

**THOR** EXPLORATIONS LTD



Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2020 and 2019

(in Canadian Dollars)

(Unaudited)

# THOR EXPLORATIONS LTD.

March 31, 2020  
(Unaudited)

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## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

# THOR EXPLORATIONS LTD.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Canadian dollars (audited)

	Note	March 31, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		418,538	5,402,920
Amounts receivable	6	188,186	1,145,837
Prepaid expenses, advances and deposits	7	131,739	200,349
<b>Total current assets</b>		<b>738,463</b>	<b>6,749,106</b>
Investment		-	2
Deferred income tax assets		16,098	15,075
Prepaid expenses, advances and deposits	7	23,327	23,327
Right of use assets	8	96,422	108,177
Property, plant and equipment	9	229,479	137,148
Exploration and evaluation assets	5, 10	53,650,461	46,679,892
<b>Total non-current assets</b>		<b>54,015,787</b>	<b>46,963,621</b>
<b>TOTAL ASSETS</b>		<b>54,754,250</b>	<b>53,712,727</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	1,415,229	1,032,776
Lease liabilities	8	62,846	61,311
<b>Total current liabilities</b>		<b>1,478,075</b>	<b>1,094,087</b>
<b>Non-current liabilities</b>			
Lease liabilities	8	21,568	35,354
<b>Total non-current liabilities</b>		<b>21,568</b>	<b>35,354</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	12	67,540,171	67,550,111
Share purchase warrants	12	533,000	533,000
Option Reserve	12	5,980,308	4,902,308
Currency translation reserve		1,751,420	559,126
Deficit		(22,550,292)	(20,961,259)
<b>Total shareholders' equity</b>		<b>53,254,607</b>	<b>52,583,286</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>54,754,250</b>	<b>53,712,727</b>

These consolidated financial statements were approved for issue by the Board of Directors on June 30, 2020 and are signed on its behalf by:

(Signed) "Adrian Coates"

(Signed) "Olusegun Lawson"

## THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31,  
In Canadian dollars (unaudited)

	Note	Three Months Ended March 31,	
		2020	2019
<b>Expenses:</b>			
Audit and legal		\$ 19,780	\$ 22,108
Bank charges		6,055	3,029
Consulting fees		159,628	112,961
Directors fees	13	212,115	186,221
Depreciation	8,9	28,437	16,638
Foreign exchange loss (gain)		(96,217)	35,939
Listing and filing fees		6,350	2,417
Office and miscellaneous		57,411	70,551
Salaries and benefits		107,253	16,065
Shareholder information and transfer agent fees		75,182	24,236
Travel		61,686	53,687
Write-off of receivables	6	(70,933)	-
Share-based payments	12	1,021,271	-
<b>Loss from operations</b>		<b>(1,588,018)</b>	<b>(543,852)</b>
Interest expense	8	(1,015)	(16,320)
<b>Net loss before taxes</b>		<b>\$ (1,589,033)</b>	<b>\$ (560,172)</b>
<b>Net loss for the period</b>		<b>\$ (1,589,033)</b>	<b>\$ (560,172)</b>
<b>Other comprehensive income</b>			
Foreign currency translation gain (loss) attributed to equity shareholders of the company		1,192,294	(329,605)
<b>Total comprehensive gain (loss) for the period</b>		<b>\$ (396,739)</b>	<b>\$ (889,777)</b>
<b>Net loss per share - basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>449,352,215</b>	<b>370,682,965</b>

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

# THOR EXPLORATIONS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31,  
In Canadian dollars (unaudited)

	Note	Three Months Ended March 31,	
		2020	2019
<b>Cash flows from (used in):</b>			
<b>Operating activities</b>			
Net loss for the period		\$ (1,589,033)	\$ (560,172)
Adjustments for:			
Foreign exchange gain		(509,307)	(10,594)
Depreciation	8,9	28,437	16,638
Write-off of receivable	6	(70,933)	-
Stock based compensation	12	1,021,271	-
Interest expense	8,9	1,015	16,320
Changes in non-cash working capital items	14	62,763	436,697
<b>Cash utilized in operations</b>		<b>(1,055,787)</b>	<b>(101,111)</b>
Adjustments to net loss for cash items			
Realized foreign exchange loss (gain)		(4,964)	(4,484)
<b>Net operating cash flows</b>		<b>(1,060,751)</b>	<b>(105,595)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	9	(112,387)	(6,005)
Exploration and evaluation expenditures	10	(5,309,746)	(902,465)
<b>Net investing cash flows</b>		<b>(5,422,133)</b>	<b>(908,470)</b>
<b>Financing</b>			
Proceeds from issuance of equity securities	12	-	866,997
Shares subscription received	6	1,068,805	-
Share issue costs	12	(29,207)	(8,378)
Payment of lease liabilities	8	(15,405)	-
Interest paid		-	(6)
<b>Net financing cash flows</b>		<b>1,024,193</b>	<b>858,613</b>
<b>Effect of exchange rates on cash</b>		<b>474,309</b>	<b>3,400</b>
<b>Net change in cash</b>		<b>(4,984,382)</b>	<b>(152,052)</b>
<b>Cash, beginning of the period</b>		<b>5,402,920</b>	<b>304,067</b>
<b>Cash, end of the period</b>		<b>\$ 418,538</b>	<b>\$ 152,015</b>

Supplemental cash flow information (Note 14)

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

## THOR EXPLORATIONS LTD.

### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

In Canadian dollars (unaudited)

