cash flow forecasts for the twelve-month period from the date of this report including forecast production of 80,000 - 100,000 ounces of gold for 2022. The Board is satisfied that the Group will generate sufficient financial resources from its operational cash flow to meet commitments for at least the next twelve months.

The Board has considered the operational disruption that could be caused by factors such as interruptions to production at commercial levels, illness amongst workforce caused by global and regional pandemics, and potential disruptions to supply chains. The forecast cashflows are based on a gold price of US\$1,836/oz and the all-in sustaining cost at Segilola of US\$850 - \$US950/oz during the period under review (Refer to section 3 of the Q1 2022, MD&A).

The final EPC invoices are recorded as due and payable and constitute a material amount of the net working capital deficit. The EPC Contractor has confirmed that it will support the Company by extending the payment period of the final EPC invoices and has acknowledged that the Company will make payment of the final EPC invoices from available cashflow.

As at March 31, 2022, the Group had a net working capital deficit of \$38,511,529 which includes its Senior Secured Facility, Deferred Payment Facility (refer to note 12), Mining Contractor invoices which become due three months after being invoiced, final EPC invoices which became due post EPC handover, which occurred on January 31, 2022 and a Deferred Income component, less related inventory, which was earned in April 2022 (See note 18 for details). The working capital calculation excludes \$12,889,957 of gold stream liabilities, and \$5,379,033 in third party royalties included in current accounts payable, that are contingent upon gold sales forecast of 80,000-100,000 ounces for the year ending December 31, 2022.

In Q1, 2022, the Company cancelled \$1.35m of its Senior Facility it did not draw down. The Company made its first scheduled debt repayment on March 31, 2022, to the Africa Finance Corporation of \$2.53m consisting of principal and interest in accordance with the terms of its Senior Secured Facility.

Having reviewed the cash flow forecast, the Board has a reasonable expectation that continued production at expected levels from its Segilola Gold Mine will provide sufficient cash generation to enable the Group to service future debt repayment obligations.

## 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	Interest
Thor Investments (BVI) Ltd. ("Thor BVI")	British Virgin Islands	June 30, 2011	100%
African Star Resources Incorporated ("African Star")	British Virgin Islands	March 31, 2011	100%
Segilola Resources Incorporated ("SR BVI")	British Virgin Islands	March 10, 2020	100%
Thor Gold Ventures Ltd ("THX GV")	United Kingdom	February 11, 2022	100%
African Star Resources SARL ("African Star SARL")	Senegal	July 14, 2011	100%
Argento Exploration BF SARL ("Argento BF SARL")	Burkina Faso	September 15, 2010	100%
AFC Constelor Panafrican Resources SARL ("AFC Constelor SARL")	Burkina Faso	December 9, 2011	100%
Segilola Resources Operating Limited ("SROL")	Nigeria	August 18, 2016	100%
Segilola Gold Limited ("SGL")	Nigeria	August 18, 2016	100%

The change to ownership interest from the previous year was the incorporation of Thor Gold Ventures Ltd in February 2022.

### c) Foreign currency translation

#### Functional and presentation currency

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

Exchange rates published by 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 United States dollar in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. This standard

requires, on consolidation, that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL are recognized in other comprehensive income (loss). Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

#### Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. Fluctuations in the value of the local currencies of our subsidiaries, with most notably the US Dollar will result in foreign exchange gains and losses as assets and liabilities denominated in US Dollar are revalued in the Subsidiary's local currency at reporting dates.

#### d) Financial instruments

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

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

As at March 31, 2022, the Company had \$nil that is accounted for separately from cash and cash equivalents (December 31, 2021 \$3.5 million). 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, short term advances pursuant to outstanding settlement of currency exchange swaps undertaken in the normal course of operations, accounts payable, accrued liabilities and deferred payment. Loans and borrowings are initially recognised 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 recognised 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 recognised in profit or loss.

#### Fair Value measurement hierarchy

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

The fair value hierarchy has the following levels:

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

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

#### Gold Stream arrangement

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

Under the terms of the GSA an advance payment of \$21 million was received. Upon the commencement of production at Segilola the AFC 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 \$47.25m including the repayment of the initial US\$21 million advance. The advanced payment has been recorded as a contract liability based on the facts and terms of the arrangement and own use exemptions considerations.

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

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

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

#### Capitalisation of borrowing costs

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

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

#### e) Property, plant and equipment

##### Recognition and Measurement

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

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

##### Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the 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 recognised in profit or loss except where depreciation is directly attributable to mineral properties owned by the Group that are classified as either Exploration & Evaluation or Assets Under Construction ("AUC"). Depreciation in this instance is capitalised to the value of the mineral property asset (refer to Note 15). Upon commencement of commercial production, the value of AUC will be reclassified as Mining and Plant assets (together "Mining Property") within Property, Plant & Equipment. Mining Property will be depreciated using the unit of production method based on proven and probable reserves. Units of production are significantly affected by resources, exploration potential and production estimates together with economic factors, commodity prices, foreign currency, exchange rates, estimates of costs to produce reserves and future capital expenditure. Refer to Note 3f for further analysis of classification of AUC for the year to December 31, 2021.

