THOR EXPLORATIONS LTD

# Consolidated Financial Statements

For the Years Ended December 31, 2023, and 2022

(in United States Dollars)

# THOR EXPLORATIONS LTD.

December 31, 2023

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# Independent Auditor's Report

**To the Shareholders of Thor Explorations Limited**

**Opinion**

We have audited the consolidated financial statements of Thor Explorations Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of cash flows, and the consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How the scope of our audit addressed the key audit matter |
|---|---|
| **Valuation of Inventory**<br><br>There are a number of key judgements and estimates which are applied in assessing the valuation of inventory including the volumetrics of each type of inventory, the stage of completion and the allocation of overheads.<br><br>Valuation of inventory has been raised as a significant risk. During course of the audit, we have challenged management on the model utilized for the valuation of gold in stockpile, gold in CIL (Carbon-In-Leach) and Gold dore and as a result of this challenge, the Group identified an error in the prior year model used for valuation of gold Dore, gold in CIL and stockpiles.<br><br>The error has led to an adjustment to inventory balances as at 31 December 2022 amounting to $12,730,276 (note 6 and note 25). | Our specific audit testing in this regard included:<br><br>In respect of the valuation of inventory for December 31, 2023<br>• Obtaining an understanding of the processes around stockpile, gold dore and gold in CIL measurement, survey and any reconciliations performed to reconcile tonnes mined through each of the stages of production where inventory arises.<br>• Attending the physical stock count as at year end and observing surveys and counts where applicable for all phases of production including but not limited to gold in stockpiles, gold in CIL and gold dore.<br>• Assessing the competence and independence of management experts (surveyors).<br>• Obtaining Management's model and calculation for the value of the gold in stockpile, gold in CIL and gold dore and |

<table>
<tr>
<td>In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the comparative disclosures (December 31, 2022), have been restated (note 25) by recording an increase in Inventory (note 6) and an equal decrease in cost of sales (note 5b).<br><br>Due to the material significance of the amount of inventory on the statement of financial position at year end we consider the valuation of inventory to be a key audit matter.</td>
<td>checking the mathematical accuracy of the model and assessing the reasonableness of the inputs into the calculation against current year production and industry knowledge and experience within the team.<ul><li>Assessing the reasonableness of the split between long-term and short-term stockpiles by comparing to future production plans included in the life of mine reporting prepared by a third party.</li><li>Assessing the accuracy and appropriateness of costs absorbed into the different phases of production through reference back to relevant accounting standard guidance and industry knowledge and experience.</li><li>Testing of the net realizable value for both the long term and short-term stockpiles by comparing the total costs, plus anticipated future costs to completion to current market prices for gold taken from third party data sources.</li></ul>In respect of the prior period error, we have performed procedures including:<ul><li>Challenging the margins within the underlying financial information compared to expectations and the mine plan which we raised challenge to management where there were inconsistencies with expectations.</li><li>Obtaining Management’s model and calculation for the value of the gold in stock pile, gold in CIL and gold dore and ensured mathematical accuracy of the model and assessed the reasonableness of the inputs into the calculation. Ensuring that the key inputs audited in the prior year have remained unchanged in the calculation for example volumes and density.</li><li>Assessing the reasonableness of the split between long-term and short-term stockpiles by comparing to future production plans included in the life of mine reporting prepared by a third party.</li><li>Assessing the accuracy and appropriateness of costs absorbed into the different phases of production through reference back to relevant accounting standard guidance and industry knowledge and experience.</li><li>Testing of the net realizable value for both the long term and short-term stockpiles by comparing the total costs, plus anticipated future costs to completion to current market prices for gold taken from third party data sources.</li><li>Reviewed and assessed the adequacy of the disclosures in the financial statements to check that they were prepared in accordance with the requirements of the accounting standards.</li></ul></td>
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</table>

| Completeness of liabilities | Our specific audit testing in this regard included: |
|---|---|
| During the audit of the financial statements for December 31, 2023, we identified discrepancies between balances confirmed by suppliers and balances recorded in the draft financial statements which led to additional testing being performed to ensure that the completeness and cut-off of liabilities is appropriate. We also note there were prior period adjustments in respect of the completeness of liabilities impacting the prior year financial statements.<br><br>We therefore consider the impact of cut-off and completeness of liabilities in the financial statements in the current period to be a significant risk for the December 31, 2023 audit and accordingly a key audit matter. | • Obtaining an understanding of the system to assess whether Management had implemented controls and processes to prevent or detect an error such as that arose in the prior year from reoccurring.<br>• Obtaining the schedule of accruals as at December 31, 2023 and checking the arithmetical accuracy of the schedule.<br>• Obtaining confirmations for a sample of suppliers and agreeing balances confirmed to balances recorded and obtaining reconciliations for any differences noted. We have assessed the reasonableness of all reconciling items noted.<br>• Agreeing the expenses to source documentation and internal cost to contract reconciliations for the Group's key suppliers<br>• Selecting a sample of post year end payments until one week before sign off date and agreeing to source documentation to ensure the related expense has been recognised in the correct financial year.<br>• Selecting a sample of post year end transactions from the detailed ledger until one week before the date of signing these financial statements and agreeing it to source documentation to check that the related expense has been recognised in the correct financial year.<br>• Reviewing the list of accruals for reasonableness based on our understanding of the entity and a retrospective review as the business has not changed from prior year. |

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

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

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

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Anne Sayers.

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Anne Sayers
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BDO LLP
Chartered Professional Accountants
London, UK
27 April 2024

# THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
In United States dollars

| | Note | December 31, 2023 $ | December 31, 2022 $ (restated) | January 1, 2022 $ (restated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | | 7,839,757 | 6,688,037 | 1,276,270 |
| Restricted cash | | - | - | 3,495,992 |
| Inventory | 6 | 41,770,046 | 32,499,224 | 17,351,261 |
| Amounts receivable | 7 | 280,731 | 220,442 | 237,651 |
| Prepaid expenses, advances and deposits | 8 | 7,650,041 | 10,476,923 | 586,865 |
| **Total current assets** | | 57,540,575 | 49,884,626 | 22,948,039 |
| **Non-current assets** | | | | |
| Inventory | 6 | 15,891,089 | - | - |
| Deferred income tax assets | | 90,277 | 87,797 | 86,795 |
| Prepaid expenses, advances and deposits | 8 | 221,266 | 282,825 | 105,683 |
| Right-of-use assets | 9 | 12,095,671 | 16,849,402 | 20,843,612 |
| Property, plant and equipment | 14 | 144,362,559 | 149,513,917 | 152,113,917 |
| Intangible assets | 15 | 28,912,732 | 19,231,208 | 15,345,419 |
| **Total non-current assets** | | 201,573,594 | 185,965,149 | 188,495,426 |
| **TOTAL ASSETS** | | 259,114,169 | 235,849,775 | 211,443,465 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | 16 | 74,773,828 | 56,337,289 | 43,567,750 |
| Deferred income | 17 | 11,838,898 | 6,581,743 | - |
| Lease liabilities | 9 | 4,820,353 | 4,811,991 | 4,849,088 |
| Gold stream liability | 10 | 12,343,232 | 10,187,630 | 12,837,633 |
| Loans and other borrowings | 11 | 23,247,692 | 888,141 | 27,984,078 |
| **Total current liabilities** | | 127,024,003 | 78,806,794 | 89,238,549 |
| **Non-current liabilities** | | | | |
| Accounts payable and accrued liabilities | | - | - | 1,564,191 |
| Lease liabilities | 9 | 6,669,717 | 10,597,294 | 13,425,286 |
| Gold stream liability | 10 | 7,699,765 | 14,852,135 | 17,424,646 |
| Loans and other borrowings | 11 | 518,354 | 27,254,513 | 25,754,525 |
| Provisions | 13 | 5,007,560 | 4,959,638 | 5,238,176 |
| **Total non-current liabilities** | | 19,895,396 | 57,663,580 | 63,406,824 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Common shares | 20 | 81,490,834 | 80,439,693 | 79,027,183 |
| Option reserve | 20 | 1,968,134 | 3,351,133 | 4,513,900 |
| Currency translation reserve | | (1,618,129) | (2,512,911) | (2,889,510) |
| Retained earnings | | 30,353,931 | 18,101,486 | (21,853,481) |
| **Total shareholders' equity** | | 112,194,770 | 99,379,401 | 58,798,092 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 259,114,169 | 235,849,775 | 211,443,465 |

**Contractual commitments and contingent liabilities (Note 23)**

These consolidated financial statements were approved for issue by the Board of Directors on April 27, 2024, 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.

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

| | Note | | 2023 $ | | 2022 $ |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | **(restated)** |
| **Revenue** | 5a | | **141,245,328** | | 165,174,531 |
| **Cost of sales** | 5b | | **(101,435,510)** | | (92,942,215) |
| Loss on forward sale of commodity contracts | | | **(1,130,078)** | | (1,587,524) |
| **Gross profit from operations** | | | **38,679,740** | | 70,644,792 |
| Amortisation and depreciation - owned assets | 5c | | **(679,946)** | | (1,254,566) |
| Amortisation and depreciation - right-of-use assets | 5c | | **(143,479)** | | (85,326) |
| Other administration expenses | 5d | | **(10,746,349)** | | (15,883,876) |
| Buy-out of gold sale agreement`s option | 5f | | **(3,154,454)** | | - |
| Impairment of Exploration & Evaluation assets | 15 | | **(11,671)** | | (12,014) |
| **Profit from operations** | | | **23,943,841** | | 53,409,010 |
| Interest expense | 5e | | **(13,074,395)** | | (14,616,810) |
| **Net profit before income taxes** | | | **10,869,446** | | 38,792,200 |
| Income Tax | 5g | | **-** | | - |
| **Net profit for the year** | | | **10,869,446** | | 38,792,200 |
| Attributable to: | | | | | |
| Equity shareholders of the Company | | | **10,869,446** | | 38,792,200 |
| **Net profit for the period** | | | **10,869,446** | | 38,792,200 |
| **Other comprehensive profit** | | | | | |
| Foreign currency translation gain attributed to equity shareholders of the company | | | **894,782** | | 376,599 |
| **Total comprehensive income for the period** | | | **11,764,228** | | 39,168,799 |
| **Net profit per share** | | | | | |
| **Basic** | 19 | **$** | **0.017** | $ | 0.060 |
| **Diluted** | 19 | **$** | **0.017** | $ | 0.060 |

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

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# THOR EXPLORATIONS LTD.

