THOR EXPLORATIONS LTD

NEWS RELEASE
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May 3, 2022 **TSXV/AIM: THX**

Vancouver, British Columbia

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

THOR EXPLORATIONS ANNOUNCES FOURTH QUARTER 2021 FINANCIAL AND OPERATING RESULTS, AND FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDING DECEMBER 31, 2021

Thor Explorations Ltd. (TSXV / AIM: THX) ("Thor Explorations" or the "Company") is pleased to provide an operational and financial review for its mineral properties located in Nigeria, Senegal and Burkina Faso for the three months ("Q4 2021") and the audited financial results for the year ending December 31, 2021 ("Year" or "FY 2021").

The Company's Consolidated Audited Financial Statements together with the notes related thereto, as well as the Management's Discussion and Analysis for the year ending December 31, 2021, are available on Thor Explorations' website at https://thorexpl.com/investors/financials/.

Operational Highlights of FY 2021

- Commencement of gold production from the flagship Segilola Gold Project ("Segilola") in Nigeria
  - During the operational months of FY 2021 the Company produced 9,921 oz of gold
- Updated Mineral Resource and Reserve Estimates for Segilola
  - Reserve of 517,800 oz at 4.02 grammes per tonne ("g/t") within an open pit indicated Mineral Resource Estimate ("MRE") of 532,000 oz of gold grading at 4.5 g/t, and an underground indicated resource of 76,000 oz of gold grading at 6.1 g/t
- Maiden MRE and discovery at the Douta Gold Project ("Douta") in Senegal
  - Inferred resource of 730,000 ounces grading at 1.5 g/t at the Makosa deposit
  - New prospect, Mansa, discovered. Located approximately five kilometres north of the Makosa deposit
- Continued exploration at Segilola and Douta
  - Segilola
    - Regional stream sediment sampling, auger soil sampling, trenching and geological mapping identified a large area of scattered low-level gold anomalies. Further near mine exploration identified a structural trend, extending north of the Segilola Pit, with gold anomalism occurring along a three-kilometre strike length
    - Ongoing 4,000 metre reverse circulation ("RC") drilling programme with the objective of finding truckable open pit ounces to the Segilola Plant to supplement production and potentially extend the Segilola mine life
  - Douta
    - Results from exploratory RC drilling at the Mansa Prospect confirmed primary gold mineralisation associated with two parallel zones. The geological setting of Mansa is similar to that of Makosa

    - Drilling remains underway at Douta to further upgrade the current resource and to test three additional priority targets

- Company's exploration footprint expanded in Osun State in Nigeria. It was granted the licence EL34429, which is located in Kwara State to the north of Segilola, and agreed four separate option agreements over prospective exploration leases located in Ogun, Osun and Oyo States
- Re-acquired 100% interest in Central Houndé Gold Project ("Central Houndé") in Burkina Faso
- One Lost Time Injury ("LTI"), reported during Segilola's construction in FY 2021
- Community benefits with the three host communities around Segilola implemented and Corporate Social Responsibility programmes progressed. This included a women's training initiative programme, grading of local roads and maintenance of community boreholes
- Compensation payments made to 234 landowners and 1,044 asset owners surrounding Segilola
- Segilola has provided 260 local employment opportunities to date
- 26 scholarships awarded this year to high and senior school and technical college students. These scholarships will be provided annually
- Successfully listed on AIM market of the London Stock Exchange

Financial Highlights of Q4 2021 and FY 2021

- First gold sales in Q4 2021 generating FY 2021 revenues of C$7,815,621 (FY 2020: nil)
- Q4 2021 net profit of C$3,354,803 (Q4 2020: loss of C$2,033,901)
- FY 2021 operating loss of C$1,898,306 (FY 2020: loss of C$3,704,785)
- FY 2021 net loss of C$2,514,238 (FY 2020: loss of C$3,870,107)
- Cash of C$1,621,927 and restricted cash of C$4,445,121 (FY 2020: C$28,261,552 and restricted cash of C$4,460,026)
- Working capital deficit of $53.8 million which includes its Senior Secured Facility, Deferred Payment Facility, Mining Contractor invoices which become due three months after being invoiced, and final Engineering Procurement and Construction ("EPC") invoices which became due post EPC handover, which occurred on January 31, 2022
- The Company's focus during Q4 2021, was the ramp-up of production to mine plan level which was not achieved on a consistent basis prior to year-end. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that commercial production was achieved in January 2022. As such, management has decided to amend the accounting treatment of gold sales and deem commercial production to have commenced in January 2022

Post FY 2021 Highlights

- Achievement of commercial production with 21,343 oz produced at Segilola in the first quarter of 2022
- Post year end, the Company cancelled US$1.35m of its Senior Facility with Africa Finance Corporation ("AFC") it did not draw down. The Company also made its first scheduled debt repayment on March 31, 2022, to the AFC of US$2.53m consisting of principal and interest in accordance with the terms of its Senior Secured Facility
- Following gold sales of 16,658 ounces in Q1 2022, all outstanding Mining Contractor invoices to the end of the period Q1 2022 were paid. The payment of the final EPC invoices, which constitute a material amount of the net working capital deficit, has been extended by the EPC Contractor following the delay in commercial production experienced in Q4 2021 and will be paid from cash flows during H2 2022
- Gold dore inventory of 6,626 ounces of gold as at the end of Q1 2022

- 7,500 metre RC and diamond drilling programme commenced at Segilola to test both near mine and regional drill targets that were generated during the Period and are within trucking distance of the Segilola Plant
- Commencement of comprehensive exploration programme at Douta. The first phase includes 5,000 metres of RC drilling which has been designed to extend the strike extensions of the resource which remains open-ended along strike to the north. Further drilling in 2022 will consist of an additional 25,000 metres of RC and diamond drilling, targeting an upgrade to the existing resource at Makosa and testing three priority targets within the licence

Outlook

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

Segun Lawson, President & CEO, stated:

"2021 proved to be a pivotal year in the Company's history with multiple milestones achieved over a transformational 12 months. First to note is the commencement of production at our Segilola gold mine, which was built through an unprecedented global pandemic that affected global and local supply chains, transportation of people and general working conditions. It's our belief that Segilola will provide a solid foundation to our growth, providing the funding for the development across the portfolio and the expertise to replicate its success.