	Note	Common Shares	Share subscription	Share purchase warrants	Option Reserve	Currency translation reserve	Deficit	Total shareholders' equity
<b>Balance on December 31, 2018</b>		<b>\$ 52,268,870</b>	<b>\$ -</b>	<b>\$ 533,000</b>	<b>\$ 4,764,308</b>	<b>\$ 1,341,031</b>	<b>\$ (16,073,796)</b>	<b>\$ 42,833,413</b>
Net loss for the period		-	-	-	-	-	(560,172)	(560,172)
Comprehensive income		-	-	-	-	(329,605)	-	(329,605)
<b>Balance on March 31, 2019</b>		<b>\$ 52,268,870</b>	<b>\$ -</b>	<b>\$ 533,000</b>	<b>\$ 4,764,308</b>	<b>\$ 1,011,426</b>	<b>\$ (16,633,968)</b>	<b>\$ 41,943,636</b>
Private placements	12	15,733,850	-	-	-	-	-	15,733,850
Share issuance costs	12	(452,609)	-	-	-	-	-	(452,609)
Share based payments	12	-	-	-	138,000	-	-	138,000
Net loss for the period		-	-	-	-	-	(4,327,291)	(4,327,291)
Comprehensive income (loss)		-	-	-	-	(452,300)	-	(452,300)
<b>Balance on December 31, 2019</b>		<b>\$ 67,550,111</b>	<b>\$ -</b>	<b>\$ 533,000</b>	<b>\$ 4,902,308</b>	<b>\$ 559,126</b>	<b>\$ (20,961,259)</b>	<b>\$ 52,583,286</b>
Share issuance costs	12	(9,940)	-	-	-	-	-	(9,940)
Issue of share options	12	-	-	-	1,078,000	-	-	1,078,000
Net loss for the period		-	-	-	-	-	(1,589,033)	(1,589,033)
Comprehensive income (loss)		-	-	-	-	1,192,294	-	1,192,294
<b>Balance on March 31, 2020</b>		<b>\$ 67,540,171</b>	<b>\$ -</b>	<b>\$ 533,000</b>	<b>\$ 5,980,308</b>	<b>\$ 1,751,420</b>	<b>\$ (22,550,292)</b>	<b>\$ 53,254,607</b>

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

# THOR EXPLORATIONS LTD.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

In Canadian dollars, except where noted (unaudited)

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### 1. CORPORATE INFORMATION

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

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

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

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

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

#### b) Basis of measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions 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 comprehensive income 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.

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 of the Company's audited consolidated financial statements for the year ended December 31, 2019.

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



# THOR EXPLORATIONS LTD.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

In Canadian dollars, except where noted (unaudited)

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### 2. BASIS OF PREPARATION (continued)

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

The Group is a junior gold exploration and development company and is pre-revenue.

As at March 31, 2020, the Company had cash of \$418,538 and a net working capital deficit of (\$739,612). On April 29, 2020, the Company made the following announcement of the closing of a private placement for financing of its Segilola Gold Project in Nigeria and working capital:

- The issue of 28,215,750 Common Shares of the Company to the Africa Finance Corporation (“AFC”) for gross proceeds of CAD\$5,643,150 (US\$4,250,000);
- The issue of 34,750,000 Common Shares to Norinco against US\$5,000,000 of invoices under its EPC schedule;
- Signing of definitive documents with AFC on a US\$21,000,000 Stream Agreement; and
- Signing of definitive documents with AFC for the provision of a US\$54,000,000 senior secured credit facility.

Following this announcement the Company was fully funded for the development of its Segilola Gold Project and the Company made the Final Investment Decision to proceed with construction of the Project, after the implementation of Covid-19 procedures at the Project.

#### Highlights of the Financing:

- Total expected fundraising of US\$104,500,000;
- Tranche 1 private placement (closed on December 5 2019) raising gross proceeds of C\$15,733,850 (US\$11,830,000) through the issuance of 78,669,250 Common Shares at a price of C\$0.20;
- Tranche 2 private placement offering of C\$5,973,800 (US\$4,250,000) through the issuance of 28,215,750 Common Shares at a price of C\$0.20 per Common Share;
- Issuance of 34,750,000 shares at a price of C\$0.20 per Common Share in lieu of US\$5,000,000 (C\$6,950,000) of EPC construction costs;
- US\$21,000,000 gold stream prepayment;
- US\$6,500,000 EPC deferred payment facility; and
- US\$54,000,000 senior secured credit facility.

As at the date of signing this report the funds for the US\$4.25 million private placement and the US\$21 million gold streaming prepayment had been received.

On June 12, 2020, the Company announced the undertaking of a private placement to raise up to US\$10 million through the issue of new common shares. The private placement is expected to be closed and settled in the first half of July.

The Board has reviewed the Group’s cash flow forecasts up until June 30, 2021 having regard to its current financial position and operational objectives. The predominant focus of operational activities over the period to June 2021 will be the development of the Segilola Gold Project in Nigeria, for which it is fully funded. The Group has control over the timing of development costs at Segilola and will align the incurring of the costs with the availability of financing from both existing cash reserves and drawdowns from the senior secured credit facility. However, the cash flow forecasts indicate that the Group currently needs additional funding to enable it to meet its ongoing working capital requirements over the next twelve months. The Board is satisfied that the current private placement will provide the Group with sufficient financial resources to meet its commitments for the next twelve months.

# THOR EXPLORATIONS LTD.

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

In Canadian dollars, except where noted (unaudited)

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### 2. BASIS OF PREPARATION (continued)

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

While the Board is confident that most or all of the current private placement will close and settle successfully, until such time as this settlement is achieved, there remains an uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The emergence of the Covid-19 coronavirus pandemic has caused a severe adverse effect on the business environment on a global scale. The Group may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of Covid-19 or other potential pandemics. The Group's Nigerian operations have been declared as an essential business by the Nigerian authorities and so are not subject to closure.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Consolidation principles

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

#### b) Details of the group

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

## THOR EXPLORATIONS LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
In Canadian dollars, except where noted (unaudited)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Details of the Group (continued)*

The subsidiaries of the Company are as follows:

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

#### c) Foreign currency translation

##### **Functional and presentation currency**

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

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

##### **Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

# THOR EXPLORATIONS LTD.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

In Canadian dollars, except where noted (unaudited)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### ***Derecognition of financial assets and liabilities***

##### Financial assets

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

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

##### Financial liabilities

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

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

#### ***Financial Assets***

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

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

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

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

# THOR EXPLORATIONS LTD.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

In Canadian dollars, except where noted (unaudited)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Financial Instruments (continued)*

#### *Cash and cash equivalents*

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

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

#### *Impairment of Financial Assets*

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

#### *Financial Liabilities*

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

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

The Group's financial liabilities consist of financial liabilities measured at amortised cost. These comprise accounts payable, accrued liabilities and deferred payment.