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

| | Note | 2023 | 2022 (restated) |
|---|---|---|---|
| **Cash flows from/(used in):** | | | |
| **Operating activities** | | | |
| Net profit | | **$ 10,869,446** | $ 38,792,200 |
| Adjustments for: | | | |
| Impairment of Exploration & Evaluation assets | 15 | **11,671** | 12,014 |
| Share-based compensation | | **-** | 451,964 |
| Amortisation and depreciation | 5 | **28,239,911** | 31,652,256 |
| Loss on forward sale of commodity contracts | | **1,130,078** | 1,587,524 |
| Unrealized foreign exchange gains | 5 | **(2,416,254)** | 1,633,496 |
| Interest expense | 5 | **13,074,395** | 14,616,810 |
| Income tax | 5 | **-** | - |
| | | **50,909,247** | 88,746,264 |
| Changes in non-cash working capital accounts | | | |
| Inventory | | **(25,161,911)** | (15,147,963) |
| Amounts receivable | | **(60,289)** | 17,209 |
| Prepaid expenses, advances and deposits | | **2,888,441** | (10,273,029) |
| Accounts payable and accrued liabilities | | **30,005,140** | 14,464,283 |
| Deferred income | | **5,257,155** | 6,581,743 |
| **Net cash flows from operating activities** | | **63,837,783** | 84,388,507 |
| **Investing** | | | |
| Restricted cash | | **-** | 3,495,992 |
| Purchase of intangible assets | 15 | **(140,966)** | (43,599) |
| Assets under construction expenditures | 14 | **-** | (1,884,352) |
| Property, plant and equipment | 14 | **(28,288,346)** | (26,754,964) |
| Exploration & Evaluation assets expenditures | 15 | **(9,409,107)** | (5,366,778) |
| **Net cash flows used in investing activities** | | **(37,838,419)** | (30,553,701) |
| **Financing** | | | |
| Share subscriptions received | 18 | **1,051,141** | 960,546 |
| Repayment of loans and borrowings | 12 | **(16,748,922)** | (39,864,224) |
| Interest paid | 12 | **(4,215,545)** | (4,645,014) |
| Arrangement fees paid | 12 | **(126,874)** | - |
| Payment of lease liabilities | 9 | **(5,026,847)** | (4,882,786) |
| **Net cash flows used in financing activities** | | **(25,067,047)** | (48,431,478) |
| Effect of exchange rates on cash | | **219,403** | 8,439 |
| **Net change in cash** | | **$ 1,151,720** | **$ 5,411,767** |
| **Cash, beginning of the period** | | **$ 6,688,037** | $ 1,276,270 |
| **Cash, end of the period** | | **$ 7,839,757** | $ 6,688,037 |

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

## THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
In United States dollars

| | Note | Common shares | Option reserve | Currency translation reserve | (Deficit)/ Retained earnings | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance on January 01, 2022 (restated)** | | **$ 79,027,183** | **$ 4,513,900** | **$ (2,889,510)** | **$ (21,853,481)** | **$ 58,798,092** |
| Net profit for the period | | - | - | - | 38,792,200 | 37,996,903 |
| Other comprehensive income | | - | - | 376,599 | - | 376,599 |
| **Total comprehensive profit for the year** | | **-** | **-** | **376,599** | **38,792,200** | **39,168,799** |
| Contributions by and distributions to owners | | | | | | |
| Options exercised | 18 | 1,412,510 | (1,162,767) | - | 1,162,767 | 1,412,510 |
| **Balance on December 31, 2022 (restated)** | | **$ 80,439,693** | **$ 3,351,133** | **$ (2,512,911)** | **$ 18,101,486** | **$ 99,379,401** |
| Net profit for the period | | - | - | - | 10,869,446 | 10,869,446 |
| Other comprehensive income | | - | - | 894,782 | - | 894,782 |
| **Total comprehensive profit for the year** | | **-** | **-** | **894,782** | **10,869,446** | **11,764,228** |
| Contributions by and distributions to owners | | | | | | |
| Options exercised | 18 | 1,051,141 | (1,382,999) | - | 1,382,999 | 1,051,141 |
| **Balance on December 31, 2023** | | **$ 81,490,834** | **$ 1,968,134** | **$ (1,618,129)** | **$ 30,353,931** | **$ 112,194,770** |

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

## 1. CORPORATE INFORMATION

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

The Company was formed in 1968 and is organized under the Business Corporations Act (British Columbia) (BCBCA) with its registered office at 550 Burrard St, Suite 2900 Vancouver, BC, CA, V6C 0A3.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

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

### b) Basis of measurement

The consolidated financial statements are presented in United States dollars ("US$").

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. A precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period involves the use of estimates, which have been made using careful 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 financial statements are discussed in Note 4.

### c) Nature of operations and going concern

As at December 31, 2023, the Group had cash of $7,839,757 and inventory of 4,405 ounces of gold doré, as well as 11,210 ounces of gold-in-circuit inventory.

During the year ended December 31, 2023, the Group sold 73,356 ounces of gold and generated a net cash flow from operating activities to the Group of $63,837,783.

The Board has reviewed the detailed cash flow forecast prepared by management, for the twelve-month period from the date of this report.

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next twelve months and that as at the date of this report, there are no material uncertainties regarding going concern.

## 2. BASIS OF PREPARATION (continued)

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

Key assumptions underpinning this forecast in addition to estimated production of 95,000 – 100,000 ounces of gold for 2024 include gold prices between $2,000 per ounce and $2,095 per ounce, effective cost control of key production elements and production volumes in line with annual guidance. This is considered to be the Group's base case scenario which demonstrates the Group has sufficient cash and working capital to continue operations for a period of no less than twelve months from the date of approval of these financial statements.

The Directors have also considered various scenarios that may impact cashflow including adverse changes in gold price (down to $1,950 per ounce), inflationary pressures on key cost elements (up to 5%), and adverse positions regarding the Facility covenants. The Directors are satisfied that these stress test scenarios have appropriate planned mitigating actions, which will be sufficient to maintain the Group's going concern status if in the unlikely event, any of these eventualities occurred.

The Directors are therefore satisfied that the going concern basis of accounting is an appropriate assumption to adopt in the preparation of the consolidated financial statements as at December 31, 2023.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

### a. Consolidation principles

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

### b. Details of the Group

In addition to the Company, these consolidated financial statements include all subsidiaries of the Company. Subsidiaries are all corporations over which the Company has power over the Subsidiary, and it is exposed to variable returns from the Subsidiary, and it has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity, with subsidiaries being fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

In United States dollars, except where noted

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

The subsidiaries of the Company are as follows:

| Company | Location | Incorporated | Interest | Functional currency |
|---|---|---|---|---|
| Thor Investments (BVI) Ltd. ("Thor BVI") | British Virgin Islands | September 30, 2011 | 100% | USD |
| African Star Resources Incorporated ("African Star") | British Virgin Islands | September 30, 2011 | 100% | GBP |
| Segilola Resources Incorporated ("SR BVI") | British Virgin Islands | March 10, 2020 | 100% | USD |
| Thor Gold Ventures Ltd ("THX GV") | United Kingdom | February 11, 2022 | 100% | GBP |
| African Star Resources SARL ("African Star SARL") | Senegal | July 14, 2011 | 100% | CAF |
| Argento Exploration BF SARL ("Argento BF SARL") | Burkina Faso | September 15, 2010 | 100% | CAF |
| AFC Constelor Panafrican Resources SARL ("AFC Constelor SARL") | Burkina Faso | December 9, 2011 | 100% | CAF |
| Segilola Resources Operating Limited ("SROL") | Nigeria | August 18, 2016 | 100% | USD |
| Segilola Gold Limited ("SGL") | Nigeria | August 18, 2016 | 100% | NGN |
| Newstar Minerals Limited ("Newstar") | Nigeria | July 5, 2022 | 100% | USD |
| Enorm Mining Limited ("Enorm") | Nigeria | August 20, 2023 | 51% | USD |
| Ngnira Gold SARL ("Ngnira") | Cote D'Ivoire | April 22, 2023 | 100% | USD |

**c. Foreign currency translation**

***Functional and presentation currency***
The Company's functional and presentation currency is the United States dollar ("$"). The functional currency for the Company 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 THX GV, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL and SGL's financial statements into the United States dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires, on consolidation, that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor GV, Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL and SGL are recognized in other comprehensive income (loss). Exchange differences arising on the net investment in subsidiaries are recognized in other comprehensive income.