"Earlier in the year we also announced an updated resource and reserve at Segilola which saw a 28% reserve increase and a 14% increase in process plant design capacity, having a materially positive impact on the project economics. Leading on from last year, in 2022 the Company has continued to implement its exploration programs in Nigeria, focusing on testing near mine targets that can be transported to the plant at Segilola.

"We see Nigeria as an untapped jurisdiction, and our growing, sizeable land package in the country, together with our first mover advantage, leaves the Company in good stead in terms of its growth strategy in the country. In the year we were granted a new licence and have agreed four separate option agreements over prospective exploration leases located in Ogun, Osun and Oyo States. Drilling activities on these licenses recommenced post the period.

"Outside Nigeria, in 2021 we published a maiden mineral resource estimate on the Makosa deposit and discovered the new Mansa prospect at Douta, in Senegal. Douta is located in a significant gold endowed region in Senegal and presents a major resource opportunity for the Company. Exploration here continues as we target an upgrade to the existing resource at Makosa and we test the Mansa, Maka and Samba prospects. We look forward to sharing more exciting updates from Douta in the near future.

"Additionally, during the year we re-acquired 100% of the Central Houndé Project in Burkina Faso and listed on the AIM market of the London Stock Exchange. The admission to the AIM market offers wider access for investors as Thor continues to progress its successful production from Segilola, offering a growth platform from which to grow.

"ESG is held at the upmost importance at Thor. Over the year, we implemented a number of Health Safety Security and Environment plans, policies, procedures and protocols, and in 2022, we'll continue to look at more ways we can improve the way we operate in this respect. We will continue our community benefit schemes with the host communities surrounding Segilola. One of my highlights from the scheme was the awarding of 26 scholarships to high and senior school and technical college students from vulnerable households to enable them to continue their studies.

"Looking to 2022 we have set production guidance at 80,000 to 100,000 ounces, with 21,343 ounces produced in Q1 2022, and with the continuation of production improvements, the Company is well on its way to achieving this. And coupled with the ongoing exploration across the portfolio, it promises an exciting future for the Company and all its stakeholders."

Further details can be found on the Company's website: www.thorexpl.com

About Thor Explorations

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

THOR EXPLORATIONS LTD.
Segun Lawson
President & CEO

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FY 2021 Operational Review

Segilola Project, Nigeria

Executive Summary

The Company's flagship operation is the Segilola Gold mine located in Osun State, Nigeria, approximately 120 kilometres ("km") northeast of Lagos. Segilola is forecast to produce between 80,000 and 100,000oz of gold in 2022 at an All in Sustaining Cost of US$850-950 per oz. Following an updated Mineral Resource and Mineral Reserve Estimate and improved Life of Mine plan announced in the first quarter of the year, Segilola contains a high-grade open pit probable reserve of 517,800 oz at 4.02 grams per tonne ("g/t") within an open pit indicated MRE of 532,000 oz of gold grading at 4.5 g/t, and an underground indicated resource of 76,000 oz of gold grading at 6.1 g/t, with additional significant exploration upside potential.

Production Update

The Company is now in production at its flagship Segilola mine, having produced 9,921 oz of gold in the operational months of the Year. After a production ramp-up phase in the fourth quarter of 2021 Thor transitioned into commercial production in Q1 2022 and expects to produce 80,000 to 100,000 oz gold in 2022.

The commissioning period at Segilola was extended primarily due to supply chain issues, and delayed commissioning of the laboratory. Whilst these issues have been mostly resolved, the mining operations completed the year behind schedule and as a result head grade in the first half of 2022 is expected to be lower than anticipated in the updated Mineral Reserve Estimate. These challenges have been largely offset by the process plant outperforming the definitive feasibility study design capacity of 650,000 tonnes per annum with a current annualised production rate experienced in Q1 2022 of 780,000 tonnes per annum, representing a c.20% improvement over the definitive feasibility study design capacity. In addition to this, recoveries from the gravity circuit were also higher than designed in the definitive feasibility study. This increased process plant capacity, combined with the current gold price and additional lower grade material identified during grade control drilling has also presented the opportunity to review and optimise Segilola's cut-off grade, which offers the opportunity to realise additional production ounces over the life of mine.

Despite the effects that Covid-19 presented around the globe, the Company continued to make excellent progress throughout FY 2021. The Company introduced a number of initiatives that have enabled work to continue normally.

<u>Construction Activities</u>

FY 2021 began with the installation of the processing plant, with the SAG Mill already in place, and construction progress at both the camp and the mining contractors' camp. Significant progress was also made on the tailings storage facility ("TSF"). On the mining operations side, access roads and clearing commenced, as well as the preparation for the construction of the Run of Mine ("ROM") pad.

Later on in FY 2021, significant progress was made across all of these areas, with the addition of advanced work on the Water Storage Dam and the ROM pad delivering ore to the stockpiles. In the third quarter of the Year, the majority of the work was completed, including the processing plant which was fully operational, and the mill and crusher. First gold was poured in July 2021. The camp was also fully operational with phase 1a construction at the TSF complete.

<u>Health & Safety</u>

The Covid-19 restrictions which came into place at the end of the first quarter of 2020 continue. Temperature checks, social distancing and the wearing of masks have become a regular part of operating procedures. Health and Safety efforts continued, with Site Health and Safety rules being further consolidated. Systems and Safe Operating Procedures continue to be developed to ensure compliance with safety rules. In the third quarter, the project site experienced its first cases of Covid-19 with measures swiftly put in place to minimize its spread. Those infected were isolated for a period before being allowed to resume duties. Enhanced protective measures were taken across the site which were successful with cases having dropped significantly by the end of the quarter.

The Company regrettably recorded a serious LTI in August 2021, during its project construction period. Thor voluntarily suspended operations for two days whilst the relevant authorities were informed, who carried out an independent investigation. The Company also completed an internal investigation which resulted in the implementation of changes to its operating and training procedure. Thor recorded over 1,565,505 LTI free hours up until the incident.