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

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

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

#### 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 on January 1, 2022, assets under construction were re-categorized as Mining Property.

#### 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:

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

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

#### i) Income taxes

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

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

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

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

consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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) Revenue recognition

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

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

#### k) Royalties

The Group has royalty payment obligations from production from its Segilola Gold Mine in Nigeria. A royalty is payable to the Nigerian government at a rate of 5,400 Nigerian Naira per ounce produced. The royalty is paid before the Dore is exported from Nigeria for refining. Royalties paid to the Nigerian government are recognised as cost of sales in the Consolidated Statement of Comprehensive Loss at the point that the royalty payments are made.

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

Third party royalties have been assessed to be contingent consideration in the acquisition of the Segilola Gold Mine under IAS 3. In accordance with the Group's accounting policy the contingent consideration has been recognised as a financial liability at the point there was considered to be certainty over the payment arising (commencement of production). The royalties have been discounted using a rate of 4.7% and the discounted value of the third parties' royalties has been included in the value of Assets Under Construction and recognised as a financial liability in the Consolidated Statement of Financial Position. The discount will be unwound over the estimated time it will take to pay the entire \$7.5 million obligation. The value of the royalties will be depreciated over the estimated life of the mine, and royalty payments will be applied in discharge of the financial liability. The financial liability was initially measured at fair value with subsequent fair value re-measurement to be recorded in the Consolidated Statement of Comprehensive Loss.

#### l) Inventory

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

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

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

m) 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.

n) 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).

o) 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.

p) 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.

## q) 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.

r) Interest income

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

s) 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.

t) 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.

u) 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, 2022, that had a significant effect on the Group's financial statements.

v) 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.

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

The principal accounting estimates in calculating the value of the Gold Stream Liability are production plan, gold price, the implied interest rate and future repayment profile. The buy-out option contained in the Gold Sale Agreement has been estimated at nil.

In calculating the deemed interest rate for interest expense that will be released over the term of the Agreement, estimates of both the production plan and gold price will be the key variables. The deemed interest rate is calculated at each reporting period and restated based on changes to the expected production profile and gold price estimates, which will result in a revision to estimated future payments. Any change in future payments will result in a revision of the deemed interest rate.

The period-end Gold Stream obligation uses forward curve information based on the period-end gold spot price, which was US\$1,875 /oz at March 31, 2022. A 1% change in gold production estimates would result in an impact of less than \$0.05 million on the Gold Stream liability.

#### (ii) 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 \$0.385 million (2020: \$0.04 million) on the provision for environmental and site restoration. The value of the year- end restoration provision is disclosed within note 14.

#### (iii) Inventories

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

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

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

#### b) Critical accounting judgments

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

(i) Impairment of exploration and evaluation assets

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

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

(ii) Impairment of property, plant and equipment

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

(iii) Functional currency

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

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

(iv) Commercial production

The Group achieved first gold sales from its Segilola Gold Mine ("Segilola") in Osun state, Nigeria in December 2021, with first production from the Mill occurring in October 2021. During Q4 2021 production from the Mill was intermittent and below operating capacity per its mine plan, while overall recovery was approximately 13% below capacity. The Group's focus during Q4 2021, was the ramp-up of production to mine plan level which was not achieved on a consistent basis prior to year-end. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that the correct classification of Segilola was Assets under construction. Production and recovery rates reached levels closer to mine plan in January 2022, and as such Management has determined that commercial production was achieved from January 2022.

## 1. ADMINISTRATIVE EXPENSES

Note	Three Months Ended March 31,
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	2022	2021
Audit and legal	\$ 47,173	\$ 96,359
Bank charges	29,974	12,969
Consulting fees	324,354	68,525
Directors' fees	21 90,328	87,822
Equipment hire	51,582	388,148
Investor relations and transfer agent	111,226	49,549
Listing and filing fees	5,556	3,194
Office and miscellaneous	364,203	59,592
Salaries and benefits	325,986	317,729
Travel	166,554	23,056
	\$ 1,516,936	\$ 1,106,943

#### 5a. AMORTISATION AND DEPRECIATION

Amortisation and depreciation - owned assets	15	5,004,617	6,167
Amortisation and depreciation - right-of-use assets	10	1,158,255	11,334
		\$ 6,162,872	\$ 17,501

#### 5b. OTHER EXPENSES

Mining property costs	366,465	-
Near mine exploration	307,147	-
	\$ 673,612	\$ -

#### 1. RESTRICTED CASH

	March 31, 2022	December 31, 2021
Restricted cash \$	\$ 3,495,992	

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a \$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation 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 \$5 million. As at March 31, 2022, SROL has received total disbursements of \$52.6 million, with \$nil drawn down during the period under review, and the remaining \$1.35m of the facility was cancelled by the Company. Total disbursements received represent 97% of the facility. Under the terms of the facility, the Company was required to place a total of US\$3.5 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. Upon receipt of the Certificate of Completion on January 31, 2022, the cash ceased to be treated as restricted.