***Foreign currency transactions***
Foreign currency transactions are accounted for as follows:

- Property, plant and equipment and intangible assets using the rates at the time of acquisition;
- Other assets and liabilities using the closing exchange rate as at the balance sheet date with translation gains and losses recorded in other income/expense; and

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

- Income and expenses using the average exchange rate for the period, except for expenses that relate to non-monetary assets and liabilities measured at historical rates, which are translated using the same historical rate as the associated non-monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing on the dates of the transactions.

**d. Financial instruments**

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

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

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

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

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

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

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

*Other financial liabilities*

Other financial liabilities include the following items:

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

Accounts payable and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

***Fair Value measurement hierarchy***

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

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

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

***Gold Stream arrangement***

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

Under the terms of the GSA an advance payment of $21 million was received. Upon the commencement of production at Segilola the AFC had the right to receive 10.27% of gold produced from the Group’s ML41 mining license. Once the initial liability has been repaid in full any further gold

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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.

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. Therefore, the liability is accounted for in accordance with IFRS 9 whereby the liability is classified as a financial liability measured at fair value through profit or loss. The fair value measurement for the GSA is considered to be a level 3 under the hierarchy established by IFRS 13 for the years ended December 31 2023 and 2022.

***Capitalization of borrowing costs***

The Group capitalizes interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the exploration and evaluation, development or construction stages. Qualifying assets also include significant expansion projects at our operating mines. Capitalized interest costs are considered an element of the cost of the qualifying asset which is determined based on gross expenditures incurred on an asset. Capitalization ceases when the asset is substantially complete or if active development is suspended or ceases. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings.

**e. Property, plant and equipment**

***Motor Vehicles, Plant and Machinery and Office Furniture***

At acquisition, the Group records Motor Vehicles, Plant and Machinery and Office Furniture at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price; brokers' commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. These are depreciated on a straight-line basis over their expected useful life, which commences when the assets are considered available for use. Once buildings, plant and equipment are considered available for use, they are measured at cost less accumulated depreciation and applicable impairment losses. Depreciation on equipment utilized in the development of assets, including exploration assets, is recapitalized as development costs attributable to the related asset.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

| Estimated useful lives of asset categories | Rate |
|---|---|
| Motor vehicles | 20-33% |
| Plant and machinery | 20-25% |
| Office furniture | 20-33% |

***Mineral Properties***

Mineral properties consist of: Segilola Mine, Processing Plant and Decommissioning Asset. In addition, the Group incurs project costs which are generally capitalized when the expenditures result in a future benefit.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as open pit mine development costs. Pre-production stripping costs are capitalized until commercial production levels are achieved, after which time such costs are either capitalized to inventory or, if it qualifies as an open pit stripping activity that provides a future benefit, to property, plant and equipment. Stripping costs incurred during the production stage of an open pit are accounted for as costs of the inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body. Components of the ore body are based on the distinct development phases identified by the mine planning engineers when determining the optimal development plan for the open pit. Production phase stripping costs generate a future economic benefit when the related stripping activity: (1) improves access to a component of the ore body to be mined in the future; (2) increases the fair value of the mine (or open pit) as access to future mineral reserves becomes less costly; and (3) increases the productive capacity or extends the productive life of the mine (or open pit). Production phase stripping costs that are expected to generate a future economic benefit are capitalized as open pit mine development costs. Capitalized open pit mine development costs are depreciated on a UOP basis whereby the denominator is the estimated ounces of gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current LOM plan that benefit from the development and are considered probable of economic extraction.

**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 capitalized 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. Depreciation commences once the asset is complete, commissioned and available for use.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**f. Exploration and evaluation expenditures**

***Acquisition costs***

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

***Exploration and evaluation expenditures***

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

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

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

***Farm-in agreements***

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

**g. Impairment of non-current assets**

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

Impairment reviews performed under IAS 36 are carried out on a periodic basis to ensure that the value recognized 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.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

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

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

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

**h. Revenue recognition**

The Group enters into forward sales contracts for the sale of gold at a pre-determined and agreed price with costumers who remit the cash proceeds to the Group on the same day. The advance cash payment received is treated as a contract liability without significant financing component. The Group recognizes the sale upon delivery at which point control of the product has been transferred to the customers. Transfer of control generally takes place when refined gold is credited to the metals account at the refinery of the customer who has sold the gold via forward sale. Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of the Agreement with the customers.

**i. Royalties**

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

The Group also had 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") were capped at $7.5 million in aggregate. Royalties were 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 were assessed to be contingent consideration in the acquisition of the Segilola Gold Mine under IFRS 3. In accordance with the Group's accounting policy the contingent consideration was recognized as a financial liability at the point where there was considered to be certainty over the payment arising (commencement of production). The discount has been unwound over the estimated time it has taken to pay the entire $7.5 million obligation. The value of the royalties has been depreciated over the estimated life of the mine, and royalty payments have been 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 Statements of Comprehensive Income/(Loss). The final payment under the third-party royalties' arrangement was made in July 2023. The fair value of the third party royalties as at December 31, 2022 was $2,215,585 and was considered to a level 3 under the hierarchy established by IFRS 13.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**j. 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 labor 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 labor costs and production overheads.

**k. Basic and diluted income or loss per share**

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

**l. Comprehensive income (loss)**

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

**m. Share-based payments**

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

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate

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

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**n. 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 capitalized within property, plant and equipment on initial recognition. The capitalized cost is amortized on a unit of production basis. Unwinding of the discount is recognized 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 programs to prevent and control pollution and to rehabilitate the environment are charged to profit or loss as incurred.

**o. Leases**

***Lease liabilities***

Lease liabilities recognized on balance sheet. On inception, the lease liability is recognized as the present value of the expected future lease payments, discounted using interest rate implicit in the lease. Lease payments included in the lease liability consist of each of the following:

- Fixed payments, including in-substance fixed payments;
- Payments whose variability is dependent only upon an index or a rate, measured initially using the index or rate at the lease commencement date. The lease liability is revalued when there is a change in future lease payments arising from a change in an index or rate
- Any amounts expected to be payable under a guarantee of residual value

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

***Leased right-of-use assets***

Leased right-of-use assets are included within Right-of-use assets, and on inception of the lease are recognized at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date, plus any direct costs incurred and an estimate of costs for dismantling, removing, or restoring the underlying asset and less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset.

**p. 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 recognized 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.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**q. Application of new and revised International Financial Reporting Standards**

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes

**r. Future accounting pronouncements**

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

| | |
|---|---|
| Amendments to IFRS 16 | Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 | Supplier Finance Arrangements |

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group 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 Group 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.

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 US2,025 /oz at December 31, 2023. A 5% change in gold production estimates would result in an impact of $0.1 million on the Gold Stream liability.

(ii) *Estimated recoverable ounces*

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(iii) Mineral reserves

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

(iv) *Restoration, site rehabilitation and environmental costs*

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognizes management's best estimate of the rehabilitation costs in the period in which they are incurred. This estimate includes judgements from management in respect of which costs are expected to be incurred in the future, the timing of these costs and their present value. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine. A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of $0.25 million (2022: $0.25 million) on the provision for environmental and site restoration. The value of the period-end restoration provision is disclosed within Note 13.

(v) *Inventory*

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

*(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 $11,671 (2022: $12,014) has been charged to the Consolidated Statement of Comprehensive Income. There were no impairment indicators present in respect of any of the other exploration and evaluation assets and as such, no additional impairment test was performed.

*(ii) Indicators of impairment of property, plant and equipment*

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

In United States dollars, except where noted

## 5. PROFIT FROM OPERATIONS

### 5a. REVENUE

| | Year Ended December 31, 2023 | 2022 |
|---|---|---|
| Gold revenue | **141,036,661** | 165,060,320 |
| Silver revenue | **208,667** | 114,211 |
| | **$ 141,245,328** | **$** 165,174,531 |

The Group`s revenue is generated in Nigeria. All sales are made to the Group`s two customers, one of these customers representing approximately 96% of sales. However, because gold can be sold through numerous gold market traders worldwide (including a large number of financial institutions), the Group is not economically dependent on a limited number of customers for the sale of its product.

### 5b. COST OF SALES

| | Year Ended December 31, 2023 | 2022 (restated[1]) |
|---|---|---|
| Mining | **61,864,380** | 53,031,977 |
| Processing | **17,849,409** | 8,440,022 |
| Support services and others | **9,042,212** | 9,620,511 |
| Foreign exchange gains on production costs[2] | **(19,081,174)** | (15,578,520) |
| **Production costs** | **$ 69,674,827** | **$ 55,513,990** |
| Transportation and refining | **2,478,442** | 3,419,334 |
| Royalties | **1,865,755** | 3,696,527 |
| Amortization and depreciation - operational assets - owned assets | **22,777,712** | 25,673,590 |
| Amortization and depreciation - operational assets – right-of-use assets | **4,638,774** | 4,638,774 |
| **Cost of sales** | **101,435,510** | **92,942,215** |

1 Refer to note 25 for details on the prior year restatement
2 The total foreign exchange movements for the year ended December 31, 2023, were $19,081,174 gains (2022: gains of $15,578,520). These comprise of realized foreign exchange gains of $16,664,920 (2022: gains of $17,212,016) and unrealized foreign exchange gains of $2,416,254 (2022: loss of $1,643,496). During the years ended December 31, 2023, and 2022, SROL entered into spot currency trades to support funding of its operations in Nigeria. The foreign exchange gains and losses from these trades are generated from the differences between the local currency values achieved on the trades versus the currency translation rate as at the time of the trade. All local currency obtained from these spot currency trades are utilized wholly and exclusively for the purchase of raw materials, spare parts and other operational inputs required to support and maintain local operations.