<u>Staffing and Project Office</u>

Staffing of Segilola was ongoing throughout FY 2021 and completed in the third quarter. The engineering department is fully established with benefits in quality control being realised. The human resources department is continuously implementing and establishing the HR policies and effective working practice across the Company. In the Year, the finance department became fully operational, and the supply chain team established purchasing and warehousing standard operating procedures. The security team is in place and being further developed. In addition, the technical team for survey, mine engineering and grade control were put in place, and the processing plant team and maintenance technicians were fully established. A performance management process has been implemented and a training department established.

<u>Community</u>

Compensation payments to landowners and farmers were completed over the year. Over 250 community workers have benefited from employment at site. The communities are being favoured for most unskilled work and a number of community projects have been initiated.

<u>Social & Environment</u>

The start of the Year saw the continued construction of facilities, infrastructure, the processing plant, camp, perimeter security wall and administration buildings at Segilola. In addition, during the first quarter, TSF construction commenced. Compensation to project affected persons for the loss of land and/or assets ran ahead of areas being cleared for this construction.

The relocation of the emulsion and detonator stores and access road near the TSF triggered further land and asset surveys and compensation payments. Evaluating new exploration licences has involved the community development and stakeholder team, in meetings with community leaders in new jurisdictions to discuss the proposed exploration programme. Additionally, in the fourth quarter of the Year, community liaison and Health Safety Security and Environment ("HSSE") personnel were assigned to the exploration team to proactively address environment and social exploration focused actions. This led to the Temporary Damages Compensation Procedure being updated to better reflect exploration compensation concerns.

Progress on a range of HSSE management plans occurred throughout the Year with a particular emphasis on requirements for the project finance lenders set out in their Environment and Social Action Plan.

In the first quarter of the Year, community benefits with the three host communities around Segilola included awarding the first round of 26 scholarships to high and senior school and technical college students from vulnerable households to enable them to continue their studies. These scholarships will be provided annually. In the second quarter of the Year, community benefits included a women's training initiative programme, grading of local roads and maintenance of community boreholes. These benefits were maintained and improved upon all year round.

With production from Segilola imminent, in the second quarter of the Year, operational readiness was the focus of environment and social management plans, standards operating procedures and on-site training. The operational phase activities included community training on blasting procedures, including siren system and the erection of blasting notices in the three host communities. Additionally, a community health, safety and security plan was completed to comply with Performance Standard for Environment and Social Sustainability.

In the second quarter of the year, a Nigerian consultancy firm was appointed to aid the Company in the selection, analysis and preparation of business plans for livelihood restoration programmes for project affected persons.

Corporate Social Responsibility ("CSR") programmes progressed in the second quarter, including the construction of local markets, improvements to an important road, replacing degraded wooden pylons with steel electricity pylons, and the training of community members in applying for jobs and preparing a C.V. In the third quarter of the Year, CSR programmes included the opening of local produce markets and increased work undertaken to make improvements to the road.

By the fourth quarter of the year, Thor employed 260 local employees out of 850 total employees at the Segilola mine site. Additionally, the final compensation for the project footprint was completed in the final quarter and by the year end, the compensation budget for Segilola sat at $3.508 million, in line with the overall compensation budget for the project. This provides compensation to 234 landowners and 1,044 asset owners.

<u>Nigerian Exploration Licences</u>

Thor currently has a substantial prospective land package in Nigeria which consists of tenure over eleven exploration licences and one mining licence that cover the prospective gold bearing Ilesha Schist Belt (the major regional shear zone that extends for several hundred kilometres) that forms part of the crystalline basement complex of southwestern Nigeria. The licences are located in close proximity to the Segilola Gold Project and cover sections of the structural trends that extend from the Segilola high grade gold deposit. Initial stream sediment and soil sampling have revealed gold occurrences in all of the Company's exploration licences. The Company's exploration strategy includes further expansion of its Nigerian land package as and when attractive new licences become available.

The second quarter of FY 2021 saw a significant increase in exploration activities, focused on generating high quality drill targets and comprised of regional stream sediment sampling, detailed auger soil sampling, trenching and detailed geological mapping. The sampling programmes were successful in identifying a large area of scattered low-level gold anomalies. Additional geochemical sampling and trenching was carried out to better define potential drilling targets. Further near mine exploration identified a structural trend, extending north of the Segilola Pit, with gold anomalism occurring along a three km strike length.

In the third quarter of the Year, Thor commenced an initial 4,000 metre reverse circulation drilling programme with the objective of finding truckable open pit ounces to the Segilola Plant to supplement production and potentially extend the Segilola mine life. This commenced following successful initial soil geochemistry, mapping of the Segilola package sequence and the appearance of visible gold in a number of the trenches. This program was paused whilst awaiting commissioning of the on-site lab and resumed in Q1 2022.

Activity during the quarter generated a total of 4,065 surface geochemical samples. Initial rock chip sampling and geological mapping commenced on a new exploration lease (EL34429). Reconnaissance geochemical sampling also commenced on three exploration leases that are held under option agreements.

Regional Growth Opportunities

Thor expanded its exploration footprint via licence applications and options over what the Company believes to be prospective exploration targets in the region surrounding the Segilola Gold Mine and the existing package of wholly owned exploration and mining leases. Thor was granted licence EL34429, which is located in Kwara State to the north of Segilola. In addition, Thor agreed four separate option agreements over prospective exploration leases located in Ogun, Osun and Oyo States.

The focus has been on consolidating prospective ground within trucking distance of Segilola and also acquiring prospective licences further away which have demonstrated strong gold mineralisation prospectively through target generation, ground truthing and artisanal mining.

EL34429 (100% SROL, Kwara State) is notable for the number of artisanal workings that are located within the lease. This suggests that gold mineralisation is widespread within a north easterly trending schist belt. Preliminary exploration work on the exploration lease has returned anomalous rock chip results of up to 1.41 g/t of gold from a number of workings dug into lateritised saprolite.

On Site Laboratory

The Company has invested in a fully accredited onsite lab which is being managed by MS Analytical. The lab was commissioned during the 4th quarter of FY 2021. The lab which is currently being used to support mining operations is being expanded to include exploration sampling capability. This will enable the Company to significantly reduce its sample turnaround time in Nigeria, thereby improving its exploration efficiency. It is expected that this expansion will be completed in the 3rd quarter of 2022.