#### 1. INVENTORY

	March 31, 2022	December 31, 2021
Plant spares and consumables \$	1,513,438	\$ 1,337,792
Gold ore in stockpile	4,203,827	8,663,728
Gold in CIL	2,581,292	1,614,267
Gold Dore	8,236,386	6,530,771
	\$ 16,534,943	\$ 18,146,558

There were no write downs to reduce the carrying value of inventories to net realizable value during the period ended March 31, 2022.

#### 1. AMOUNTS RECEIVABLE

	March 31, 2022	December 31, 2021
Accounts receivable \$	1,426	\$ 20,495
GST	5,089	3,715
Other receivables	185,361	213,441
	\$ 191,876	\$ 237,651

The value of receivables recorded on the balance sheet is approximate to their recoverable value and there

are no expected material credit losses.

#### 1. PREPAID EXPENSES, ADVANCES AND DEPOSITS

	March 31, 2022	December 31, 2021
Current:		
Insurance	\$ 69,570	\$ 53,985
Gold Stream liability arrangement fees	30,252	38,829
Other deposits	550,010	235,408
Other prepayments	268,387	258,643
	\$ 918,219	\$ 586,865
Non-current:		
Gold Stream liability arrangement fees	\$ 85,136	\$ 87,310
Other prepayments	18,654	18,373
	\$ 103,790	\$ 105,683

#### 1. LEASES

The Group accounts for leases in accordance with IFRS 16. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019. The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. \$357,463 (2021 year: \$2,349,509) has been expensed in the period. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The key impacts on the Statement of Comprehensive Loss and the Statement of Financial Position for the period ended March 31, 2022, were as follows:

	Right of use asset	Lease liability	Income statement
Carrying value December 31, 2021	\$ 20,843,612	\$(18,274,374)	\$-
Depreciation	(1,159,682)	-	(1,159,682)
Interest	-	(360,247)	(360,247)
Lease payments	-	1,213,678	-
Foreign exchange movement	23,985	(21,201)	2,784
Carrying value at March 31, 2022	\$ 19,707,915	\$(17,442,144)	\$(1,519,929)

Total depreciation charged to the Statement of Comprehensive Loss for the period under IFRS 16 was \$1,159,682.

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

	Right-of- use asset	Lease liability	Income statement
Carrying value December 31, 2020	\$ 69,066	\$ (30,648)	-
New leases entered in to during the year	22,612,362	(19,668,810)	-
Depreciation	(2,355,674)	-	(41,106)
Interest	-	(782,088)	(563)
Lease payments	-	2,800,407	-
Foreign exchange movement	517,858	(593,235)	(75,743)
Carrying value at December 31, 2021	\$ 20,843,612	\$(18,274,374)	\$(117,412)

#### 1. GOLD STREAM LIABILITY

Gold stream liability

March 31, 2022	December 31, 2021
Total	Total

Balance at Beginning of period	\$	30,262,279	\$ 24,708,573
Interest at the effective interest rate		1,733,984	6,562,830
Repayments		(1,806,690)	(443,915)
Foreign exchange movement		(439,092)	(565,209)
Balance at End of period	\$	29,750,481	\$ 30,262,279
Current liability		12,889,957	12,837,633
Non-current liability		16,860,524	17,424,646

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 \$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 \$21 million Prepayment has been repaid in full. Thereafter the AFC will continue to receive 10.27% of gold production from material mined within the ML41 mining license until a further \$26.25 million is received, representing a total money multiple of 2.25 times the value of the Prepayment, at which point the GSA will terminate. The AFC are not entitled to receive an allocation of gold production from material mined from any of the Group's other gold tenements under the terms of the GSA.

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

Interest expense of \$1,733,984 was recognised for the three months ended March 31, 2022 and has been expensed to the Consolidated Statement of Loss. Prior to the commencement of commercial production on January 1, 2022, interest was capitalized and included in the value of the Segilola Gold Mine (Refer to Note 15). A cumulative total of \$5,255,181 has been capitalized and included in the value of the Segilola Gold Mine.

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

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

	Level 1	Level 2	Level 3	Total
Financial liability at fair value through profit or loss \$		29,750,481	-	29,750,481

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

#### 1. LOANS AND BORROWINGS

	March 31, 2022	December 31, 2021
Current liabilities:		
Loans payable to the Africa Finance Corporation less than 1 year	\$ 23,430,955	\$ 24,192,518
Deferred element of EPC contract	3,256,913	3,122,990
Short term advances	1,753,480	668,570
	\$ 28,441,348	27,984,078
Non-current liabilities:		
Loans payable to the Africa Finance Corporation more than 1 year	\$ 22,661,907	\$ 22,667,448

Deferred element of EPC contract	3,071,291	3,087,077
	\$ 25,733,198	\$ 25,754,525