### 5c. AMORTIZATION AND DEPRECIATION

| | Year Ended December 31, 2023 | 2022 |
|---|---|---|
| Amortization and depreciation - mining and operational assets - owned assets | **22,777,712** | 25,673,590 |
| Amortization and depreciation - mining and operational assets - right-of-use assets | **4,638,774** | 4,638,774 |
| Amortization and depreciation – owned assets | **679,946** | 1,254,566 |
| Amortization and depreciation – right-of-use assets | **143,479** | 85,326 |
| | **$ 28,239,911** | **$ 31,652,256** |

In United States dollars, except where noted

### 5d. OTHER ADMINISTRATION EXPENSES

| | Year Ended December 31, 2023 | 2022 |
|---|---|---|
| Employee compensation | **3,883,477** | 4,666,009 |
| Professional services | **1,894,777** | 1,726,637 |
| Other corporate expenses | **4,968,095** | 9,491,230 |
| | **$ 10,746,349** | **$ 15,883,876** |

### 5e. INTEREST EXPENSE

| | Note | Year Ended December 31, 2023 | 2022 |
|---|---|---|---|
| Interest on loan from the Africa Finance Corporation | 11 | **5,735,251** | 6,465,751 |
| Interest on deferred element of EPC contract | 11 | **738,183** | 472,811 |
| Fair value movements on Gold stream liability | 10 | **5,244,531** | 6,311,927 |
| Interest on leases | 9 | **1,078,217** | 1,052,329 |
| Interest on provisions | 13 | **46,981** | 108,164 |
| Other | | **264,957** | 205,828 |
| **Interest expense** | | **13,074,395** | **14,616,810** |

### 5f. BUY-OUT OF GOLD SALE AGREEMENT'S OPTION

On April 15, 2020, SROL entered into the Offtake Agreement for the Sale and Purchase of Gold ("Offtake Agreement") with the AFC. The Offtake Agreement gives the AFC the right to purchase up to 89.73%, to a maximum of 375,376 ounces of SROL's gold production at a "Low Reference Price," being the lowest gold price per the London Bullion Market Association ("LBMA") platform over an 8-day look back period from the date of delivery of the gold.

The cost of the Offtake Agreement to SROL will potentially increase during periods of gold price volatility covering the 8-day look back period, increasing the variability of income and reducing the average realized gold price earned by SROL.

In November 2023, the Group exercised and paid off the buy-out option contained in the Offtake Agreement valued at $3,154,454, which was also deemed to be its fair value at that date.

Following the exercise of the option, the Group is no longer liable to incur further losses on forward sale of commodity contracts relating to the Low Reference Price.

In United States dollars, except where noted

## 5g. INCOME TAX

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

| | | Year Ended December 31, 2023 | 2022 |
|---|---|---|---|
| **Profit before income taxes** | | **10,869,446** | **38,792,200** |
| Applicable Nigeria tax rate | | **27%** | **27%** |
| Tax at applicable tax rate | | **(2,934,750)** | **(10,473,894)** |
| Adjustments for different tax rates in the Group | | **2,041,046** | **9,596,206** |
| Losses carried forward not recognized | | **893,704** | **877,688** |
| **Income tax credit/(charge)** | **$** | **-** | **-** |

During the years ended December 31, 2023, and 2022 the Canadian federal corporate income tax rate remained unchanged at 15%. The British Columbia provincial corporate income tax rate also remained unchanged at 12%.

The Senegalese, Burkina Faso and Cote D'Ivoire income tax rates remained unchanged at 30%, 28% and 25% respectively.

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

The Company has available non-capital losses in Canada of approximately $17,546,000 (2022: $14,575,000). The Canadian non-capital losses may be utilized to offset future taxable income and have carry forward periods of up to 20 years. The losses, if not utilized, expire through 2040.

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

In United States dollars, except where noted

## 6. INVENTORY

| | **December 31, 2023** | December 31, 2022 (restated) | January 01, 2022 (restated) |
|---|---|---|---|
| Current: | | | |
| Plant spares and consumables | $ **8,681,433** | $ 4,751,922 | $ 1,337,792 |
| Gold ore in stockpile | **20,768,112** | 23,569,801 | 6,209,548 |
| Gold in CIL | **8,405,429** | 956,864 | 1,943,042 |
| Gold doré | **3,915,072** | 3,220,637 | 7,860,879 |
| | $ **41,770,046** | $ 32,499,224 | $ 17,351,261 |
| Non-current: | | | |
| Gold ore in stockpile | $ **15,891,089** | $ - | $ - |
| | $ **15,891,089** | $ - | $ - |

There were no write downs to reduce the carrying value of inventory to net realizable value during the years ended December 31, 2023, and 2022.

The cost of inventory recognized as expense in the year ended December 31, 2023 was $97,091,313 and was included in cost of sales (2022 - $85,826,354).

During the preparation of the current financial statements, the Group has refined its methodology and estimates for the valuation of Inventory stockpiles. The change in estimates apply to better management information being available to the Group such as improved density calculations for the determination of the mass of the stockpiles. These revisions have increased the amount of ore in the stockpiles by approximately 118,000 tonnes and 3,500 contained ounces as at December 31, 2023. Such changes in estimates have been applied prospectively in accordance with accounting guidance.

As part of this assessment, the Group has also identified an error in the methodology used to calculate the cost of its stockpile in previous periods. The error relates to calculating costs based on tonnes of ore mined as opposed to ounces. Considering this revision, the balance of Inventory as at December 31, 2022 increased by $12,597,962 and as at January 1, 2022 decreased by $795,297.

Please refer to note 25 of these financial statements for further details on the restatement.

## 7. AMOUNTS RECEIVABLE

| | **December 31, 2023** | December 31, 2022 |
|---|---|---|
| Accounts receivable | $ **5,464** | $ 67,084 |
| GST | **4,319** | 993 |
| Other receivables | **270,948** | 152,365 |
| | $ **280,731** | $ 220,442 |

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

In United States dollars, except where noted

## 8. PREPAID EXPENSES, ADVANCES AND DEPOSITS

| | | **December 31, 2023** | December 31, 2022 |
|---|---|---|---|
| Current: | | | |
| Gold stream liability arrangement fees | | **33,186** | 33,186 |
| Advance deposits to vendors | | **5,770,097** | 9,625,204 |
| Other prepayments | | **1,846,758** | 818,533 |
| | **$** | **7,650,041** | 10,476,923 |
| Non-current: | | | |
| Gold stream liability arrangement fees | | **8,297** | 74,667 |
| Other prepayments | | **212,969** | 208,158 |
| | **$** | **221,266** | 282,825 |

**8. PREPAID EXPENSES, ADVANCES AND DEPOSITS (continued)**

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

## 9. 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 recognize right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. There were no such leases for the years ended December 31, 2023, and 2022.

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

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position for the year ended December 31, 2023, were as follows:

| | | Right-of-use asset | | Lease liability | | Income statement |
|---|---|---|---|---|---|---|
| Carrying value December 31, 2022 | $ | 16,849,402 | $ | (15,409,285) | $ | |
| New leases entered in to during the period | | - | | - | | - |
| Depreciation | | (4,782,253) | | - | | (4,782,253) |
| Interest | | - | | (1,078,217) | | (1,078,217) |
| Lease payments | | - | | 5,026,847 | | - |
| Foreign exchange movement | | 28,522 | | (29,415) | | (29,415) |
| Carrying value at December 31, 2023 | $ | 12,095,671 | $ | (11,490,070) | $ | (5,889,885) |
| Current liability | | | | (4,820,353) | | |
| Non-current liability | | | | (6,669,717) | | |

In United States dollars, except where noted

## 9. LEASES (continued)

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

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

## 10. GOLD STREAM LIABILITY

*Gold stream liability*

| | | **December 31, 2023** | | **December 31, 2022** |
|---|---|---|---|---|
| Balance at beginning of period | **$** | **25,039,765** | **$** | 30,262,279 |
| Repayments | | **(10,241,299)** | | (11,534,441) |
| Fair value movements | | **5,244,531** | | 6,311,927 |
| **Balance at end of period** | **$** | **20,042,997** | **$** | 25,039,765 |
| Current liability | | **12,343,232** | | 10,187,630 |
| Non-current liability | | **7,699,765** | | 14,852,135 |

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

The $26.25 million represents interest on the Prepayment. A calculation of the implied interest rate was made as at drawdown date with interest being apportioned over the expected life of the Stream Facility. The principal input variables used in calculating the fair value and repayment profile were the production profile and gold price. The future gold price estimates were based on market forecast reports for the years 2024 to 2025 and, the production profile was based on the latest budgets and life of mine plan model. The liability is 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. Any changes to the fair value of the liability are charged through the Consolidated Statements of Income (Loss).

In United States dollars, except where noted

**10. GOLD STREAM LIABILITY (continued)**

Fair value movements of $5,244,531 were recognized for the year ended December 31, 2023 (2022: $6,311,927) and have been charged to the Consolidated Statement of Income. Prior to the commencement of commercial production on January 1, 2022, these were capitalized and included in the value of the Segilola Gold Mine (Refer to Note 14). A cumulative total of $10,200,430 has been capitalized prior to commercial production and included in the value of the Segilola Gold Mine.

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

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

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Financial liability at fair value through profit or loss | $ | - | - | 20,042,997 | 20,042,997 |

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

The fair value of the liability is calculated by present value techniques as per the income approach in accordance with "IFRS 13 Fair value measurement".