## e) Property, plant and equipment

### *Recognition and Measurement*

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

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

# THOR EXPLORATIONS LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
In Canadian dollars, except where noted (unaudited)

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Property, plant and equipment (continued)*

#### **Subsequent Costs**

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

#### **Gains and Losses**

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

#### **Depreciation**

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

	Rate
Motor vehicles	20-33%
Plant and machinery	20-25%
Office furniture	20-33%
Software	20-25%

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

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

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

# THOR EXPLORATIONS LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
In Canadian dollars, except where noted (unaudited)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Exploration and evaluation expenditures (continued)*

At such time as commercial feasibility is established, project finance has been raised, appropriate permits are in place and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Projects in Construction and upon commercial production being achieved, re-categorised as Mining Property. Upon achieving commercial production, any costs will be depleted using a units of production method.

### *Farm-in agreements*

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

### **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 IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell.

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.

# THOR EXPLORATIONS LTD.

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### h) Income taxes

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

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

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

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

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

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

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

### i) Basic and diluted income or loss per share

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



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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### j) Comprehensive income (loss)

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

### k) Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to income or loss 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 equity-settled employee benefits reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of 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

### l) Interest income

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

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

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020 that had a significant effect on the Group's financial statements.

### n) Future accounting pronouncements

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

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

### a) Critical accounting estimates

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

#### (i) *Fair value of share options and warrants*

The fair value of options is calculated using appropriate estimates of expected volatility, risk free rates of return, expected life of the options/warrants, the dividend growth rate, the number of options expected to vest and the impact of any attached conditions of exercise. See note 13 for further details of these assumptions.

### b) Critical accounting judgments

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

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

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

Management has determined that there were no impairment indicators present in respect of the exploration and evaluation assets and as such, no impairment test was performed.

#### (ii) *Impairment of other receivable*

In accordance with IFRS 9 *Financial Instruments*, management is required to assess impairment in respect of financial assets. In making the assessment, management is required to make judgments on credit risk associated with receivables. Management has reviewed receivables outstanding as at the year end and assessed the likelihood of receiving the share subscription funds on the basis of historic receipts, the economic environment and the board's assessment of the subscribers' ability to pay. Accordingly an impairment of the receivables has been recognised in note 6.

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## 5. ASSET ACQUISITION

### a) Acquisition of Nigerian exploration licenses

On October 2, 2019 the Office of the Nigeria Mining Cadastre granted a further two new licenses to SGL. The licenses are located between 2.5km and 14km from Segilola, with a combined area of 343.6 km<sup>2</sup> and cover significant sections of the structural trends that extend northwards from the Segilola high grade gold deposit.

**The total consideration paid for the two licenses granted on October 2, 2019 was comprised of the following:**

<b>Purchase price</b>	
<b>Acquisition of exploration licenses</b>	
Cash (NGN 2,905,000)	\$ 10,643
<b>Total consideration December 31, 2020</b>	<b>\$ 10,643</b>

In total the Group currently has tenure over nine exploration licences and one mining licence that cover a total of 912 km<sup>2</sup> of the prospective Ilesha Schist Belt that forms part of the crystalline basement complex of southwestern Nigeria.

## 6. AMOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019
GST	\$ 6,212	\$ 4,786
Other receivables	556	521
Share subscriptions receivable	2,136,786	3,166,831
Impairment reversal / (provision)	(1,955,368)	(2,026,301)
	<b>\$ 188,186</b>	<b>\$ 1,145,837</b>

The majority of amounts receivable consists of share placement subscription funds totalling CAD\$2,136,784. The Board assessed the likelihood of receiving the share subscription funds as at December 31, 2019 and recognized an impairment of CAD\$2,026,000 on the basis of historic receipts, the economic environment and the board's assessment of the subscribers' ability to pay. This impairment took in to consideration payments received between December 31, 2019 and June 15, 2020 being the date of signing the Audited Financial Statements. During the period under review (US\$800,000) CAD\$1,068,805 was received was received by the Company, and post period end and as at the date of signing this report a further US\$125,000 has been received. These further payments received have resulted in a partial reversal of the impairment of CAD\$70,933 which has been recognised in the Consensed Consolidated Interim Statement of Comprehensive Loss.

The value of receivables recorded on the balance sheet is approximate to their recoverable value. Other than the impairment made as at period end there are no expected material credit losses. Please refer to note 15 for discussion on credit risk.

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### 7. PREPAID EXPENSES, ADVANCES AND DEPOSITS

	March 31, 2020	December 31, 2019
Current:		
Insurance	\$ 5,888	\$ 21,213
Other deposits	60,577	76,787
Other prepaids	65,274	102,349
	<b>\$ 131,739</b>	<b>200,349</b>
Non-current:		
Other prepaids	\$ 23,327	\$ 23,327
	<b>\$ 23,327</b>	<b>\$ 23,327</b>

### 8. LEASES

The Group has adopted IFRS 16 using the modified retrospective approach with the effect of applying this standard at the date of initial recognition of 1 January 2019, consequently comparatives have not been restated. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. \$15,404 (2019 year: \$61,108) has been expensed in the period in relation to low value and short term leases. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in respect of an office lease. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019 of 4.25%.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

	Right of use asset	Lease liability	Income statement
Carrying value December 31, 2019	\$ 108,177	\$ (96,665)	\$ -
Depreciation	(14,119)	-	(14,119)
Interest	-	(1,015)	(1,015)
Lease payments	-	15,404	-
Foreign exchange movement	2,364	(2,138)	226
<b>Carrying value at March 31, 2020</b>	<b>\$ 96,422</b>	<b>\$ (84,414)</b>	<b>\$ (14,908)</b>