## Loans from the Africa Finance Corporation

	March 31, 2022 Total	December 31, 2021 Total
Balance at Beginning of period	\$ 46,859,966	14,267,114
Drawdown	-	31,153,833
Repayments	(1,316,346)	-
Arrangement fees	-	(508,856)
Unwinding of interest in the year	436,065	1,714,041
Foreign exchange movement	113,178	233,834
Balance at End of period	\$ 46,092,862	46,859,966
Current liability	23,430,955	24,192,518
Non-current liability	22,661,907	22,667,448

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a \$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation ("AFC") for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group's request in minimum disbursements of \$5 million. As at March 31, 2022, SROL has received total disbursements of \$52.6 million, with \$nil drawn down and the remaining \$1.35m undrawn facility cancelled by the Company during the period under review. Total disbursements received represent 97% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments commenced 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 \$4,663,652 in relation to the loan facility. The fair value of the liability was determined at \$45,822,943 taking into account the transaction costs and equity component and recognised at amortised cost using an effective rate of interest, with the fair value of the shares issued in April 2020 of \$5,666,011 recognised within equity.

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

The loan from the AFC has financial and non-financial covenants. These covenants were triggered upon the first repayment obligation which took place in March 2022.

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

The EPC Contract includes a deferred element ("the Deferred Payment Facility") of 10% of the fixed price. As at March 31, 2022, a total of \$6,328,204 (December 31, 2021: \$6,217,294) was deferred under the

facility. The 10% deferred element is repayable in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Deferred Payment Facility. Repayments are due to commence in March 2022 and conclude in 2025. Interest on this element of the EPC deferred facility accrues at 8% per annum from the time the Facility taking-over Certificate is issued.

	March 31, 2022	December 31, 2021
	Total	Total
Deferred payment facility	\$ 6,328,204	\$6,210,090
Foreign exchange movement	-	-
Balance period end	\$ 6,328,204	\$6,210,090

#### Short term advances

	March 31, 2022	December 31, 2021
	Total	Total
Balance at beginning of period	\$668,570	\$-
Drawdowns	1,753,388	678,935
Repayments	(667,488)	-
Foreign exchange movement	(990)	(10,365)
Balance period end	\$1,753,480	\$668,570

The Company entered into a currency swap agreement with a third party on March 30, 2022. The currency being purchased was received before reporting date. The currency being sold was paid to the third party and settled in full after reporting date, on April 1, 2022. The advance did not incur any interest.

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

	Level 1	Level 2	Level 3	Total
Short term advances	\$ -	-	1,753,480	1,753,480

The liabilities included in the above table are carried at amortised cost. Their carrying value are a reasonable approximation of fair value.

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

March 31, 2022	Gold stream liability	Short term advance	AFC loan	EPC deferred facility	Total
January 1, 2022	\$ 30,262,279	668,570	46,859,966	6,210,090	84,000,905
Cash flows:					
Drawdowns		- 1,753,388	-	-	- 1,753,388
Repayments	(1,806,690)	(667,488)	(1,316,346)	-	(3,790,524)
Non-cash changes:					
Unwinding of interest in the year	1,733,984	-	436,065	110,911	2,280,959
Foreign exchange movements	(439,092)	(990)	113,179	7,203	(319,700)
Offset against EPC payment	-	-	-	-	-
March 31, 2022	\$ 29,750,481	1,753,480	46,092,863	6,328,204	83,925,028
December 31, 2021	Gold stream liability	Short term advance	AFC loan	EPC deferred facility	Total
January 1, 2021	\$ 24,708,573	-	14,267,114	1,934,275	40,909,962
Cash flows:					
Drawdowns		- 678,935	31,153,833	-	- 31,832,768
Repayments	(443,915)	-	-	-	(443,915)
Transaction costs	-	-	(508,856)	-	(508,856)
Non-cash changes:					
Unwinding of interest in the year	6,562,830	-	1,714,041	250,402	8,527,273
Foreign exchange movements	(565,209)	(10,365)	233,834	25,598	(316,142)

Offset against EPC payment	-	-	-	3,999,815	3,999,815
December 31, 2021	\$ 30,262,279	668,570	46,859,966	6,210,090	84,000,905

## 1. PROVISIONS

	Fleet demobilisation costs	Restoration costs	Total
March 31, 2022			
Balance at Beginning of period	\$ -	\$ 618,586	\$ 618,586
Initial recognition of provision	220,274	-	220,274
Increase in provision of discount	-	5,884,660	5,884,660
Foreign exchange movements e	-	(63,228)	(63,228)
Balance at period end	\$ -	\$ 6,440,018	\$ 6,660,292
Current liability	-	-	-
Non-current liability	220,274	6,440,018	6,660,292
	Fleet demobilisation costs	Restoration costs	Total
December 31, 2021			
Balance at Beginning of year	\$ -	\$ 486,500	\$ 486,500
Initial recognition of provision	173,241	-	173,241
Increase in provision of discount	-	4,628,124	4,628,124
Foreign exchange movements e	-	(49,689)	(49,689)
Balance at year end	\$ 173,241	\$ 5,064,935	\$ 5,238,176
Current liability	-	-	-
Non-current liability	173,241	5,064,935	5,238,176

The restoration costs provision is for the site restoration at Segilola Gold Project in Osun State Nigeria. The 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 2021 US inflation rate of 4.7% and the interest rate of 1.263% 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 at mine closure.