Key inputs to the valuations include:

- Production profiles based on Segilola life-of-mine forecasts
- Gold price ranging from $1,966/oz to 2,000/oz
- Interest rate of 24.5%

**11. LOANS AND BORROWINGS**

| | | **December 31, 2023** | | December 31, 2022 |
|---|---|---|---|---|
| Current liabilities: | | | | |
| Loans from the Africa Finance Corporation | | **20,360,657** | | 356,155 |
| Deferred element of EPC contract | | **2,887,035** | | 531,986 |
| | **$** | **23,247,692** | $ | 888,141 |
| Non-current liabilities: | | | | |
| Loans from the Africa Finance Corporation | | **-** | | 24,103,784 |
| Deferred element of EPC contract | | **518,354** | | 3,150,729 |
| | **$** | **518,354** | $ | 27,254,513 |

*Loans from the Africa Finance Corporation*

| | | **December 31, 2023 Total** | | **December 31, 2022 Total** |
|---|---|---|---|---|
| Balance at beginning of period | **$** | **24,459,939** | **$** | 46,859,966 |
| Principal repayments | | **(5,776,084)** | | (24,220,764) |
| Interest paid | | **(3,931,575)** | | (4,645,014) |
| Arrangement fees | | **(126,874)** | | - |
| Unwinding of interest in the period | | **5,735,251** | | 6,465,751 |
| **Balance at end of period** | **$** | **20,360,657** | **$** | 24,459,939 |
| Current liability | | **20,360,657** | | 356,155 |
| Non-current liability | | **-** | | 24,103,784 |

In United States dollars, except where noted

**11. LOANS AND BORROWINGS (continued)**

On December 1, 2020, the Group announced that its subsidiary Segilola Resources Operating Limited (“SROL”) had completed the financial closing of a $54 million project finance senior debt facility (“the Facility”) from the Africa Finance Corporation (“AFC”) for the construction of the Segilola Gold Project in Nigeria. The Facility is secured over the share capital of SROL and its assets, with repayments commencing in March 2022 and to conclude in March 2025.

Repayment of the aggregate Facility will be made in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Facility Agreement, which reduces the amount of the outstanding aggregate Facility by the amount equal to the relevant percentage of Loans borrowed as at the close of business in London on the date of Financial Close. Interest accrues at SOFR plus 9% and is payable on a quarterly basis in arrears.

In conjunction with the granting of the Facility, Thor issued 33,329,480 bonus shares to the AFC. Thor also incurred transaction costs of $4,663,652 in relation to the loan facility. The fair value of the liability at inception was determined at $45,822,943 taking into account the transaction costs and equity component and recognized at amortized cost using an effective rate of interest, with the fair value of the shares issued in April 2020 of $5,666,011 recognized within equity.

On 31 January 2023, the Group entered into an agreement with the AFC amending the terms of its senior debt facility. The amended facility removes the project finance cash sweep requirement and allows for free distributions from SROL (subject to a 20% distribution sweep to the senior debt facility), as well as releasing the Group from restrictions regarding acquisitions, distribution of dividends and certain indebtedness covenants. The payment timetable was also re-scheduled to reallocate a higher percentage of the repayments to a later period in the Facility’s term. The amendment was considered a non-substantial modification per “IFRS 9 – Financial Instruments”.

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

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

The EPC Contract includes a deferred element (“the Deferred element of EPC contract”) of 10% of the fixed price. As at December 31, 2023, a total of $3,405,389 (December 31, 2022: $3,682,715) was deferred under the facility. The 10% deferred element is repayable in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Deferred Payment Facility. Repayments commenced in March 2022 and will conclude in 2025. Interest on this element of the EPC deferred facility accrues at 8% per annum from the time the Facility taking-over Certificate was issued.

| | | **December 31, 2023 Total** | | **December 31, 2022 Total** |
|---|---|---|---|---|
| Balance at beginning of period | **$** | **3,682,715** | **$** | 6,210,090 |
| Offset against EPC payment | | **-** | | 440,263 |
| Principal repayments | | **(731,539)** | | (3,440,449) |
| Interest paid | | **(283,970)** | | - |
| Unwinding of interest in the period | | **738,183** | | 472,811 |
| **Balance period end** | **$** | **3,405,389** | **$** | 3,682,715 |
| Current liability | | **2,887,035** | | 531,986 |
| Non-current liability | | **518,354** | | 3,150,729 |

In United States dollars, except where noted

## 12. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| December 31, 2023 | | Gold stream liability | AFC loan | EPC deferred facility | Total |
|---|---|---|---|---|---|
| January 1, 2023 | $ | 25,039,765 | 24,459,939 | 3,682,715 | 53,182,419 |
| Cash flows: | | | | | |
| Principal repayments | | (10,241,299) | (5,776,084) | (731,539) | (16,748,922) |
| Arrangement fees | | - | (126,874) | - | (126,874) |
| Interest paid | | - | (3,931,575) | (283,970) | (4,215,545) |
| Non-cash changes: | | | | | |
| Unwinding of interest in the year | | - | 5,735,251 | 738,183 | 11,717,965 |
| Fair value movements in the year | | 5,244,531 | - | - | - |
| December 31, 2023 | $ | 20,042,997 | 20,360,657 | 3,405,389 | 43,809,043 |

| December 31, 2022 | | Gold stream liability | AFC loan | EPC deferred facility | Total |
|---|---|---|---|---|---|
| January 1, 2022 | $ | 30,262,279 | 46,859,966 | 6,210,090 | 84,000,905 |
| Cash flows: | | | | | |
| Principal repayments | | (11,534,441) | (24,220,764) | (3,440,449) | (39,864,224) |
| Interest paid | | - | (4,645,014) | - | (4,645,014) |
| Non-cash changes: | | | | | |
| Unwinding of interest in the year | | - | 6,465,751 | 472,811 | 13,250,489 |
| Fair value movements in the year | | 6,311,927 | - | - | - |
| Offset against EPC payment | | - | - | 440,263 | 440,263 |
| December 31, 2022 | $ | 25,039,765 | 24,459,939 | 3,682,715 | 53,182,419 |

## 13. PROVISIONS

| December 31, 2023 | | Other | | Fleet demobilization costs | | Restoration costs | | Total |
|---|---|---|---|---|---|---|---|---|
| Balance at beginning of period | $ | 18,157 | $ | 173,442 | $ | 4,768,039 | $ | 4,959,638 |
| Unwinding of discount | | - | | - | | 46,981 | | 46,981 |
| Foreign exchange movements | | 941 | | - | | - | | 941 |
| **Balance at period end** | **$** | 19,098 | **$** | 173,442 | **$** | 4,815,020 | **$** | 5,007,560 |
| Current liability | | - | | - | | - | | - |
| Non-current liability | | 19,098 | | 173,442 | | 4,815,020 | | 5,007,560 |

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

## 13. PROVISIONS (continued)

The restoration costs provision is for the site restoration at Segilola Gold Project in Osun State Nigeria. The value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. It is expected that the restoration costs will be paid in US dollars, and as such US forecast inflation rates of 2.9% and the interest rate of 4% on 5-year US bonds were used to calculate the expected future cash flows, which are in line with the life of mine. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations at mine closure.

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

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Motor vehicles | Plant and machinery | Office furniture | Land | Decommissioning Asset | Processing Plant | Segilola Mine | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Costs** | | | | | | | | | |
| **Balance, December 31, 2021** | $ 2,059,982 | $ 489,374 | $ 1,175,069 | $ 16,808 | $ 5,064,935 | $ - | $ - | $ 144,577,201 | 153,383,369 |
| Transfers | - | - | - | - | - | 60,687,651 | 83,889,550 | (144,577,201) | - |
| Additions | 148,862 | 5,649,341 | 668,936 | - | - | 7,459,467 | 8,946,765 | 1,884,352 | 24,757,723 |
| Revisions to decommisioning assets | - | - | - | - | (404,859) | - | - | - | (404,859) |
| Disposals | - | - | - | - | - | - | - | - | - |
| Foreign exchange movement | (40,004) | (12,091) | (9,118) | - | - | - | - | - | (61,213) |
| **Balance, December 31, 2022** | $ 2,168,840 | $ 6,126,624 | $ 1,834,887 | $ 16,808 | $ 4,660,076 | $ 68,147,118 | $ 92,836,315 | $ 1,884,352 | $ 177,675,020 |
| Transfers | - | 237,121 | - | - | - | 1,000,143 | 647,088 | (1,884,352) | - |
| Additions | 625,549 | 1,058,365 | 696,094 | - | - | 5,368,352 | 10,343,882 | - | 18,092,242 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Foreign exchange movement | (111,481) | 7,958 | 3,332 | - | - | - | - | - | (100,191) |
| **Balance, December 31, 2023** | **$ 2,682,908** | **$ 7,430,068** | **$ 2,534,313** | **$ 16,808** | **$ 4,660,076** | **$ 74,515,613** | **$ 103,827,285** | **$ -** | **$ 195,667,071** |
| | | | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | | | |
| **Balance, December 31, 2021** | $ 754,516 | $ 263,647 | $ 251,289 | $ - | $ - | $ - | $ - | $ - | 1,269,452 |
| Depreciation | 457,259 | 354,275 | 306,542 | - | 952,322 | 10,247,764 | 14,603,113 | - | 26,921,275 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Foreign exchange movement | (14,966) | (11,780) | (2,878) | - | - | - | - | - | (29,624) |
| **Balance, December 31, 2022** | $ 1,196,809 | $ 606,142 | $ 554,953 | $ - | $ 952,322 | $ 10,247,764 | $ 14,603,113 | $ - | $ 28,161,103 |
| Depreciation | 504,520 | 423,149 | 566,193 | - | 662,480 | 8,543,169 | 12,488,148 | - | 23,187,659 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Foreign exchange movement | (55,546) | 6,074 | 5,222 | - | - | - | - | - | (44,250) |
| **Balance, December 31, 2023** | **$ 1,645,783** | **$ 1,035,365** | **$ 1,126,368** | **$ -** | **$ 1,614,802** | **$ 18,790,933** | **$ 27,091,261** | **$ -** | **$ 51,304,512** |
| | | | | | | | | | |
| **Carrying amounts** | | | | | | | | | |
| Balance, December 31, 2022 | $ 972,031 | $ 5,520,482 | $ 1,279,934 | $ 16,808 | $ 3,707,754 | $ 57,899,354 | $ 78,233,202 | $ 1,884,352 | $ 149,513,917 |
| **Balance, December 31, 2023** | **$ 1,037,125** | **$ 6,394,703** | **$ 1,407,945** | **$ 16,808** | **$ 3,045,274** | **$ 55,724,680** | **$ 76,736,024** | **$ -** | **$ 144,362,559** |