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### 9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Plant and machinery	Software	Office furniture	Total
<b>Costs</b>					
<b>Balance, December 31, 2018</b>	\$ 432,729	\$ 393,006	\$ 19,514	\$ 142,906	\$ 988,156
Additions	-	5,526	-	8,690	14,216
Foreign exchange movement	(19,492)	(19,752)	(297)	(5,436)	(44,977)
<b>Balance, December 31, 2019</b>	\$ 413,237	\$ 378,779	\$ 19,217	\$ 146,160	\$ 957,395
Additions	105,921	2,400	-	4,066	112,387
Foreign exchange movement	24,466	19,494	481	7,852	52,293
<b>Balance, March 31, 2020</b>	\$ 543,624	\$ 400,673	\$ 19,698	\$ 158,078	\$ 1,122,076
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance, December 31, 2018</b>	\$ 255,068	\$ 377,627	\$ 19,514	\$ 80,470	\$ 732,679
Depreciation	97,262	5,532	-	36,223	139,017
Foreign exchange movement	(28,068)	(19,136)	(297)	(3,945)	(51,447)
<b>Balance, December 31, 2019</b>	\$ 324,262	\$ 364,022	\$ 19,217	\$ 112,748	\$ 820,249
Depreciation	23,766	1,804	-	5,513	31,083
Foreign exchange movement	15,500	20,186	481	5,099	41,266
<b>Balance, March 31, 2020</b>	\$ 363,528	\$ 386,012	\$ 19,698	\$ 123,360	\$ 892,597
<b>Carrying amounts</b>					
Carrying value at December 31, 2018	\$ 177,661	\$ 15,379	\$ -	\$ 62,436	\$ 255,477
Carrying value at December 31, 2019	\$ 88,975	\$ 14,757	\$ -	\$ 33,412	\$ 137,146
<b>Balance, March 31, 2020</b>	\$ 180,096	\$ 14,661	\$ -	\$ 34,718	\$ 229,479

During the three months ended March 31, 2020, depreciation of \$16,765 (three months ended March 31, 2019 - \$17,797) has been capitalized to exploration and evaluation assets. The accumulated depreciation capitalized to exploration expenditures to March 31, 2020 amounts to \$680,644 (December 31, 2019 - \$663,879).

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## 10. EXPLORATION AND EVALUATION ASSETS

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

	Douta Gold Project, Senegal	Central Houndé Project, Burkina Faso	Segilola Gold Project, Osun Nigeria	Exploration licenses, Nigeria	Total
<b>Costs</b>					
<b>Balance, December 31, 2018</b>	\$ 13,897,249	\$ 1,607,410	\$ 27,271,075	\$ 26,453	\$ 42,802,187
Acquisition costs	-	-	-	10,643	10,643
Exploration costs	259,944	14,634	4,363,716	43,401	4,681,695
Foreign exchange movement	(449,051)	(66,106)	(298,358)	(1,118)	(814,633)
<b>Balance, December 31, 2019</b>	\$ 13,708,142	\$ 1,555,938	\$ 31,336,433	\$ 79,379	\$ 46,679,892
Exploration costs	80,120	3,642	5,678,571	4,453	5,766,786
Foreign exchange movement	502,151	71,656	626,763	3,213	1,203,783
<b>Balance, March 31, 2020</b>	<b>\$ 14,290,413</b>	<b>\$ 1,631,236</b>	<b>\$ 37,641,767</b>	<b>\$ 87,045</b>	<b>\$ 53,650,461</b>

### Classification of Expenditure on the Segilola Gold Project

On April 29, 2020 the Company announced the execution of definitive documents with the Africa Finance Corporation to reach full funding of the Segilola Gold Project in Nigeria ("the Project") and made the Final Investment Decision to proceed with construction of the Project. In accordance with the provisions of IFRS 6 this milestone achievement triggers a change in accounting treatment for expenditure on the Project whereby the costs incurred on the Project will be transferred from Exploration and Evaluation Assets to tangible assets. This transfer will be reflected in the Q2 2020 Condensed Consolidated Interim Financial Statements.

#### a) Douta Gold Project, Senegal:

The Douta Gold Project consists of gold exploration license located in southeastern Senegal, approximately 700km east of the capital city Dakar. The licence is in an advanced stage of exploration with two prospects at a discovery stage and being advanced to maiden resource.

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

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

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## 10. EXPLORATION AND EVALUATION ASSETS (continued)

### a) *Douta Gold Project, Senegal (continued)*

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

During the quarter, mapping work was undertaken on the Douta permit in early January 2020 to prepare for auger drilling with four prospects identified. This work, superimposed on the results of soil geochemistry and structural data made it feasible to plan the auger drilling on four potential targets of the project.

In addition a total of 95 grab samples were collected on all the prospects. The sampling work aims to confirm the geochemistry anomaly and also map the mineralization hosted rocks. It will help to understand hosted mineralized rocks before the beginning of an intensive RC or diamond drilling on a targetted prospect.

An extensive campaign of 8,000 metres auger drilling was prepared in Douta permit to generate new drilling targets in Makosa Tail, Mansa, Maka, and Sambara prospects. Drilling has commenced with approximately 6,000 metres of the 8,000 metres program having been completed.

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

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

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

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

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

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

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

On April 8, 2015, the Company entered into the Acacia Option Agreement with Acacia Mining plc ("Acacia"), whereby Acacia will have the exclusive option to earn up to a 51% interest in Central Houndé Project by satisfying certain conditions over a specified 4-year period and then the right to acquire an additional 29%, for an aggregate 80% interest in the Central Hounde Project, upon declaration of a Pre-Feasibility Study. As at September 30, 2018, Acacia has met the minimum spending requirement for the Phase 1 Earn-in. As a result, Acacia earned a 51% interest in the Central Houndé Project. The Group currently holds a 49% interest in the Central Houndé Project.

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## 10. EXPLORATION AND EVALUATION ASSETS (continued)

### b) *Central Houndé Project, Burkina Faso (continued)*

In 2019 Barrick Gold Corporation (“Barrick”) completed an acquisition of Acacia through the purchase of the ordinary share capital of Acacia that Barrick did not already own. The acquisition did not affect work undertaken at the Central Hounde Gold Project in Burkina Faso where Barrick continued its exploration work as per its Joint Operation with Thor.

During the quarter Barrick conducted a desktop re-evaluation work of all geochemical, geological and geophysical data across the prospecting license with an aim to generate targets for further work.

### c) **Segilola Project, Osun Nigeria:**

The Segilola Gold Project is located in Osun State of Nigeria, approximately 120km northeast of Lagos. The property comprises mining and exploration licenses that covers an area of 17.2km<sup>2</sup>.

#### Executive Summary

The Company has made significant progress during the quarter in the development of the Segilola Mine. The ground breaking ceremony was attended by the State Governor’s representative and the Minister for Mines and Steel Development. Site clearance, levelling and construction of initial accommodation facilities at site started. Employment of Community Workers at the construction site commenced.