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

## 1. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Plant and machinery	Office furniture	Land
Costs				
Balance, December 31, 2020	\$ 1,397,109	\$ 411,527	\$ 271,949	\$ 18,113
Acquisition payments	-	-	-	-
Additions	777,710	187,805	939,282	-
Foreign exchange movement	(114,673)	(29,208)	(6,114)	(1,291)
Balance, December 31, 2021	\$ 2,060,146	\$ 570,125	\$ 1,205,117	\$ 16,822
Transfers	-	-	-	-
Additions	-	37,431	221,524	-
Foreign exchange movement	(22,683)	(42,308)	(129,678)	(167)
Balance, March 31, 2022	\$ 2,037,463	\$ 565,248	\$ 1,296,963	\$ 16,655
Accumulated depreciation and impairment losses				
Balance, December 31, 2020	\$ 391,082	\$ 313,571	\$ 115,694	\$ -
Depreciation	431,020	54,475	179,509	-
Foreign exchange movement	(67,684)	(23,795)	(14,425)	-
Balance, December 31, 2021	\$ 754,418	\$ 344,250	\$ 280,778	\$ -
Depreciation	46,048	10,062	57,703	-
Foreign exchange movement	57,830	(32,407)	(5,300)	-
Balance, March 31, 2022	\$ 858,296	\$ 321,905	\$ 333,181	\$ -
Carrying amounts				
Carrying value at December 31, 2020	\$ 1,006,027	\$ 97,956	\$ 156,255	\$ 18,113

Carrying value at December 31, 2021	\$	1,305,728	\$	225,875	\$	924,339	\$	16,822
Balance, March 31, 2022	\$	1,179,167	\$	243,343	\$	963,782	\$	16,655

A summary of depreciation capitalized is as follows:

	Three months ended March 31,		Total depreciation capitalized	
	2022	2022	March 31, 2022	December 31, 2021
Exploration expenditures	23,418	7,331	620,534	515,461
Total	\$ 23,418	\$ 131,049	\$ 620,534	\$ 1,454,499

a) Segilola Project, Osun Nigeria:

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

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

#### Decommissioning Asset

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

### 1. INTANGIBLE ASSETS

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

	Douta Gold Project, Senegal	Central Houndé Project, Burkina Faso	Exploration licenses, Nigeria	So
Costs				
Balance, December 31, 2020	\$ 12,783,386	\$ -	\$ 89,395	\$ 2
Acquisition costs	\$ -	\$ -	\$ 74,897	\$
Exploration costs	2,037,122	106,614	742,145	
Additions	-	-	-	1
Depreciation	-	-	-	(1
Impairment	-	(106,692)	-	
Foreign exchange movement	(600,526)	78	(11,136)	
Balance, December 31, 2021	\$ 14,219,982	\$ -	\$ 895,301	\$ 2
Acquisition costs	-	-	-	
Exploration costs	664,839	2,701	58,424	
Depreciation	-	-	-	(
Impairment	-	(2,701)	-	
Foreign exchange movement	(525,941)	-	(34,319)	
Balance, March 31, 2022	\$ 14,358,880	\$ -	\$ 919,406	\$ 1

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

Refer to note 14 for details on classification.

a) Douta Gold Project, Senegal:

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

The Company is party to an option agreement (the "Option Agreement") with International Mining Company

("IMC"), by which the Company has acquired a 70% interest in the Douta Gold Project located in southeast Senegal held through African Star SARL.

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

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

b) Central Houndé Project, Burkina Faso:

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

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

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

Argento BF SARL held a 100% interest in the Ouere gold permit, covering an area of approximately 241 km<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.

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

On April 8, 2015, the Company entered into the Acacia Option Agreement with Acacia Mining plc ("Acacia"), whereby Acacia will have the exclusive option to earn up to a 51% interest in Central Houndé Project by satisfying certain conditions over a specified 4-year period and then the right to acquire an additional 29%, for an aggregate 80% interest in the Central 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 three months to March 31, 2021, recognize an impairment charge of \$121,909 through the Condensed Consolidated Statement of Comprehensive Loss.

### c) Exploration Licenses, Nigeria

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor's exploration tenure currently comprises nine explorations licenses and five joint venture partnership exploration licenses. Together with the mining lease over the Segilola Gold Deposit, Thor's total exploration tenure amounts to 1,252 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

	March 31, 2022	December 31, 2021
Trade payables	\$ 24,767,987	\$ 32,222,580
Accrued liabilities	3,033,349	3,058,121
Other payables	5,064,068	5,110,979
	\$ 32,865,404	\$ 40,391,680
Current liability	31,834,095	38,827,489
Non-current liability	1,031,309	1,564,191

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

Included in trade payables is a total of \$6,410,342 that relates to third party royalties that will become payable upon future gold sales. \$5,379,033 of this royalties' creditors is included in current liabilities, and \$1,031,309 is included in non-current liabilities (refer to note 3k for further detail).