Exploration Team

The Company is also significantly building up its in-country exploration expertise. Three on the ground senior exploration geologists joined the team in late January 2021 and are leading in-country exploration, focussing on working up exploration targets across all the Company's exploration portfolio.

Next Steps

Subsequent to FY 2021, the Company commenced an initial 7,500 metre Reverse Circulation ("RC") and diamond drilling program. The program has been designed to test both near mine and regional drill targets that have been generated during the period and are within trucking distance of the Segilola Plant. The Company expects to receive its first drilling results in Q2 2022.

Douta Project, Senegal

The Douta Gold Project is a gold exploration permit that covers an area of 58 km² and is located within the Kéniéba Inlier which hosts over 40 million oz of gold deposits and has attracted major international mining companies. Douta is within 5 km of the Massawa Gold Deposit which was acquired by Teranga Gold Corporation (subsequently acquired by Endeavour Mining) from Barrick Gold Corporation ("Barrick") for US$430 million.

The Douta licence is strategically positioned between the Massawa and Sabadola deposits to the west and the Makabingui deposit to the east. Within the licence five separate gold prospects were initially identified using surface geochemical sampling and shallow auger drilling. These comprise the more advanced Makosa prospect, and the earlier exploration stage Maka, Mansa, Samba and Makosa Tail prospects.

Thor holds a 70% economic interest in the Douta Gold Project in south-eastern Senegal that is located approximately 700 km east of the capital city Dakar and currently consisting of an advanced stage gold exploration license which hosts two discoveries at Makosa and Mansa.

In November 2021, the Company announced a maiden MRE for the highly prospective Makosa Deposit, which is located in the southern portion of the Douta Gold Project in Senegal. The resource comprises 730,000 oz of gold grading at 1.5 g/t, supported by a total of 35,728 metres of drilling. Mineralisation at the Makosa Deposit remains open along strike with further growth potential. In addition, exploration has uncovered a new mineralised discovery at the Mansa Prospect located 5km along strike from Makosa. Drilling remains underway at Douta to further upgrade the current resource and to test three additional priority targets.

<u>Operations Update</u>

The first quarter of FY 2021 saw Thor announce drilling results from the Makosa North and Makosa Tail prospects at Douta which included highlight holes of 5 metres at 3.4 g/t gold from 37 metres and 12 metres at 1.3 g/t gold from 46 metres. In addition, geological and structural mapping was undertaken at Makosa Tail and Makosa in order to improve the understanding of the mineralised zone defined for a further RC drilling programme. Further exploration in the form of detailed structural mapping to the west of the Makosa prospect was completed in order to identify other zones that may contain other lodes of gold mineralisation parallel to the Makosa main trend.

In the second quarter of the year, Thor announced drilling results from the Makosa Tail prospect. The exploratory programme was designed to infill the initial wide-spaced drilling that was completed in late 2020 which led to the Makosa Tail discovery. The results confirm the continuation of the Makosa mineralised system along strike to the south. Highlight holes included 5 metres at 11.0 g/t gold from 17 metres and 5 metres at 10.1 g/t gold from 7 metres.

RC drilling continued in the second quarter, at Makosa Tail and Makosa North, extending the mineralised strike length to a total of over 7.4 km. Further target generative work, comprising termite mound sampling and auger-assisted geochemical sampling, resumed at the Maka and Mansa prospects. Exploration activity generated a total of 16,894 samples with analyses carried out by ALS Laboratories in Mali.

In the third quarter of the year, we announced further drilling results from the exploratory RC drilling programme at Makosa North, which extended the mineralisation a further 1,500 metres to the north. Significantly, a highlight hole intersected 10 metres at 1.42 g/t gold, which indicates that the mineralisation remains open-ended to the north. Additional highlights from this set of drilling results include 16 metres at 1.58 g/t gold and 9 metres at 2.93 g/t gold.

The Company received all outstanding drill results from its drilling programme in the third quarter. These exciting results went on to form the maiden MRE and discovery at Douta which was announced in the fourth quarter of the Year. The initial resource is of 15 million tonnes ("Mt") grading 1.53 g/t gold for 730,000 oz in the Inferred category and encompasses the Makosa, Makosa North and Makosa Tail zones, which are collectively named the Makosa Resource.

The MRE has been estimated by an independent consultant and is reported at a cut-off grade of 0.3 g/t gold within optimised shells using a gold price of US$2,200.

Douta Gold Project Mineral Resource Estimate, November 2021 (reported at cut-off grade of 0.3g/t Au)

Deposit	Classification	Tonnage Mt	Grade Au g/t	Contained Metal koz Au	Thor Interest
Makosa	Inferred	11.7	1.5	550	70%
Makosa Tail	Inferred	3.6	1.6	180	70%
Total Makosa	Inferred	15.3	1.5	730	70%

- Open Pit Mineral Resources are reported in situ at a cut-off grade of 0.30 g/t Au. A Whittle shell ($2,200) was used to constrain the resources.
- The Mineral Resource is considered to have reasonable prospects for economic extraction by open pit mining methods above a 0.30 g/t Au and within an optimized pit shell.
- Metallurgical and mining recovery factors not applied.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- Totals may not add exactly due to rounding.
- The statement used the terminology, definitions and guidelines given in the CIM Standards on Mineral resources and Mineral Reserves (May 2014) as required by NI 43-101.
- Bulk density is assigned according to weathering profile with a weighted average of 2.78.
- Mr. B. Diouf (CP), Principal Geologist of Azimuth Consulting Senegal, is responsible for this Mineral Resource statement and is an "Independent Qualified Person" as defined in NI 43-101.
- Mr. Diouf has undertaken several site visits during the course of the resource drilling and is satisfied that industry-standard sampling and QAQC procedures have been followed.

In the fourth quarter of the Year, exploratory RC drilling results from the Mansa Prospect comprised 31 holes totalling 2,405 metres and tested anomalous zones as defined by the regional auger geochemical survey completed in 2020. Significant intersections are listed in the table below. The results have confirmed primary gold mineralisation associated with two parallel zones suggested by the geochemical data. The geological setting of Mansa is similar to that of Makosa with mineralisation hosted by deformed sedimentary rocks near the contact with gabbro or volcaniclastics.