Covid-19 restrictions has had some impact, but were not significant. The operations were given a waiver to continue operations, under certain conditions.

The Yantai Orient Metallurgy Design & Research Institute continued work on the enhancement of the design of the Process Plant, with the Camp and Administration building design being finalised before construction.

The Mining Contract was awarded to Norinco International Ltd (“Norinco”). Norinco was also awarded the EPC contract for the the Plant on a fixed price Lump Sum Turn Key basis. Work continued with optimisation of the Open Pit Mine Design and Schedule.

As per the completed Resettlement Action Plan, compensation payments to land and crop owners were initiated, with payments continuing through the period.

#### Health & Safety

Covid-19 restrictions came into place at the end of the quarter, with the operation being given a waiver to enable construction to continue through the Osun State Lockdown. Temperature checks, Social Distancing and wearing of masks have been implemented. Health and Safety efforts have been focused on Contractor Management at Site. Systems and Safe Operating Procedures are being developed to ensure compliance with safety rules.

#### Engineering, Procurement and Construction

Initial construction work started at the Segilola Project in February. Official Commencement of Works was set for the 1st March. Clearing of the forest and soil in the area for the Construction Camp Plant site and Accommodation Camp commenced. Access to the Water Storage Dam was started. The procurement process for the long lead items, including the SAG mill and ball mill, also commenced with delivery in Nigeria expected in Q4 2020.



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## 10. EXPLORATION AND EVALUATION ASSETS (continued)

### c) Segilola Project, Osun Nigeria (continued)

#### Mining Contract Tender

Following a competitive Mining Tender Process, the Mining Contract was awarded to Norinco. Further work is being undertaken to optimize the design of the Open Pit.

#### Project Office

The Project Management Office set-up in 2019, has been developed further. Reporting templates are being developed and Management Plans being drawn up.

#### Staffing

Key project hires made include the Mining Engineer, Chief Geologist, Chief Surveyor and HR Manager.

#### Government Relations

An application for waiver of import duties and certain VAT taxes was submitted to the Minister of Mines and Steel Development in accordance with the Mining Act. The Segilola Gold Project First Stone Laying ceremony was attended by the State Governor's representative and the Minister for Mines and Steel Development.

#### Social & Environment

The start of construction on site in Q1 2020 triggered the commencement of payment of compensation to Project Affected Persons ("PAPs") for the loss of land and assets within the mine footprint. To ensure fair compensation to PAPS and in line with Nigerian regulations and international guidelines rental rates for land and replacement value rates for assets (trees of economic value and crops) were determined. These rates were agreed with the Ministry of Mines and Steel Development in February 2020. Compensation using agreed rates was paid for early works including the camp and initial areas of the Water Storage Dam ("WSD") in Q1 2020. Compensation for the remaining WSD area and mine footprint is continuing. Surveys for areas within the WSD and other areas were also undertaken in Q1 2020 to enable compensation to be rolled out in Q2 and Q 3 2020.

The construction phase of the project also triggered the putting in place of a range of site specific HSE plans and procedures including daily HSE data proformas, an incident reporting procedure, and workers HSE induction training.

A range of Environment and Social Management plans and activities were completed within Q1 – including the Project Environmental Management Plan ("EMP"), undertaking of the dry season biodiversity survey to update the Biodiversity Plan and commencement of the Water Management Plan. Wider monthly environmental baseline data surveys were introduced in Q1 2020 to the existing monthly surface and ground water surveys, including air quality, dust, noise and soil data. A contract for this work was signed in February 2020 with FISAS, a Nigerian company registerec to undertake such work as required by Nigerian Environment Regulations.

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The Environment and Social Team team were also cooperating with AFC's environment and social advisors on the formulation of ESAP1 which was to form part of AFC's loan conditions.

### 10. EXPLORATION AND EVALUATION ASSETS (continued)

#### d) Exploration Licenses, Nigeria

The Company, through wholly owned subsidiary SGL has acquired eight gold exploration licenses in South West Nigeria. The Company has an existing gold exploration license through its wholly owned subsidiary SROL, bringing the total number of exploration licenses owned by the Group to nine. The total tenure over these nine exploration licences and one mining licence cover a total of 912 km<sup>2</sup> of the prospective Ilesha Schist Belt that forms part of the crystalline basement complex of southwestern Nigeria. See also Note 5(a).

Exploration Statistics Q1 2020

Type	No. Holes	Total Metres	No. Samples
Diamond drilling	11	1130	
Diamond Core			355
Stream sediment			48
Auger soil sample			1,108
Rock chip			12
Total	11	1,130	1,523

During the quarter, exploration has comprised:

- generating targets within the mining lease and surrounding exploration licence using auger drill geochemical sampling;
- infill diamond drilling to confirm the upper portions of the early mining resource;
- open pit geotechnical drilling; and
- diamond drilling to test for extensions of the mineralisation at depth.

### 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
Trade payables	\$ 1,145,003	\$ 480,179
Accrued liabilities	270,226	552,597
	<b>\$ 1,415,229</b>	<b>\$ 1,032,776</b>

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

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## 12. CAPITAL AND RESERVES

### a) Authorized

Unlimited common shares without par value.

### b) Issued

	March 31, 2020 Number	March 31, 2020	December 31, 2019 Number	December 31, 2019
As at start of the year	449,352,215	\$ 67,550,111	370,682,965	\$ 52,268,870
Issue of new shares:				
- Issue December 4, 2019 <sup>i</sup>	-	(9,940) <sup>ii</sup>	78,669,250	15,281,241
	449,352,215	\$ 67,540,171	449,352,215	\$ 67,550,111

<sup>i</sup> Private placement of 78,669,250 common shares at a price of \$0.20 per share.

<sup>ii</sup> Additional costs associated with the private placement of 78,669,250 common shares at a price of \$0.20 per share.

### c) Share-based compensation

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

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

On January 16, 2020, 14,250,000 stock options were granted at an exercise price of \$0.20 per share for a period of five years. As the issue was post reporting date the share based compensation expense recognizing the issue of those options has not been recognised in these Financial Statements and will be recorded in subsequent financial year.

On October 5, 2018 750,000 stock options were granted at an exercise price of \$0.14 per share for a period of five years.

On March 12, 2018 12,800,000 stock options were granted at an exercise price of \$0.145 per share for a period of five years.