#### 1. DEFERRED INCOME

	Three months ended March 31,	
	2022	2021
Deferred income \$	6,233,347	\$ -

Deferred income liability was recorded upon receipt of funds for a gold shipment with a delivery date of April 4, 2022, post reporting date. In accordance with the Group's Revenue Recognition accounting policy (See note 3j for further detail), revenue is deemed to arise at the point of delivery. This liability will be transferred and recognised as sales revenue in Q2 2022. The value of the gold shipment of 3,196 oz Gold was recognised as Gold Dore inventory at March 31, 2022 and measured in accordance with the Group's inventory accounting policy (refer to note 3l for further detail).

#### 1. CAPITAL AND RESERVES

##### a) Authorized

Unlimited common shares without par value.

##### b) Issued

	March 31, 2022 Number	March 31, 2022	December 31, 2021 Number	December 31, 2021
As at start of the year	632,358,009	\$ 79,027,183	621,405,975	\$ 76,858,769
Issue of new shares:				
- Share options exercised i	9,539,000	922,114	-	-
- Share warrants exercised ii	-	-	- 9,952,034	2,073,450

- Share options exercised iii	-	- 1,000,000	94,964
	641,897,009	\$ 79,949,297	632,358,009 \$ 79,027,183

i Value of 9,250,000 options exercised on January 19, 2022, at a price of CAD\$0.12 per share, and 289,000 options exercised at a price of CAD\$0.145 per share.

ii Value of 1,664,534 warrants exercised on June 8, 2021, at a price of CAD\$0.18 per share, and 8,287,500 warrants exercised on August 31, 2021, at a price of CAD\$0.28 per share.

iii Value of 1,000,000 options exercised at a price of CAD\$0.12 per share.

### 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 C\$0.20 per share for a period of five years. The options vested immediately.
- On October 5, 2018, 750,000 stock options were granted at an exercise price of C\$0.14 per share for a period of five years.
- On March 12, 2018, 12,800,000 stock options were granted at an exercise price of C\$0.145 per share for a period of five years.

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

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price
5	03/12/2018	0.95	2.00%	\$0.145	105.0%
5	10/05/2018	1.52	2.43%	\$0.14	100.0%
5	01/16/2020	2.80	1.49%	\$0.20	66.0%

### In Canadian Dollars

The Company has elected to measure volatility by calculating the average volatility of a collection of three peer companies historical share prices for the exercising period of each parcel of options. Management believes that given the transformational change that the 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.

## 19. CAPITAL AND RESERVES (continued)

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

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

Grant Date	Expiry Date	Exercise Price	Contractual Lives Remaining (Years)	January 1, 2022 Opening Balance	During the period	March 31, 2022 Closing Balance		
					Granted	Exercised	Expired / Forfeited	
16-Jan-2017	16-Jan-2022	\$0.12	-	9,250,000	(9,250,000)	-	-	-
12-Mar-2018	12-Mar-2023	\$0.145	0.95	12,800,000	(289,000)	-	-	12,511,000
5-Oct-2018	5-Oct-2023	\$0.14	1.52	750,000	-	-	-	750,000

16-Jan-2020 16-Jan-2025	\$0.20	2.80	14,040,000	-	-	-	14,040,000
Totals		1.92	36,840,000	-	(9,539,000)	-	27,301,000
Weighted Average Exercise Price		\$0.160	\$0.000	\$0.121	-	\$	0.173

In Canadian Dollars

## 19. CAPITAL AND RESERVES (continued)

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

Grant Date	Expiry Date	Exercise Price	Contractual Lives Remaining (Years)	January 1, 2021 Opening Balance	During the period			
					Granted	Exercised	Expired / Forfeited	
16-Jan-2017	16-Jan-2022	i \$0.12	0.05	9,750,000	-	(500,000)	-	-
7-May-2017	7-May-2022	ii \$0.12	-	500,000	-	(500,000)	-	-
12-Mar-2018	12-Mar-2023	\$0.145	1.19	12,800,000	-	-	-	-
5-Oct-2018	5-Oct-2023	\$0.14	1.76	750,000	-	-	-	-
16-Jan-2020	16-Jan-2025	\$0.20	3.05	14,040,000	-	-	-	-
Totals			1.62	37,840,000	-	(1,000,000)	-	-
Weighted Average Exercise Price				\$0.159	\$0.000	\$0.120	-	\$

In Canadian Dollars

<sup>i</sup> 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.

<sup>ii</sup> 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) 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'.

'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. EARNINGS PER SHARE

Basic and diluted profit (loss) per share is calculated by dividing the profit (attributed to shareholders for the three months to March 31, 2022, of \$200,473 (March 31, 2021: loss (\$67,365)) by the weighted average number of shares of 635,508,743 (March 31, 2021: 621,405,975) in issue during the year.