Mansa Significant Results

HOLE-ID	Easting	Northing	Elevation	Length (m)	From (m)	To (m)	Interval (m)	Grade (g/tAu)	True Width (m)
DTRC339	181675	1442731	200	90	56	58	2	10.65	1.8
DTRC341	181929	1442998	200	78	5	7	2	1.35	1.6
DTRC345	181247	1443265	200	90	46	49	3	1.08	2.7
DTRC346	181415	1443389	200	70	20	28	8	0.72	7.0
DTRC346				and	29	31	2	0.53	1.8
DTRC347	181393	1443404	200	90	48	53	5	1.75	4.5
DTRC349	181563	1443527	200	84	44	51	7	0.88	6.4
DTRC354	181798	1443855	200	81	39	41	2	1.58	1.8
DTRC363	182618	1443983	200	70	55	59	4	3.11	3.6

(0.5g/t Au lower cut off; maximum 2m internal dilution)

The initial exploration results from Mansa indicate the occurrence of gold mineralisation over a wide area measuring approximately 800 metres wide and 2,000 metres along strike.

<u>Next Steps</u>

Thor intends to progress the Makosa Resource expansion drilling together with parallel workstreams including detailed metallurgical sampling and testing, environmental and social baseline monitoring as part of an Environmental and Social Impact Assessment, geotechnical and hydrological studies.

The main resource expansion priorities are:

- Extensional drilling northwards from the Makosa Resource that will bridge the gap between the Makosa and the Mansa prospect.
- Infill and resource definition drilling at the Mansa Prospect.
- Continue exploration northwards from Mansa.

The broad project level objectives are:

- To upgrade the Inferred Resource to a sufficient inventory of material in the Indicated Resource category so that preliminary mining studies can be undertaken.
- To identify higher grade mineralisation in the oxide zone that can be upgraded to Indicated Resources as a priority.

Continued drilling to increase the overall resource base through extensional drilling along the prospective corridor.

In the period post FY 2021, Thor announced the commencement of drilling at Douta in the form of a comprehensive exploration programme, that commences with a first phase of 5,000 metres of RC drilling, and which has been designed to extend the strike extensions of the resource which remains open-ended along strike to the north. During 2022, the work programme, which includes an additional 25,000 metres of RC and diamond drilling, is also targeting an upgrade to the existing resource at Makosa and testing three priority targets within the licence.

Burkina Faso

In Burkina Faso, Thor was in an earn-in agreement with Barrick Gold Corporation (“Barrick”) comprising two contiguous gold permits, Bongui and Legue, covering an area of 233km², and the Ouere gold permit, covering an area of approximately 241km². These three Burkina Faso permits comprise the Central Houndé Project, located within the Houndé belt, 260km southwest of the capital Ouagadougou, in western Burkina Faso. The Central Houndé Project was being advanced through a Farm-out Agreement with Barrick who could earn up to an 80% interest in the project. Barrick has previously met the minimum spending requirement for the Phase 1 Earn-in, and as a result, had a 51% interest in the Central Houndé Project.

In April 2021, Thor regained a 100% interest in its Central Houndé Project, acquiring Barrick’s 51% ownership of the Project in exchange for a 1% Net Smelter Royalty.

As at December 31, 2021, a permit extension for Ouere has been received, and all documentation for permit extensions for Bongui and Legue has been submitted and is currently pending with the Mining Cadastre.

SUMMARY OF QUARTERLY RESULTS

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

Summary of quarterly results

$	2021 Q4 Dec 31	2021 Q3 Sep 30	2021 Q2 Jun 30	2021 Q1 Mar 31
Revenues	7,815,621	-	-	-
Net profit/(loss) for period	3,354,803	580,532	(6,849,148)	399,575
Basic and fully diluted loss per share (cents)	0.50	0.10	(1.10)	(0.06)

$	2020 Q4 Dec 31	2020 Q3 Sep 30	2020 Q2 Jun 30	2020 Q1 Mar 31
Revenues	-	-	-	-
Net profit/(loss) for period	(2,033,901)	(1,371,821)	1,124,648	(1,589,033)
Basic and fully diluted loss per share (cents)	(0.33)	(0.22)	0.22	(0.35)

SUMMARY FINANCIAL RESULTS OF OPERATIONS

The review of the results of operations should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto for the three months and year ending December 31, 2021.

Results of operations for the year ended December 31, 2021, and 2020

The Company reported a net loss of $2,511,656 (0.40 cents loss per share) for the year ended December 31, 2021, as compared to a net loss of $3,870,107 (0.70 cents loss per share) for the Year ended December 31, 2020. The decrease in loss was largely the result of:

- pre-commercial production sales in Q4 2021 of $7,815,621 in 2021 (2020: nil);
- foreign exchange gains of $1,141,982 from losses of ($192,026) in 2020 primarily on fluctuations between the US Dollar and Nigerian Naira; and
- a decrease in salaries and benefits of $467,562 from $2,099,369 in 2020, which included bonuses, to $1,631,807 in 2021.

Partially offset by:

- costs of listing on the AIM Market of the London Stock Exchange of $1,740,376;
- an increase in bank charges of $192,808, from $71,103 in 2020 to $263,910 in 2021 due to an increase in both number and value of payments made;
- an increase in travel costs of $118,335, from $95,316 in 2020 to $213,651 in 2021 with the easing of travel restrictions caused by the Covid-19 pandemic and the return to international travel; and
- an increase in office & miscellaneous costs of $306,434 from $171,748 in 2020 to $478,182 in 2021 most notably an increase in the cost of insurance, rent and utilities.

The Segilola mine was in construction throughout 2021. In December 2021, while the mine was still in a ramp up phase, the Company recorded pre-commercial production sales revenue of $7,815,621.

Volatility in cost of sales during the first few months of start-up is normal and is to be expected. Costs of production indicated during this start-up period (i.e., before commercial production) are not necessarily indicative of costs to be expected during commercial production. Cost guidance for FY 2022 has been provided in the outlook section.