A summary of depreciation capitalized is as follows:

| | Year Ended December 31, | | Total depreciation capitalized | |
|---|---|---|---|---|
| | **2023** | **2022** | **December 31, 2023** | **December 31, 2022** |
| Exploration expenditures | **141,518** | 116,108 | **761,870** | 620,352 |
| Total | $ **141,518** | $ 116,108 | $ **761,870** | $ 620,352 |

In United States dollars, except where noted

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

### a) Segilola Project, Osun Nigeria:

Decommissioning Asset

The decommissioning asset relates to estimated restoration costs at the Group's Segilola Gold Mine as at December 31, 2023. Refer to Note 13 for further detail.

Impairment assessment

During the year ended December 31, 2023, the Group performed a review for indicators of impairment for the Segilola Gold mine and evaluated key assumptions such as forecasts for gold prices, significant revisions to the mine plan including current estimates of recoverable mineral reserves and resources, recent operating results, and future expected production based on the reserves and resources. As a result of the above, the Group concluded that there were no indicators of impairment for the Segilola Gold mine at December 31, 2023.

## 15. INTANGIBLE ASSETS

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

| | Douta Gold Project, Senegal | Central Hounde Project, Burkina Faso | Lithium exploration licenses | Gold exploration licenses | Software | Total |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2021** | **$ 14,219,982** | **$ -** | **$ -** | **$ 895,301** | **$ 230,136** | **$ 15,345,419** |
| Exploration costs | 3,745,803 | 12,014 | - | 1,717,966 | - | 5,475,783 |
| Additions | - | - | - | - | 43,599 | 43,599 |
| Amortisation | - | - | - | - | (122,988) | (122,988) |
| Impairment | - | (12,014) | - | - | - | (12,014) |
| Foreign exchange movement | (1,427,912) | - | - | (70,679) | - | (1,498,591) |
| **Balance, December 31, 2022** | **$ 16,537,873** | **$ -** | **$ -** | **$ 2,542,588** | **$ 150,747** | **$ 19,231,208** |
| Exploration costs | 5,283,114 | 11,671 | 1,981,083 | 2,112,733 | - | 9,388,601 |
| Additions | - | - | - | - | 140,966 | 140,966 |
| Amortisation | - | - | - | - | (128,481) | (128,481) |
| Impairment | - | (11,671) | - | - | - | (11,671) |
| Foreign exchange movement | 898,344 | - | - | (606,235) | - | 292,109 |
| **Balance, December 31, 2023** | **$ 22,719,331** | **$ -** | **$ 1,981,083** | **$ 4,049,086** | **$ 163,232** | **$ 28,912,732** |

Impairment assessment

During the year ended December 31, 2023, the Group performed a review for indicators of impairment of all exploration and evaluation assets in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. Exploration permits have been assessed as to whether the permits were in good standing and/or any further activity was planned. No impairment indicators were identified for the Group`s exploration and evaluation assets other than for the Central Houndé project as detailed below.

### a) Douta Gold Project, Senegal:

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

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

**15. INTANGIBLES ASSETS (continued)**

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

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

**b) Central Houndé Project, Burkina Faso:**

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

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

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

Argento BF SARL holds a 100% interest in the Ouere gold permit, covering an area of approximately 241 $km^2$ located within the Houndé belt.

The three permits together cover a total area of 474 $km^2$ over the Houndé Belt which form the Central Houndé Project.

The Group carried out an impairment assessment of the Central Houndé Project at December 31, 2020, and a decision was taken to fully impair the value of the Central Houndé Project. It is the Group's current 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.

**c) Lithium exploration Licenses**

During 2023, the Group has acquired over 600 $km^2$ of granted tenure in south-west Nigeria that covers both known lithium bearing pegmatite deposits and a large unexplored prospective pegmatite-rich belt. These are divided into the Oyo State, Kwara State and Ekiti State Lithium Project Areas and the Group is currently carrying out lithium exploration activities in these areas.

**d) Gold exploration Licenses**

As at December 31, 2023, the Group's gold exploration tenure currently primarily comprises 13 wholly owned exploration licenses and four partnership exploration licenses. Together with the mining lease over the Segilola Gold Deposit, Thor's total gold exploration tenure amounts to 1,542 $km^2$.

In United States dollars, except where noted

## 16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | | **December 31, 2023** | | December 31, 2022 |
|---|---|---|---|---|
| Accounts payable | **$** | **58,713,313** | $ | 46,914,333 |
| Accrued liabilities | | **14,116,212** | | 6,213,977 |
| Other payables | | **1,944,303** | | 3,208,979 |
| | **$** | **74,773,828** | $ | 56,337,289 |

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

## 17. DEFERRED INCOME

| | | **December 31, 2023** | | December 31, 2022 |
|---|---|---|---|---|
| Deferred income | $ | **11,838,898** | $ | 6,581,743 |

The deferred income for the years ended December 31, 2023, and 2022 relates to cash received in advance of delivery of gold and not recognized as revenue.

The advance sales as at December 31, 2023, represents 5,928 oz of gold that was delivered in January 2024 (2022: 3,687 oz delivered in January 2023).

## 18. CAPITAL AND RESERVES

### a) Authorized

Unlimited common shares without par value.

### b) Issued

| | **December 31, 2023 Number** | | **December 31, 2023** | **December 31, 2022 Number** | | **December 31, 2022** |
|---|---|---|---|---|---|---|
| As at start of the year | 644,696,185 | $ | 80,439,693 | 632,358,009 | $ | 79,027,183 |
| Issue of new shares: | | | | | | |
| - Share options exercised i | 11,368,539 | | 1,051,141 | 9,939,000 | | 960,546 |
| - RSU awards vested | - | | - | 2,399,176 | | 451,964 |
| | 656,064,724 | $ | 81,490,834 | 644,696,185 | $ | 80,439,693 |

i. Value of:

1,500,000 options exercised at a price of CAD$0.145 per share on June 5, 2023;

9,118,539 options exercised at a price of CAD$0.145 per share on June 14, 2023; and,

750,000 options exercised at a price of CAD$0.14 per share on September 28, 2023

### c) Share-based compensation

*Stock option plan*

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

## 18. CAPITAL AND RESERVES (continued)

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

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

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

The following is a summary of changes in options from January 1, 2023, to December 31, 2023, and the outstanding and exercisable options at December 31, 2023:

| Grant Date | Expiry Date | Exercise Price | Remaining (Years) | Opening Balance | Granted | Exercised | Expired / Forfeited | Closing Balance | Vested and Exercisable |
|---|---|---|---|---|---|---|---|---|---|
| March 12, 2018 | June 15, 2023 | $0.145 | - | 12,111,000 | - | (12,111,000) | - | - | - |
| October 5, 2018 | October 5, 2023 | $0.14 | - | 750,000 | - | (750,000) | - | - | - |
| January 16, 2020 | January 16, 2025 | $0.20 | 1.05 | 14,040,000 | - | - | - | 14,040,000 | 14,040,000 |
| **Totals** | | | **1.05** | **26,901,000** | **-** | **(12,861,000)** | **-** | **14,040,000** | **14,040,000** |
| **Weighted Average Exercise Price** | | | | **$0.174** | **-** | **-** | **-** | **$0.200** | **$0.200** |

*In Canadian dollars*

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

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

*In Canadian dollars*

### d) Nature and purpose of equity and reserves

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

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

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

'(Deficit)/Retained earnings' is used to record the Group's accumulated earnings.

In United States dollars, except where noted

## 19. EARNINGS PER SHARE

Diluted earnings per share was calculated based on the following:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **Basic weighted average number of shares outstanding** | **650,707,714** | **641,958,083** |
| Stock options | 4,492,876 | 8,359,009 |
| **Diluted weighted average number of shares outstanding** | **655,200,590** | **650,317,092** |
| | | |
| **Total common shares outstanding** | **656,064,724** | **644,696,185** |
| **Total potential diluted common shares** | **670,104,724** | **671,597,185** |

## 20. 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 buy-out of gold sale agreement's option as disclosed on note 5f, the Gold Stream liability as disclosed in Note 10, and the secured loan as disclosed in Note 11.

### b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year ended December 31, 2023, and 2022 were as follows:

| | | Year Ended December 31, | | | |
|---|---|---|---|---|---|
| | | | 2023 | | 2022 |
| Salaries | | | | | |
| Current directors and officers | (i) (ii) | $ | **1,673,029** | $ | 1,638,597 |
| Former directors and officers | | | **-** | | 71,557 |
| Directors' fees | | | | | |
| Current directors and officers | (i) (ii) | | **457,997** | | 404,097 |
| Share-based payments | | | | | |
| Current directors and officers | | | **-** | | 296,502 |
| | | $ | **2,131,026** | $ | 2,410,753 |

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2023, and 2022.