## 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 11, and the secured loan as disclosed in Note 12.

## b) Compensation of key management personnel

The remuneration of directors and other members of key management during the three months ended March 31, 2022, and 2021 were as follows:

	Three months ended March 31,	
	2022	2021
Salaries		
Current directors and officers (i) (ii)	\$ 198,305	\$ 131,673
Directors' fees		
Current directors and officers (i) (ii)	90,328	87,822
Share-based payments		
Current directors and officers	-	-
	\$ 288,633	\$ 219,495

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

(ii) The Company paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Company for services. Accounts payable and accrued liabilities at March 31, 2022, include \$nil (December 31, 2021 - \$346,275) 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 March 31,	
	2022	2021
Amounts receivable	\$ 41,150	\$ (2,531,421 )
Restricted cash and deferred income	9,700,500	50
Prepaid expenses and deposits	(340,269 )	(63,744 )
Accounts payable and accrued liabilities	(5,663,278 )	4,330,017
Change in non-cash working capital accounts	\$ 3,738,103	\$ 1,734,902
Relating to:		
Operating activities	\$ 2,625,340	\$ (2,463,755 )
Financing activities	-	-
Investing activities	1,112,763	4,198,657
	\$ 3,738,103	\$ 1,734,902

Accounts payable and accrued liabilities includes \$10,992,978 (December 31, 2021 - \$25,417,829) related to Assets under Construction and Exploration.

## 23. FINANCIAL INSTRUMENTS

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

Fair value of financial assets and liabilities

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

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

#### Financial risk management objectives and policies

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

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

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

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

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

#### Financial instruments by category

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

March 31, 2022	Measured at amortised cost	Measured at fair value through profit and loss	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,276,376	-	6,276,376
Restricted cash	-	-	-
Amounts receivable	191,876	-	191,876
<b>Total assets</b>	<b>\$ 6,468,252</b>	<b>-</b>	<b>6,468,252</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 26,455,062	6,410,342	32,865,404
Loans and borrowings	54,174,546	-	54,174,546
Gold stream liability	-	29,750,481	29,750,481
Lease liabilities	17,442,144	-	17,442,144
<b>Total liabilities</b>	<b>\$ 98,071,752</b>	<b>36,160,823</b>	<b>134,232,575</b>
December 31, 2021	Measured at amortised cost	Measured at fair value through profit and loss	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,276,270	-	1,276,270
Restricted cash	3,495,992	-	3,495,992
Amounts receivable	237,651	-	237,651
<b>Total assets</b>	<b>\$ 5,009,913</b>	<b>-</b>	<b>5,009,913</b>
<b>Liabilities</b>			

Accounts payable and accrued liabilities	\$ 33,284,701	7,106,979
Loans and borrowings	53,738,603	-
Gold stream liability	-	30,262,279
Lease liabilities	18,274,374	-
Total liabilities	\$ 105,297,678	37,369,258

#### Interest rate risk

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

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

	Interest rate Appreciation By 1%	Interest rate Depreciation By 1%
March 31, 2022		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 513,000	\$(513,000)
December 31, 2021		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 413,600	\$(413,600)

#### 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 March 31, 2022, and December 31, 2021, were as follows:

	March 31, 2022	December 31, 2021
Cash	\$ 6,276,376	\$ 1,276,270
Restricted cash	-	3,495,992
Amounts receivable	191,876	237,651
Total	\$ 6,468,252	\$ 5,009,913

#### 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.

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

The following table summarizes the Company's significant remaining contractual maturities for financial

liabilities at March 31, 2022, and December 31, 2021.

Contractual maturity analysis as at March 31, 2022

	Less than 3 months \$	3 - 12 Months \$	1 - 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable	19,460,543	4,276,135	1,174,798	-	24,911,476
Accrued liabilities	3,033,349	-	-	-	3,033,349
Other payables	5,064,068	-	-	-	5,064,068
Gold stream liabilities	3,691,526	9,198,431	32,111,801	-	45,001,758
Loans and borrowings	13,446,845	13,245,246	31,744,105	-	58,436,196
	44,696,332	26,719,812	65,030,703	-	136,446,848

Contractual maturity analysis as at December 31, 2021

	Less than 3 months \$	3 - 12 Months \$	1 - 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable	25,766,396	4,862,676	1,952,408	-	32,581,480
Accrued liabilities	3,076,393	-	-	-	3,076,393
Other payables	5,116,764	-	-	-	5,116,764
Gold stream liabilities	2,237,631	10,614,896	33,955,921	-	46,808,448
Loans and borrowings	1,984,714	26,031,054	32,400,920	-	60,416,688
	38,181,898	41,508,625	68,309,249	-	147,999,772

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

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

	Functional currency				
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	Wes Africa Fran
Currency of net monetary asset/(liability) March 31, 2022					
	USD\$				

March 31, 2022  
USD\$

March 31, 2022  
USD\$

March 31, 2022  
USD\$







Canadian dollar	(164,561	) -	-	-	-
US dollar	174,920	-	-	(126,762,169	) -
Pound Sterling	(620,350	) -	-	(45,728	) -
Nigerian Naira	-	-	-	(293,875	) -
West African Franc	-	-	-	-	24,606
Australian dollar	(57,119	) -	-	(20,047	) -
Total	(667,110	) -	-	(127,121,819	) 24,606

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

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

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

	Canadian Dollar Appreciation By 5%	Canadian Dollar Depreciation By 5%
March 31, 2022		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 142,000	\$(142,000 )
December 31, 2021		
Comprehensive income (loss)		
Financial assets and liabilities	\$ 194,000	\$(194,000 )

## 24. 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 made additional drawdowns from secured loan facilities in order to advance construction of the Segilola Gold Mine.