The Group achieved first gold sales from its Segilola Gold Mine ("Segilola") in Osun state, Nigeria in December 2021, with first production from the Mill occurring in October 2021. During Q4 2021 production from the Mill was intermittent and below operating capacity per its mine plan, while overall recovery was approximately 13% below capacity. The Group's focus during Q4 2021, was the ramp-up of production to mine plan level which was not achieved on a consistent basis prior to year-end. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that the correct classification of Segilola was Assets under construction. During the test phase, the Group earned pre-production sales revenue from gold sales. Refer to Note 3f of the 2021 Audited Financial Statements for detail on the impact of commencement of commercial production in 2022. Refer to Note 3u for further detail on accounting treatment for revenue and cost of production during the testing and ramp-up phase to December 31, 2021.

For the year ended December 31, 2021, the Company incurred the following costs excluding acquisition and impairments across its mining tenements:

Costs excluding acquisition and impairments

$	Year ended December 31,		Total cumulative expenditure
	2021	2020	December 31, 2021
Assets under construction	90,235,195	22,228,831	163,825,829
Exploration expenditures	3,584,433	859,076	13,115,654
Total	93,819,628	23,087,907	176,289,181

The majority of the expenditure for the year ended December 31, 2021, was on the construction of the Segilola Gold Mine in Nigeria of $90,235,195, including $15,109,684 in capitalised Project Finance costs, and exploration works at the Douta Gold Project in Senegal of $2,530,224.

The Company has recognised a provision for restoration costs of $6,440,018 for future rehabilitation work (refer to Note 14 of the 2021 Audited Consolidated Financial Statements).

During the Year acquisition costs of $93,027 were incurred on exploration licenses in Nigeria, and $9,268,302 of deemed acquisition costs under IAS 3 in the form of third party royalty obligations were brought to account for the acquisition of the Segilola Gold Project. The cumulative acquisition costs for the Segilola Gold Project, Nigerian exploration licenses, Douta Gold Project and Central Houndé Project expenditures at December 31, 2021, amount to $29,333,926, $128,923, $6,199,492 and $664,145 respectively.

The value of the Central Houndé Project has been impaired fully as at December 31, 2021, with a charge of $129,109 being recognised in the Consolidated Statement of Comprehensive Loss.

As at December 31, 2021, the Company had cash of $1,621,927, restricted cash of $4,445,121, and 5,725 ounces of gold to be sold (December 31, 2020: cash of $28,261,552, restricted cash allocated to the Segilola Gold Project of $4,460,026).

Results of operations for the three months ended December 31, 2021, and 2020

The Company reported a net profit of $3,357,385 ($0.005 profit per share) for the three months December 31, 2021, as compared to a net (loss) of ($2,033,901) ($0.001 loss per share) for the three months ended December 31, 2020. The move to profit for the three months was largely due to:

- pre-commercial production sales in Q4 2022 of $7,815,621 in 2021 (020: nil);
- foreign exchange gains of $2,364,790 from losses of ($579,051) in 2020; and
- a decrease in the impairment of mineral interests of $1,602,197, from $1,604,564 in 2020 to 2,367 in 2021.

These were offset partially by:

- costs of listing on the AIM Market of the London Stock Exchange of $172,211;
- an increase in travel costs of $50,587 from $30,320 in 2020 to $80,907 in 2021.

The Company recorded pre-commercial production sales revenue of $7,815,621 for the three months ended December 31, 2021, and $nil for the three months to December 31, 2020. No interest was earned during the three months ended December 31, 2021, and 2020.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had cash of $1,621,927, restricted cash of $4,445,121, and 5,725 ounces of gold to be sold and a working capital deficit of ($53,880,473).

The decrease in cash from December 31, 2020 (cash of $26,639,625) is due mainly to expenditure on assets under construction of $34,889,010, payment of fleet mobilisation costs and lease liabilities of $7,088,176, intangible exploration assets expenditures of $3,379,592, the purchase of property plant and equipment of $2,642,214, and operational costs and corporate overheads of $22,360,715. This cash expenditure was financed by existing cash balances and drawdowns from a senior secured loan facility of $38,062,018 and $2,583,530 from the exercise of warrants and options.

Working Capital Calculation

The Working Capital Calculation excludes $16,322,931 of gold stream liabilities, and $7,045,538 in third party royalties included in current accounts payable, that are contingent upon gold sales forecast of 80,000-100,000 ounces for the year ending December 31, 2022.

		December 31, 2021
Current Assets		
Cash and Restricted Cash	$	6,067,048
Inventory	$	23,073,178
Amounts receivable, prepaid expenses, advances and deposits	$	1,039,175
Total Current Assets for Working Capital	$	30,179,401
Current Liabilities		
Accounts payable and accrued liabilities	$	42,859,971
Lease liabilities	$	6,651,570
Gold stream liability	$	16,322,931
Loan and other borrowings	$	42,079,871
	$	107,428,343
less: Current Liabilities contingent upon future gold sales	$	(23,368,469)
Total Current Liabilities for Working Capital	$	84,059,874

Following the commencement of the test phase of mining and processing operations, gold inventory is recognised in the ore stockpiles and in production inventory, comprised principally of ore stockpile and doré at site or in transit to the refinery, with a component of gold-in-circuit.

Table 9.1: Inventory

		December 31, 2021
Plant spares and consumables	$	1,700,832
Gold ore in stockpile	$	11,015,930
Gold in circuit	$	2,052,541
Gold dore [1]	$	8,303,875
Total assets measured at amortised cost	$	23,073,178

Note 1: Gold dore is valued at cost ($1,142/oz)

At the end of Q1 2022, the Company has produced a further 21,343 oz of gold dore and sold 16,658 ounces of gold dore for a realised revenue of $31,650,000. Further detail is found in subsequent events.

Liquidity and Capital Resources

The Company has generated strong operating cash flow during Q1 2022 and expects to continue to do so based on its production and AISC guidance. This strong operating cash flow will support debt repayments, regional exploration and underground expansion drilling at Segilola, planned capital expenditures and corporate overhead costs.