(ii) The Group paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Group for services. Accounts payable and accrued liabilities at December 31, 2023, include $81,730 (December 31, 2022 - $102,092) due to directors or private companies controlled by an officer and director of the Group. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

In United States dollars, except where noted

## 21. FINANCIAL INSTRUMENTS

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

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

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

**Financial risk management objectives and policies**
The Group has exposure to the following risks from its use of financial instruments

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

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

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

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

**Financial instruments by category**
The accounting policies for financial instruments have been applied to the line items below:

| **December 31, 2023** | | Measured at amortized cost | Measured at fair value through profit and loss | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | 7,839,757 | - | 7,839,757 |
| Amounts receivable | | 280,731 | - | 280,731 |
| **Total assets** | **$** | **8,120,488** | **-** | **8,120,488** |
| | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 74,773,828 | - | 74,773,828 |
| Loans and borrowings | | 23,766,046 | - | 23,766,046 |
| Gold stream liability | | - | 20,042,997 | 20,042,997 |

In United States dollars, except where noted

| | | | | |
|---|---|---|---|---|
| Lease liabilities | | 11,490,070 | - | 11,490,070 |
| **Total liabilities** | **$** | **105,379,217** | **24,693,724** | **130,072,941** |

**21. FINANCIAL INSTRUMENTS (continued)**

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

***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 incur Interest at SOFR plus 9% (Refer to Note 11). The Group's management monitors the interest rate fluctuations on a continuous basis and assesses the impact of interest rate fluctuations on the Group's cash position and acts to ensure that sufficient cash reserves are maintained in order to meet interest payment obligations.

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

| **December 31, 2023** | | Interest rate Appreciation By 5% | | Interest rate Depreciation By 5% |
|---|---|---|---|---|
| **Comprehensive income (loss)** | | | | |
| Financial assets and liabilities | $ | (621,973) | $ | 621,973 |
| | | | | |
| **December 31, 2022** | | | | |
| **Comprehensive income (loss)** | | | | |
| Financial assets and liabilities | $ | (2,086,408) | $ | 2,086,408 |

***Credit risk***

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group manages the credit risk associated with cash by investing these funds with highly rated financial institutions, and by monitoring its concentration of cash held in any one institution. As such, the Group deems the credit risk on its cash to be low. At December 31, 2023, 78% of the Group's cash balances were invested in AA rated financial institutions (2022: 93%), 1% in AA- rated financial institutions (2022: 1%), 1% in A+ rated financial institutions (2022: 1%), 17% in A- rated financial institutions (2022: nil) and 3% in B rated institutions (2022: 4%).

In United States dollars, except where noted

**21. FINANCIAL INSTRUMENTS (continued)**

The Group sells its gold to large international organizations with strong credit ratings, and the historical level of customer defaults is minimal. As a result, the credit risk associated with gold trade receivables at December 31, 2023 is considered to be negligible.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at December 31, 2023, and December 31, 2022, were as follows:

| | | **December 31, 2023** | | December 31, 2022 |
|---|---|---|---|---|
| Cash | $ | 7,839,757 | $ | 6,688,037 |
| Amounts receivable | | 280,731 | | 220,442 |
| **Total** | **$** | **8,120,488** | **$** | **6,908,479** |

***Liquidity and funding risk***

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

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

The following table summarizes the Group's significant remaining contractual maturities for financial liabilities at December 31, 2023, and December 31, 2022.

**Contractual maturity analysis as at December 31, 2023**

| | Less than 3 months $ | 3 – 12 Months $ | 1 – 5 Year $ | Longer than 5 years $ | Total $ |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | 63,950,634 | 10,823,194 | - | - | 74,773,828 |
| Lease liabilities | 1,213,678 | 3,236,476 | 7,282,070 | - | 11,732,224 |
| Gold stream liability | 3,484,102 | 10,553,647 | 9,317,278 | - | 23,355,027 |
| Loans and borrowings | 9,182,048 | 18,253,920 | 932,379 | - | 28,368,347 |
| | **77,830,462** | **42,867,237** | **17,531,727** | **-** | **138,229,426** |

**Contractual maturity analysis as at December 31, 2022**

| | Less than 3 months $ | 3 – 12 Months $ | 1 – 5 Year $ | Longer than 5 years $ | Total $ |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | 55,368,069 | 1,001,983 | - | - | 56,370,052 |
| Lease liabilities | 1,255,581 | 3,766,744 | 12,681,521 | - | 17,703,846 |
| Gold stream liability | 2,986,708 | 8,475,973 | 23,420,334 | - | 34,883,015 |

| | | | | | |
|---|---|---|---|---|---|
| Loans and borrowings | 1,642,151 | 4,810,033 | 33,337,237 | - | 39,789,421 |
| | **61,252,509** | **18,054,733** | **69,439,092** | **-** | **148,746,334** |

**21. FINANCIAL INSTRUMENTS (continued)**

***Market risk***

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

**a) Foreign currency risk**

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

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

The following table shows a currency of net monetary assets and liabilities by functional currency of the underlying companies for the year ended December 31, 2023:

| | Functional currency | | | | |
|---|---|---|---|---|---|
| | US dollar | Pound Sterling | Nigerian Naira | West African Franc | Total |
| Currency of net monetary asset/(liability) | December 31, 2023 USD$ | December 31, 2023 USD$ | December 31, 2023 USD$ | December 31, 2023 USD$ | December 31, 2023 USD$ |
| Canadian dollar | (22,623) | - | - | - | (22,623) |
| US dollar | (121,108,884) | - | - | - | (121,108,884) |
| Pound Sterling | (348,905) | - | - | - | (348,905) |
| Nigerian Naira | (615,871) | - | - | 11,855 | (604,016) |
| West African Franc | - | - | 70,127 | - | 70,127 |
| Euro | 142,835 | - | - | - | 142,835 |
| Australian dollar | (80,987) | - | - | - | (80,987) |
| Total | (122,034,435) | - | 70,127 | 11,855 | (121,952,453) |

In United States dollars, except where noted

### 21. FINANCIAL INSTRUMENTS (continued)

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, 2022:

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

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

| **December 31, 2023** | United States Dollar Appreciation By 5% | United States Dollar Depreciation By 5% |
|---|---|---|
| **Comprehensive income (loss)** | | |
| Financial assets and liabilities | $ 29,327 | $ (29,327) |
| **December 31, 2022** | | |
| **Comprehensive income (loss)** | | |
| Financial assets and liabilities | $ 112,516 | $ (112,516) |

### 22. CAPITAL MANAGEMENT

The Group manages, as capital, the components of shareholders' equity. The Group's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to develop and its mineral interests through the use of capital received via the issue of common shares and via debt instruments where the Board determines that the risk is acceptable and, in the shareholders' best interest to do so.

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

## 23. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

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

In United States dollars, except where noted

## 24. SEGMENTED DISCLOSURES

***Segment Information***

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

| **December 31, 2023** | **Segilola Mine Project** | **Exploration Projects** | **Corporate** | **Total** |
|---|---|---|---|---|
| Current assets | $ **56,790,700** | $ **148,675** | $ **601,200** | $ **57,540,575** |
| **Non-current assets** | | | | |
| Inventory | 15,891,089 | - | - | 15,891,089 |
| Deferred income tax assets | - | 90,277 | - | 90,277 |
| Prepaid expenses, advances and deposits | 9,702 | - | 211,564 | 221,266 |
| Right-of-use assets | 11,593,579 | - | 502,092 | 12,095,671 |
| Property, plant and equipment | 143,790,133 | 454,677 | 117,749 | 144,362,559 |
| Intangible assets | 3,050,307 | 25,862,425 | - | 28,912,732 |
| **Total assets** | **$ 231,125,510** | **$ 26,556,054** | **$ 1,432,605** | **$ 259,114,169** |
| **Non-current asset additions** | **$ 33,345,114** | **$ 7,598,627** | **$ 51564** | **$ 40,995,305** |
| **Liabilities** | **$ (145,298,974)** | **$ (148,630)** | **$ (1,471,795)** | **$ (146,919,399)** |
| **Profit (loss) for the period** | **$ 15,713,427** | **$ (43,515)** | **$ (4,800,466)** | **$ 10,869,446** |
| - revenue | 141,245,328 | - | - | 141,245,328 |
| - production costs | (69,674,827) | - | - | (69,674,827) |
| - royalties | (1,865,755) | - | - | (1,865,755) |
| - amortization and depreciation | (28,048,746) | (5,793) | (185,372) | (28,239,911) |
| - other administration expenses | (6,105,204) | (26,051) | (4,615,094) | (10,746,349) |
| - impairments | - | (11,671) | - | (11,671) |
| - interest expense | (13,074,395) | - | - | (13,074,395) |

Non-current assets by geographical location:

| **December 31, 2022** | **Senegal** | **British Virgin Islands** | **Nigeria** | **United Kingdom** | **Canada** | **Total** |
|---|---|---|---|---|---|---|
| Inventory | - | - | 15,891,089 | - | - | 15,891,089 |
| Prepaid expenses, advances and deposits | - | 1,405 | 8,297 | 211,564 | - | 221,266 |
| Right-of-use assets | - | - | 11,593,579 | 502,092 | - | 12,095,671 |
| Property, plant and equipment | 408,518 | - | 143,836,292 | 114,735 | 3,014 | 144,362,559 |
| Intangible assets | 22,719,331 | - | 6,193,401 | - | - | 28,912,732 |
| Total non-current assets | $23,127,849 | $1,405 | $177,522,658 | $828,391 | $3,014 | $201,483,317 |