On May 7, 2017 500,000 stock options were granted at an exercise price of \$0.12 per share for a period of three years. On July 5, 2019 the Company announced an extension of the expiry date from May 7, 2020 to May 7, 2022. All other conditions of the options remain the same.

On January 16, 2017 9,750,000 stock options were granted at an exercise price of \$0.12 per share for a period of three years. On July 5, 2019 the Company announced an extension of the expiry date from January 16, 2020 to January 16, 2022. In addition the vesting conditions attached to 1.75 million options were removed with the options vesting immediately and the resulting charge recorded in the Consolidated Statement of Comprehensive Loss.

## THOR EXPLORATIONS LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### 12. CAPITAL AND RESERVES (continued)

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

All of the stock options were vested as at balance 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 an intangible asset in the period. The assumptions inherent in the use of these models are as follows:

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Options vested	Options granted	Expiry
5	01/16/2017	1.81	1.05%	\$0.12	197.32%	\$0.14	9,750,000	9,750,000	01/16/2022
5	05/07/2017	2.10	0.87%	\$0.12	192.23%	\$0.15	500,000	500,000	05/07/2022
5	03/12/2018	2.95	2.00%	\$0.145	105.09%	\$0.14	12,800,000	12,800,000	03/12/2023
5	10/05/2018	3.52	2.43%	\$0.14	100.69%	\$0.14	750,000	750,000	10/05/2023
5	01/16/2020	4.8	1.49%	\$0.20	74.99%	\$0.08	14,250,000	14,250,000	01/16/2025

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

## THOR EXPLORATIONS LTD.

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#### 12. CAPITAL AND RESERVES (continued)

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

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

Grant Date	Expiry Date	Exercise Price	Contractual Lives Remaining (Years)	January 1, 2020 Opening Balance	During the period			March 31, 2020 Closing Balance	March 31, 2020 Number of Options	
					Granted	Exercised	Expired / Forfeited		Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2022	i \$0.12	1.81	9,750,000	-	-	-	9,750,000	9,750,000	-
7-May-2017	7-May-2022	ii \$0.12	2.10	500,000	-	-	-	500,000	500,000	-
12-Mar-2018	12-Mar-2023	\$0.145	2.95	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023	\$0.14	3.52	750,000	-	-	-	750,000	750,000	-
16-Jan-2020	16-Jan-2025	\$0.20	4.80	-	14,250,000	-	-	14,250,000	14,250,000	-
<b>Totals</b>			<b>3.35</b>	<b>23,800,000</b>	<b>14,250,000</b>	<b>-</b>	<b>-</b>	<b>38,050,000</b>	<b>38,050,000</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>				<b>\$0.134</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>\$0.159</b>	<b>\$0.159</b>	<b>-</b>

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

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

## THOR EXPLORATIONS LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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The following is a summary of changes in options from January 1, 2019 to December 31, 2019 and the outstanding and exercisable options at December 31, 2019:

Grant Date	Expiry Date	Exercise Price	Contractual Lives Remaining (Years)	January 1, 2019 Opening Balance	During the period			December 31, 2019 Closing Balance	December 31, 2019 Number of Options	
					Granted	Exercised	Expired / Forfeited		Vested and Exercisable	Unvested
16-Jan-2017	16-Jan-2022	i \$0.12	2.06	9,750,000	-	-	-	9,750,000	9,750,000	-
7-May-2017	7-May-2022	ii \$0.12	2.35	500,000	-	-	-	500,000	500,000	-
12-Mar-2018	12-Mar-2023	\$0.145	3.20	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023	\$0.14	3.76	750,000	-	-	-	750,000	750,000	-
<b>Totals</b>			<b>2.73</b>	<b>23,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,800,000</b>	<b>23,800,000</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>				<b>\$0.134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.134</b>	<b>\$0.134</b>	<b>-</b>

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

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

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### 12. CAPITAL AND RESERVES (continued)

#### d) Share purchase warrants

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

On August 31, 2018, the Company issued a total of 1,664,534 warrants to a broker for advisory services pursuant to the private share placement closed on the same date ("Broker Warrants"). The warrants were issued with an exercise price of \$0.18 for a period of twenty-four (24) months.

#### Right to accelerate exercise of warrants

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

	Number of Warrants	Weighted Average Exercise Price	Carrying Value
<b>Balance, December 31, 2017</b>			\$ -
Private placement	44,453,335	\$0.28	475,000
Broker	1,664,534	\$0.18	58,000
<b>Balance, December 31, 2018</b>	<b>46,117,869</b>		<b>533,000</b>
<b>Balance, December 31, 2019</b>	<b>46,117,869</b>		<b>533,000</b>
<b>Balance, March 31, 2020</b>	<b>46,117,869</b>		<b>533,000</b>

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

The aggregate value of the Warrants is \$533,000 which was determined using the Black Scholes model. The inputs to the model are listed in the table below:

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Warrants Expiry
3	31/08/2018	1.42	2.08%	\$0.28	82.43%	\$0.08	44,453,335	44,453,335	31/08/2021
2	31/08/2018	0.42	2.08%	\$0.18	73.06%	\$0.07	1,664,534	1,664,534	31/08/2020

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

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### d) Share purchase warrants (continued)

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

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

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expiry
3	31/08/2018	1.42	2.08%	\$0.36	82.43%	\$0.07	44,453,335	44,453,335	31/08/2021
2	31/08/2018	0.42	2.08%	\$0.36	73.06%	\$0.04	1,664,534	1,664,534	31/08/2020

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

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

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

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

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

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



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## 13. 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 number of these entities transacted with the Company during the current or comparative reporting periods.

### a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors as follows:

		<b>Nature of transactions</b>	
Goldstream Capital Corporation		Director Fees	

The transactions with Goldstream Capital Corporation are included in the compensation value paid to Directors in part b) below.