The Board has reviewed the Group’s cash flow forecasts up until April 2023, having regard to its current financial position and operational objectives. The Board is satisfied that the Group has sufficient financial resources to meet its commitments for at least the next twelve months. Refer to note 2c of the 2021 Audited Consolidated Financial Statements for further detail on going concern.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
In Canadian dollars

	Note	December 31, 2021 $	December 31, 2020 $
ASSETS			
Current			
Cash		**1,621,927**	28,261,552
Restricted cash	6	**4,445,121**	4,460,026
Inventory	7	**23,073,178**	-
Amounts receivable	8	**294,522**	56,705
Prepaid expenses, advances and deposits	9	**744,653**	552,696
Total current assets		**30,179,401**	33,330,979
Deferred income tax assets		**109,903**	46,668
Prepaid expenses, advances and deposits	9	**134,184**	195,284
Right-of-use assets	10	**26,502,457**	87,817
Property, plant and equipment	15	**187,236,870**	91,576,876
Intangible assets	16	**19,059,901**	16,267,750
Total non-current assets		**233,043,315**	108,174,395
TOTAL ASSETS		**263,222,716**	141,505,374
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	17	**49,358,349**	10,915,964
Lease liabilities	10	**6,165,570**	38,969
Gold stream liability	11	**16,322,931**	6,068,017
Loans and other borrowings	12	**35,581,493**	68,279
Total current liabilities		**107,428,343**	17,091,229
Non-current liabilities			
Accounts payable and accrued liabilities	17	**1,988,854**	-
Lease liabilities	10	**17,070,126**	-

Gold stream liability	11	**22,155,274**	25,348,934
Loans and other borrowings	12	**32,746,826**	20,531,788
Provisions	14	**6,660,292**	618,586
Total non-current liabilities		**80,621,372**	**46,499,308**
SHAREHOLDERS' EQUITY			
Common shares	18	**99,862,700**	97,122,584
Share purchase warrants	18	**-**	475,000
Option reserve	18	**5,703,990**	5,846,190
Currency translation reserve		**(3,739,985)**	(769,689)
Deficit		**(2,6653,704)**	(24,759,248)
Total shareholders' equity		**75,173,001**	77,914,837
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**263,222,716**	141,505,374

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

(Signed) "Adrian Coates"
Director

(Signed) "Olusegun Lawson"
Director

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

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31,
In Canadian dollars

	Note	2021 $	2020 $
Continuing operations			
Revenue		**$ 7,815,621**	$ -
Production costs and other cost of sales		**(5,254,441)**	-
Loss on forward sale of commodity contracts		**(55,935)**	-
Gross profit from operations		**2,505,245**	-
Other administrative expenses	5	**(4,274,442)**	(4,316,831)
Reversal of impairment of receivables	8	**-**	2,081,704
Impairment of Exploration & Evaluation assets	16	**(129,109)**	(1,604,564)
Gain on settlement of liabilities	18(b)	**-**	1,042,500
Share-based payments		**-**	(907,594)
Profit (Loss) from operations		**(1,898,306)**	**(3,704,785)**
Interest expense	10	**(83,802)**	(3,159)
Foreign exchange gain (loss)		**1,141,982**	(192,025)
AIM listing costs	5	**(1,740,376)**	-
Net loss before taxes		**$ (2,580,502)**	$ (3,899,969)
Tax expense	22	**68,846**	29,862
Net loss for the year		**$ (2,511,656)**	$ (3,870,107)
Other comprehensive loss			

Foreign currency translation loss attributed to equity shareholders of the company*		**(2,970,296)**	(1,328,815)
Total comprehensive loss for the year		**$ (5,481,952)**	$ (5,198,922)
Net loss per share (cents) - basic and diluted	19	**(0.40)**	(0.70)
Weighted average number of common shares outstanding - basic and diluted		**625,373,103**	549,384,552

* Items that may be reclassified to profit or loss.

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

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
In Canadian dollars

	Note		**2021**	2020
Cash flows from (used in):				
Operating activities				
Net loss for the period		$	**(2,514,238)**	$ (3,870,107)
Adjustments for:				
Foreign exchange loss			**1,472,498**	192,025
Proceeds from commodity arrangement	11		**-**	28,197,777
Gain on debt settlement	18(b)		**-**	(1,042,500)
Impairment of Exploration & Evaluation Assets			**129,109**	1,604,564
Depreciation			**78,825**	112,337
Share-based payments			**-**	907,594
Loss on forward sale commodity contracts			**83,089**	-
Deferred income tax recovery	22		**(68,846)**	(29,862)
Interest expense	10		**83,802**	3,159
Changes in non-cash working capital items	21		**(21,779,400)**	1,700,089
Cash utilized in operations			**(22,512,579)**	27,775,076
Adjustments to net loss for cash items				
Realized foreign exchange loss / (gain)			**151,864**	9,015
Net operating cash flows			**(22,360,715)**	27,784,091
Investing activities				
Acquisition of exploration and evaluation assets	16		**(93,027)**	(267,611)
Purchase of other intangible assets	16		**(222,185)**	-
Mobilisation of mining fleet	10		**(3,527,458)**	-
Purchases of property, plant and equipment	15		**(2,642,214)**	(2,397,530)
Assets under construction expenditures	15		**(34,889,010)**	(37,592,724)
Exploration and evaluation expenditures	16		**(3,379,593)**	(2,027,359)

Transfer to restricted cash	6	**-**	(4,460,026)
Net investing cash flows		**(44,753,486)**	(46,745,250)
Financing			
Proceeds from issuance of equity securities	18	**2,583,530**	19,243,403
Borrowing costs paid	11	**(647,010)**	(4,339,276)
Share issue costs	18	**-**	(1,376,118)
Proceeds from borrowings	12	**38,925,285**	27,927,401
Payment of lease liabilities	10	**(3,560,718)**	(103,009)
Interest paid	10	**(83,089)**	-
Net financing cash flows		**37,217,998**	41,352,401
Effect of exchange rates on cash		**3,256,578**	467,390
Net change in cash		**(26,639,625)**	22,858,632
Cash, beginning of the year		**28,261,552**	5,402,920
Cash, end of the year		**$ 1,621,927**	$ 28,261,552