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.

## 25. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

### Contractual Commitments

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

## Contingent liabilities

As part of the nature of its business the Group on occasion receives claims from parties. A number of such claims do exist, but these are assessed robustly by the Group and its legal advisers and will be strongly rebutted where claims are considered to be spurious.

## 26. 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 period. The segment assets, liabilities and results are as follows:

March 31, 2022	Segilola Mine Project	Exploration Projects	Corporate	Total
Current assets	\$ 23,212,330	\$ 72,359	\$ 636,727	\$ 23,921,415
Non-current assets				
Deferred income tax assets	-	84,794	-	84,794
Prepaid expenses and deposit	85,136	-	18,654	103,790
Right-of-use assets	19,707,915	-	-	19,707,915
Property, plant and equipment	146,013,491	422,142	2,703	146,438,336
Intangible assets	188,202	15,278,288	-	15,466,490
Total assets	\$ 189,207,074	\$ 15,857,582	\$ 658,083	\$ 205,722,740
Non-current asset additions	\$ 7,845,675	\$ 720,688	\$ -	\$ 8,566,363
Liabilities	\$ (144,668,999)	\$ (21,233	) \$(1,117,061)	) \$(145,807,294)
Profit (loss) for the period	\$ 1,344,235	\$ (60,571	) \$(1,083,190)	) \$ 200,473
- consulting fees	(137,835)	(30,174	) (156,345	) (324,354
- salaries and benefits	(37,913)	-	(288,073	) (325,986
- depreciation owned assets	(5,002,094)	(2,234	) (1,463	) (5,004,617
- impairments	-	(2,701	) -	) (2,701

## Non-current assets by geographical location:

March 31, 2022	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	11,238	73,899	18,654	103,790
Right of use assets	-	-	-	19,707,915	-	19,707,915
Property, plant and equipment	189,128	-	-	146,246,505	2,703	146,438,336
Exploration and evaluation assets	14,680,184	-	-	786,306	-	15,466,490
Total non-current assets	\$ 14,869,312	\$ -	\$ 11,238	\$ 166,814,624	\$ 21,357	\$ 181,724,537
December 31, 2021	Segilola Mine Project	Exploration Projects	Corporate	Total		
Current assets	\$ 29,549,614	\$ 96,471	533,315	30,179,401		
Non-current assets						
Deferred income tax assets	-	86,795	-	86,795		
Prepaid expenses and deposit	87,310	-	18,373	105,683		
Right-of-use assets	20,843,612	-	-	20,843,612		
Property, plant and equipment	146,913,777	455,861	4,018	147,373,656		
Intangible assets	230,128	15,115,291	-	15,345,419		
Total assets	\$ 191,630,714	\$ 15,418,260	449,527	207,498,501		
Non-current asset additions	\$ 73,406,244	\$ 3,282,847	2,911	76,692,002		
Liabilities	\$ (146,569,538)	\$ (43,262)	(1,292,311)	(147,905,111)		
Profit (loss) for the year	\$ 2,609,915	\$ (340,728)	(4,780,841)	(2,511,655)		
- consulting fees	(8,264)	(153,207	) (193,773	) (355,244		
- salaries and benefits	(261,541)	-	(1,027,711	) (1,289,252		
- depreciation owned assets	(15,498)	(4,517	) (1,156	) (21,171		

- impairments - (102,006 ) - (102,006 )

Non-current assets by geographical location:

December 31, 2021	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	12,623	74,686	18,374	105,683
Right-of-use assets	-	-	-	20,843,612	-	20,843,612
Property, plant and equipment	201,264	-	-	147,168,374	4,018	147,373,656
Intangible assets	14,529,771	-	-	815,648	-	15,345,419
Total non-current assets	\$ 14,731,035	\$ -	\$ 12,623	\$ 168,902,320	\$ 22,392	\$ 183,668,075

27. SUBSEQUENT EVENTS

Appointments

Following the period end, the Company appointed James Philip as Chief Operating Officer, and Chris Omo-Osagie as Acting Chief Finance Officer.

We believe that both James and Chris' operational experience will be valuable in taking us through the next phase of our evolution into a multi asset development, management, and operating group.

Resignation

Ben Hodges has resigned from his position as Chief Finance Officer and will be transitioning from the Company over the next three months.

We are extremely grateful to Ben for his commitment and service during a very important period of the Company's development and we wish Ben the very best in his future pursuits.

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