### b) Compensation of key management personnel

The remuneration of directors and other members of key management during the three months ended March 31, 2020 and 2019 were as follows:

		<b>Three months ended March 31,</b>	
		<b>2020</b>	<b>2019</b>
Salaries			
Current officers	(i) (ii) \$	<b>47,394</b>	\$ 34,782
Directors fees			
Current directors and officers	(i) (ii)	<b>212,115</b>	186,221
Share-based payments			
Current directors and officers		<b>813,115</b>	-
	\$	<b>1,072,624</b>	\$ 221,003

- (i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2020 and 2019.
- (ii) The Company paid consulting and director fees to both individuals and private companies controlled by directors and officers of the Company for services. Accounts payable and accrued liabilities at March 31, 2020 include \$60,520 (December 31, 2019 - \$nil) due to directors or private companies controlled by an officer and director of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

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### 14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended March 31,	
	2020	2019
Amounts receivable	\$ 1,872	\$ 36,263
Prepaid expenses and deposits	75,773	39,975
Accounts payable and accrued liabilities	537,800	870,669
Change in non-cash working capital accounts	\$ 615,445	\$ 946,907
Relating to:		
Operating activities	\$ 62,763	\$ 436,697
Financing activities	112,408	43,824
Investing activities	440,274	466,386
	\$ 615,445	\$ 946,907

Accounts payable and accrued liabilities includes \$872,650 (December 31, 2019 - \$417,177) related to exploration and acquisition costs.

b) The Company has no outlays in respect of interest and income taxes for the three months ended March 31, 2020 and 2019.

### 15. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, amounts receivable, accounts payable, accrued liabilities and lease liabilities.

#### Fair value of financial assets and liabilities

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

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

#### Financial risk management objectives and policies

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

- Credit risk
- Liquidity and funding risk
- Market risk

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## 15. FINANCIAL INSTRUMENTS (continued)

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:

<b>March 31, 2020</b>		Total
<b>Assets</b>		
Cash and cash equivalents	\$	418,538
Amounts receivable		188,186
<b>Total assets measured at amortised cost</b>		<b>606,724</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$	1,415,229
Lease liabilities		84,414
<b>Total liabilities measured at amortised cost</b>	<b>\$</b>	<b>1,499,643</b>
<b>December 31, 2019</b>		
<b>Assets</b>		
Cash and cash equivalents	\$	5,402,920
Amounts receivable		1,145,837
<b>Total assets measured at amortised cost</b>		<b>6,548,757</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$	1,032,776
Lease liabilities		96,665
<b>Total liabilities measured at amortised cost</b>	<b>\$</b>	<b>1,129,441</b>

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### 15. FINANCIAL INSTRUMENTS (continued)

#### ***Credit risk***

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

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

At March 31, 2020 amounts receivable is comprised primarily of share subscription monies to be received from subscribers pursuant to private placements. The Company has formed the opinion that it is exposed to credit risk and counterparty risks. In accordance with the provisions of IFRS 9 the Company undertook a credit assessment risk with regards to this outstanding receivable and determined that it was appropriate to make an impairment provision for \$1,955,368 as at March 31, 2020.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2020 and December 31, 2019 were as follows:

		<b>March 31, 2019</b>		December 31, 2019
Cash	\$	418,538	\$	5,402,920
		188,186		1,145,837
<b>Total</b>	<b>\$</b>	<b>606,724</b>	<b>\$</b>	<b>6,548,757</b>

#### ***Liquidity and funding risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and are available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

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

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at March 31, 2020 and December 31, 2019.

#### **Contractual maturity analysis as at March 31, 2020**

	Less than 3 months \$	3 – 12 Months \$	1 – 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable	847,383	297,620	-	-	1,145,003
Accrued liabilities	270,226	-	-	-	270,226
	<b>1,117,609</b>	<b>297,620</b>	<b>-</b>	<b>-</b>	<b>1,415,229</b>

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### 15. FINANCIAL INSTRUMENTS (continued)

#### *Liquidity and funding risk (continued)*

#### Contractual maturity analysis as at December 31, 2019

	Less than 3 months \$	3 – 12 Months \$	1 – 5 Year \$	Longer than 5 years \$	Total \$
Accounts payable	232,860	247,319	-	-	480,179
Accrued liabilities	552,597	-	-	-	552,597
	<b>785,457</b>	<b>247,319</b>	-	-	<b>1,032,776</b>

#### **Market risk**

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

#### **a) 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 are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets or liabilities. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Group has no material interest rate exposure as at March 31, 2020.

#### **b) Foreign currency risk**

The Group seeks to manage its exposure to this risk by ensuring that where possible, 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.

# THOR EXPLORATIONS LTD.

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## 15. FINANCIAL INSTRUMENTS (continued)

### Market risk (continued)

#### b) Foreign currency risk (continued)

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

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

Currency of net monetary asset/(liability)	Functional currency					Total March 31, 2020 CAD\$
	Canadian dollar March 31, 2020 CAD\$	US dollar March 31, 2020 CAD\$	Pound Sterling March 31, 2020 CAD\$	Nigerian Naira March 31, 2020 CAD\$	West African Franc March 31, 2020 CAD\$	
Canadian dollar	(324,553)	-	-	-	-	(324,553)
US dollar	273,851	-	-	437	-	274,288
Pound Sterling	(69,603)	-	9	-	-	(69,594)
Nigerian Naira	-	-	-	(307,599)	-	(307,599)
West African Franc	-	-	-	-	(331,282)	(331,282)
Australian dollar	(49,765)	-	-	-	-	(49,765)
<b>Total</b>	<b>(170,070)</b>	<b>-</b>	<b>9</b>	<b>(307,162)</b>	<b>(331,282)</b>	<b>(808,505)</b>

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, 2019:

Currency of net monetary asset/(liability)	Functional currency					Total December 31, 2019 CAD\$
	Canadian dollar December 31, 2019 CAD\$	US dollar December 31, 2019 CAD\$	Pound Sterling December 31, 2019 CAD\$	Nigerian Naira December 31, 2019 CAD\$	West African Franc December 31, 2019 CAD\$	
Canadian dollar	(384,467)	-	-	-	-	(384,467)
US dollar	6,300,514	-	-	400	-	6,300,914
Pound Sterling	(128,754)	-	9	-	-	(128,745)
Nigerian Naira	-	-	-	35,580	-	35,580
West African Franc	-	-	-	-	(303,941)	(303,941)
Australian dollar	(3,360)	-	-	-	-	(3,360)
<b>Total</b>	<b>5,783,933</b>	<b>-</b>	<b>9</b>	<b>35,980</b>	<b>(303,941)</b>	<b>5,515,981</b>