In United States dollars, except where noted

**24. SEGMENTED DISCLOSURES (continued)**

| December 31, 2022 | Segilola Mine Project | Exploration Projects | Corporate | Total |
|---|---|---|---|---|
| Current assets | $ **48,931,967** | $ **120,752** | $ **831,907** | $ **49,884,626** |
| **Non-current assets** | | | | |
| Deferred income tax assets | - | 87,797 | - | 87,797 |
| Prepaid expenses, advances and deposits | 74,667 | - | 208,158 | 282,825 |
| Right-of-use assets | 16,232,353 | - | 617,049 | 16,849,402 |
| Property, plant and equipment | 149,050,728 | 339,785 | 123,404 | 149,513,917 |
| Intangible assets | 150,747 | 19,080,461 | - | 19,231,208 |
| **Total assets** | **$ 214,440,462** | **$ 19,628,795** | **$ 1,780,518** | **$ 235,849,775** |
| **Non-current asset additions** | **$ 10,527,299** | **$ 2,612,033** | **$ 1,337,066** | **$ 14,476,398** |
| **Liabilities** | **$ (133,370,335)** | **$ (1,381,629)** | **$ (1,718,410)** | **$ (136,470,374)** |
| **Profit (loss) for the period** | **$ 43,686,742** | **$ (273,511)** | **$ (4,621,031)** | **$ 38,792,200** |
| - revenue | 165,174,531 | - | - | 165,174,531 |
| - production costs | (55,513,990) | - | - | (55,513,990) |
| - royalties | (3,696,527) | - | - | (3,696,527) |
| - amortization and depreciation | (31,561,887) | (4,468) | (85,901) | (31,652,256) |
| - other administration expenses | (11,091,717) | (257,029) | (4,535,130) | (15,883,876) |
| - impairments | - | (12,014) | - | (12,014) |
| - interest expense | (14,616,810) | - | - | (14,616,810) |

Non-current assets by geographical location:

| December 31, 2022 | Senegal | British Virgin Islands | Nigeria | United Kingdom | Canada | Total |
|---|---|---|---|---|---|---|
| Prepaid expenses, advances and deposits | - | 7,024 | 74,667 | 201,134 | - | 282,825 |
| Right-of-use assets | - | - | 16,232,354 | 617,048 | - | 16,849,402 |
| Property, plant and equipment | 176,645 | - | 149,230,320 | 101,491 | 5,461 | 149,513,917 |
| Intangible assets | 10,704,623 | - | 8,526,585 | - | - | 19,231,208 |
| Total non-current assets | 10,881,268 | 7,024 | $174,063,926 | $919,673 | $5,461 | $185,877,352 |

In United States dollars, except where noted

## 25. PRIOR YEAR RESTATEMENT

During the preparation of the current financial statements, the Group has refined its methodology and estimates for the valuation of Inventory stockpiles. The change in estimates apply to better management information being available to the Group such as improved density calculations for the determination of the mass of the stockpiles. These revisions have increased the amount of ore in the stockpiles by approximately 118,000 tonnes and 3,500 contained ounces as at December 31, 2023. Such changes in estimates have been applied prospectively in accordance with accounting guidance.

As part of this assessment, the Group has also identified an error in the methodology used to calculate the cost of its stockpile in previous periods. The error relates to calculating costs based on tonnes of ore mined as opposed to ounces. Considering this revision, the balance of Inventory as at December 31, 2022 increased by $12,597,962 and as at January 1, 2022 decreased by $795,297.

Therefore, in accordance with “IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors”, the Consolidated statements of financial position, Consolidated statements of comprehensive income and Consolidated statements of cash flows for the year ended December 31, 2022, have been restated. The impact of the restatement on these statements is demonstrated below:

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | December 31, 2022 $ | Restatements | December 31, 2022 $ | January 1, 2022 $ | Restatements | January 1, 2022 $ |
|---|---|---|---|---|---|---|
| | (reported) | | (restated) | (reported) | | (restated) |
| **ASSETS** | | | | | | |
| Inventory | **19,901,262** | **12,597,962** | **32,499,224** | **18,146,558** | **(795,297)** | **17,351,261** |
| **Total current assets** | **37,286,664** | **12,597,962** | **49,884,626** | **23,743,336** | **(795,297)** | **22,948,039** |
| **Total non-current assets** | **185,965,149** | **-** | **185,965,149** | **188,495,426** | **-** | **188,495,426** |
| **TOTAL ASSETS** | **223,251,813** | **12,597,962** | **235,849,775** | **212,238,762** | **(795,297)** | **211,443,465** |
| **LIABILITIES** | | | | | | |
| **Total current liabilities** | **78,806,794** | **-** | **78,806,794** | **89,238,549** | **-** | **89,238,549** |
| **Total non-current liabilities** | **57,663,580** | **-** | **57,663,580** | **63,406,824** | **-** | **63,406,824** |
| **SHAREHOLDERS' EQUITY** | | | | | | |
| Retained earnings | 5,503,524 | 12,597,962 | 18,101,486 | (21,058,184) | (795,297) | (21,853,481) |
| Other equity | 81,277,915 | - | 81,277,915 | 80,651,573 | - | 80,651,573 |
| **Total shareholders' equity** | **86,781,439** | **12,597,962** | **99,379,401** | **59,593,389** | **(795,297)** | **58,798,092** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUI** | **223,251,813** | **12,597,962** | **235,849,775** | **212,238,762** | **(795,297)** | **211,443,465** |

In United States dollars, except where noted

## 25. PRIOR YEAR RESTATEMENT (continued)

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 2022 $ | Restatements | 2022 $ | 2021 $ | Restatements | 2021 $ |
|---|---|---|---|---|---|---|
| | (reported) | | (restated) | (reported) | | (restated) |
| **Revenue** | 165,174,531 | - | 165,174,531 | 6,049,485 | - | 6,049,485 |
| **Cost of sales** | (106,335,474) | 13,393,259 | (92,942,215) | (4,067,068) | (795,297) | (4,862,365) |
| | | $ - | $ - | | $ - | $ - |
| Loss on forward sale of commodity contracts | (1,587,524) | - | (1,587,524) | (43,295) | - | (43,295) |
| **Gross profit from operations** | 57,251,533 | 13,393,259 | 70,644,792 | 1,939,122 | (795,297) | 1,143,825 |
| Amortisation and depreciation - owned assets | (1,254,566) | - | (1,254,566) | (65,018) | - | (65,018) |
| Amortisation and depreciation - right-of-use assets | (85,326) | - | (85,326) | (41,173) | - | (41,173) |
| Other administration expenses | (15,883,876) | - | (15,883,876) | (3,294,820) | - | (3,294,820) |
| Impairment of Exploration & Evaluation assets | (12,014) | - | (12,014) | (99,059) | - | (99,059) |
| **Profit from operations** | 40,015,751 | 13,393,259 | 53,409,010 | (1,560,948) | (795,297) | (2,356,245) |
| Interest expense | (14,616,810) | - | (14,616,810) | (64,877) | - | (64,877) |
| Other | - | - | - | (496,192) | - | (496,192) |
| **Net profit (loss) before taxes** | 25,398,941 | 13,393,259 | 38,792,200 | (2,122,017) | (795,297) | (2,917,314) |
| Tax expense | - | - | - | - | - | - |
| **Net profit before income taxes** | 25,398,941 | 13,393,259 | 38,792,200 | (2,122,017) | (795,297) | (2,917,314) |
| Income Tax | - | - | - | - | - | - |
| **Net profit for the year** | 25,398,941 | 13,393,259 | 38,792,200 | (2,122,017) | (795,297) | (2,917,314) |
| **Net profit per share** | | | | | | |
| **Basic** | 0.040 | 0.021 | 0.06043 | (0.003) | (0.001) | (0.005) |
| **Diluted** | 0.039 | 0.021 | 0.05965 | (0.003) | (0.001) | (0.005) |

| CONSOLIDATED STATEMENT OF CASH FLOWS | 2022 $ | Restatements | 2022 $ |
|---|---|---|---|
| | (reported) | | (restated) |
| **Cash flows from/(used in):** | | | |
| **Operating** | | | |
| Net profit | 25,398,941 | 13,393,259 | 38,792,200 |
| Inventory | (1,754,704) | (13,393,259) | (15,147,963) |
| Other operating cash flows | 60,744,270 | - | 60,744,270 |
| **Net cash flows from operating activities** | 84,388,507 | - | 84,388,507 |
| **Investing** | | | |
| **Net cash flows used in investing activities** | (30,553,701) | - | (30,553,701) |
| **Financing** | | | |
| **Net cash flows used in financing activities** | (48,431,478) | - | (48,431,478) |
| Effect of exchange rates on cash | 8,439 | - | 8,439 |
| **Net change in cash** | 5,411,767 | - | 5,411,767 |
| **Cash, beginning of the period** | 1,276,270 | - | 1,276,270 |
| **Cash, end of the period** | 6,688,037 | - | 6,688,037 |

## 26. SUBSEQUENT EVENTS

On April 3, 2024, the Company announced that it had completed the acquisition of interests in two licences in southeast Senegal where it is currently advancing the Douta Gold Project to a Preliminary Feasibility stage. The Company acquired, at a cost of $120,000, an up to 85% interest in the strategically located Douta-West Licence which lies contiguous to the Douta Gold Project and an up to 80% interest in the Sofita Licence, at a cost of $20,000, located approximately 20 kilometers ("km") south of the Douta Gold Project.