## THOR EXPLORATIONS LTD.

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### 15. FINANCIAL INSTRUMENTS (continued)

#### *Market risk (continued)*

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

	Canadian Dollar Appreciation By 5%	Canadian Dollar Depreciation By 5%
<b>March 31, 2020</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ 171,000	\$ (171,000)
<b>December 31, 2019</b>		
<b>Comprehensive income (loss)</b>		
Financial assets and liabilities	\$ 315,000	\$ (315,000)

### 16. CAPITAL MANAGEMENT

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to explore its unproven mineral interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

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## 17. SEGMENTED DISCLOSURES

### *Geographic Information*

The Company's operations comprise one reportable segment, being the exploration of mineral resource properties. The carrying value of the Company's assets on a country-by-country basis is as follows:

<b>March 31, 2020</b>	<b>Senegal</b>	<b>Burkina Faso</b>	<b>British Virgin Islands</b>	<b>Nigeria</b>	<b>Canada</b>	<b>Total</b>
Current assets	\$ 11,975	\$ 5,335	\$ -	\$ 175,077	\$ 546,076	\$ 738,463
Investment	-	-	-	-	-	-
Deferred income tax assets	16,098	-	-	-	-	16,098
Prepaid expenses and deposit	-	-	-	-	23,327	23,327
Right of use assets	-	-	-	-	96,422	96,422
Property, plant and equipment	23,478	1,218	-	203,440	1,343	229,479
Exploration and evaluation assets	14,290,413	1,631,236	-	37,728,812	-	53,650,461
<b>Total assets</b>	<b>\$ 14,341,964</b>	<b>\$ 1,637,789</b>	<b>\$ -</b>	<b>\$38,107,329</b>	<b>\$ 667,168</b>	<b>\$54,754,250</b>

<b>December 31, 2019</b>	<b>Senegal</b>	<b>Burkina Faso</b>	<b>British Virgin Islands</b>	<b>Nigeria</b>	<b>Canada</b>	<b>Total</b>
Current assets	\$ 3,337	\$ 4,996	\$ -	\$ 341,997	\$ 6,398,776	\$ 6,749,106
Investment	-	-	-	-	2	2
Deferred income tax assets	15,075	-	-	-	-	15,075
Prepaid expenses and deposit	-	-	-	-	23,327	23,327
Right of use assets	-	-	-	-	108,177	108,177
Property, plant and equipment	23,806	1,228	-	111,456	658	137,148
Exploration and evaluation assets	13,708,142	1,555,938	-	31,415,812	-	46,679,892
<b>Total assets</b>	<b>\$ 13,750,360</b>	<b>\$ 1,562,162</b>	<b>\$ -</b>	<b>\$31,869,265</b>	<b>\$ 6,530,940</b>	<b>\$53,712,727</b>



# THOR EXPLORATIONS LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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In Canadian dollars, except where noted (unaudited)

## 18. SUBSEQUENT EVENTS

On April 15, 2020 the Company announced the appointment of AFC nominee, Mr. Oliver Andrews to the Board of Directors. Mr Andrews has over 35 years experience in investing and developing infrastructure as well as mining projects and transactions. He has an extensive background in engineering, transport and principal investments, covering; strategic advisory - advising governments, international corporations, regional economic institutions and DFIs, project development and principal investing. He has successfully directed, developed and invested in numerous infrastructure deals in Africa, with a total value of c. US\$40 billion. Mr Andrews is also a non-executive director of several companies and is the first Chairman of Africa Infrastructure Development Association (AfIDA).

On April 29, 2020 the Company announced the execution of definitive documents with the Africa Finance Corporation to reach full funding of the Segilola Gold Project in Nigeria (the "Project") and made the Final Investment Decision to proceed with construction of the Project. The Company decided to proceed with construction, following the implementation of Covid-19 procedures at the Project, established in accordance with industry best practice and the guidelines set out by the Osun State Government and the Ministry of Mines and Steel Development. Construction commenced in February 2020 and first gold production is scheduled for Q2 2021. The Company also announced issuance of 34,750,000 Common Shares against US\$5,000,000 of invoices under its EPC schedule.

Highlights of the financing are:

- Total fundraising of US\$104,500,000;
- Tranche 1 private placement (closed on December 5 2019) raising gross proceeds of C\$15,733,850 (US\$11,830,000) through the issuance of 78,669,250 Common Shares at a price of C\$0.20;
- Tranche 2 private placement offering of C\$5,973,800 (US\$4,250,000) through the issuance of 28,215,750 Common Shares at a price of C\$0.20 per Common Share;
- Issuance of 34,750,000 shares at a price of C\$0.20 per Common Share in lieu of US\$5,000,000 (C\$6,950,000) of EPC construction costs;
- US\$21,000,000 gold stream prepayment;
- US\$6,500,000 EPC deferred payment facility; and
- US\$54,000,000 senior secured credit facility

The proceeds of the private placements will be used to advance the construction of the Project and general working capital purposes. The Company has fully drawn down on the gold stream prepayment.

On June 12, 2020 the Company announced the undertaking of a private placement to raise up to US\$10 million through the issue of new common shares.

The emergence of the Covid-19 coronavirus pandemic has caused a severe adverse effect on the business environment on a global scale. The Group may be affected by disruptions to its operations in one or more locations, particularly for the foreseeable future in light of the government responses to the spread of Covid-19 or other potential pandemics. The Group's Nigerian operations have been declared as an essential business by the Nigerian authorities and so are not subject to closure.

The Board is aware of the various risks that the pandemic presents that include but are not limited to financial, operational, staff and community health and safety, logistical challenges and government regulation. At present the Board believes that there should be no significant material disruption to its operations in Nigeria and continues to monitor these risks and the Group's business continuity plans.

## **THOR EXPLORATIONS LTD.**

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Management maintains constant dialogue with local Nigerian government and monitors the situation among the local communities as well as the broader environment.

The Group has conducted an review of operations in Senegal and has determined that given the size of the operations to be undertaken in the near term and the limited number of personnel involved, that with the introduction of rigorous hygiene practices including the wearing of masks and regular hand sanitization, operations will continue. The Board continues to monitor the situation closely.

Work on the Joint Operation in Burkina Faso has been restricted to remote desk work in 2020 to the date of signing this report.