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

THOR EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
In Canadian dollars

	Note	Common shares	Share purchase warrants	Option reserve	Currency translation reserve	Deficit	Total shareholders' equity
Balance on December 31, 2019		**$ 67,550,111**	**$ 533,000**	**$4,902,308**	**$ 559,126**	**$(20,961,259)**	**$ 52,583,286**
Net loss for the year		-	-	-	-	(3,870,107)	(3,870,107)
Comprehensive loss		-	-	-	(1,328,815)	-	(1,328,815)
Total comprehensive loss		-	-	-	(1,328,815)	(3,870,107)	(5,198,922)
Private placements	18	30,774,915	-	-	-	-	30,774,915
Share issuance costs	18	(1,244,442)	-	-	-	-	(1,244,442)
Writeback of warrants expired	18	-	(58,000)	-	-	58,000	-
Share based payments	18	-	-	958,000	-	-	958,000
Options exercised	18	42,000	-	(14,118)	-	14,118	42,000
Balance on December 31, 2020		**$ 97,122,584**	**$ 475,000**	**$5,846,190**	**$ (769,689)**	**$(24,759,248)**	**$ 77,914,837**
Net loss for the year		-	-	-	-	(2,511,656)	(2,511,656)
Comprehensive loss		-	-	-	(2,970,296)	-	(2,970,296)
Total comprehensive loss		-	-	-	(2,970,296)	(2,514,238)	(5,481,952)

Writeback of warrants expired	18	-	58,000	-	-	(58,000)	-
Exercise of warrants	18	2,620,116	(533,000)			533,000	2,620,116
Options exercised	18	120,000	-	(142,200)	-	142,200	120,000
Balance on December 31, 2021		**99,862,700**	**-**	**5,703,990**	**(3,739,985)**	**(26,653,704)**	**75,173,001**

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

1. CORPORATE INFORMATION

Thor Explorations Ltd. N.P.L. was incorporated on September 11, 1968, under certificate number 81705 as a specially limited company pursuant to the Company Act (British Columbia, Canada). On December 4, 2001, Thor Explorations Ltd. N.P.L. changed its name to Thor Explorations Ltd. ("Old Thor"). On March 28, 2006, Old Thor transitioned to the British Columbia Business Corporations Act and on August 24, 2007, Old Thor resolved to remove the pre-existing company provisions applicable to Old Thor. Effective on September 1, 2009, Old Thor amalgamated with Magnate Ventures Inc. The amalgamated entity continued as Thor Explorations Ltd. ("Thor" or the "Company"). Thor trades on the TSX Venture exchange under the symbol "THX" and was admitted to trading on the AIM market in the United Kingdom under the symbol "THX" on June 22, 2021.

The Company is a natural resources company engaged in the acquisition, exploration, development and production of mineral properties and is currently focused on gold projects located in West Africa.

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

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

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

c) Nature of operations and going concern

As at December 31, 2021, the Company had cash of $1,621,927, restricted cash of $4,445,121 and inventory of 5,725 ounces of gold to be sold. Post year end the Company has continued production from its Segilola Gold Mine with 21,343 ounces of gold produced, and 16,658 ounces of gold sold to the end of Q1 2022.

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

The Board has considered the operational disruption that could be caused by factors such as interruptions to production at commercial levels, illness amongst workforce caused by global and regional pandemics, and potential disruptions to supply chains. The Board has conducted sensitivity testing of its cash flow forecasts factoring in these potential impacts and it has considered reasonable mitigating actions to its forecasts and sensitivity scenarios. The major focus on sensitivity testing was on the production levels at its Segilola Gold Mine, where the impact of production levels falling 5% below expected capacity, were assessed, as well as the impact of a fall in the gold price of up to 5% from forecast levels. The forecast cashflows are based on a gold price of US$1,836/oz and the all-in sustaining cost at Segilola of US$850 – 950/oz during the period under review (Refer to section 6 of the Q4 2021, MD&A).

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

As at December 31, 2021, the Group had a net working capital deficit of $53.8 million which includes its Senior Secured Facility, Deferred Payment Facility (refer to note 12), Mining Contractor invoices which become due three months after being invoiced, and final EPC invoices which became due post EPC handover, which occurred on January 31, 2022. The working capital calculation excludes $16,322,931 of gold stream liabilities, and $7,045,538 in third party royalties included in current accounts payable, that are contingent upon gold sales forecast of 80,000-100,000 ounces for the year ending December 31, 2022.

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

In addition to this, the Company's gold sales of 16,658 ounces made to the end of Q1 2022 enabled the Company to pay all outstanding due Mining Contractor invoices.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Consolidation principles

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

The subsidiaries of the Company are as follows:

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

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

c) Foreign currency translation

Functional and presentation currency
The Company’s presentation currency is the Canadian dollar (“$”). The functional currency for the Company, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. The individual financial statements of each of the Company’s wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

Exchange rates published by the Bank of Canada and Oanda were used to translate the Thor BVI, African Star, SR BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL’s financial statements into the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires, on consolidation, that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period). The foreign exchange differences on translation of subsidiaries Thor BVI, African Star, SRI BVI, African Star SARL, Argento BF SARL, AFC Constelor SARL, SROL and SGL are recognised 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 recognised in profit and loss. Fluctuations in the value of the local currencies of our subsidiaries, with most notably the US Dollar and Canadian Dollar will result in foreign exchange gains and losses as assets and liabilities denominated in US Dollar and Canadian Dollar are revalued in the Subsidiary’s local currency at reporting dates.

d) Financial instruments

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

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

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

Derecognition of financial assets and liabilities

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

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

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

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

Financial Assets

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

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

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

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

Cash and cash equivalents

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

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

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

As at December 31, 2021, the Company had $4.4 million (US$3.5 million) that is accounted for separately from cash and cash equivalents. It is classified as restricted cash as the funds are not freely available for the Company's use. Refer to Note 6.

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.

Impairment of Financial Assets

Financial Liabilities

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

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

The Group's financial liabilities consist of financial liabilities measured at amortised cost. These comprise Loans and borrowings, short term advances pursuant to outstanding settlement of currency exchange swaps undertaken in the normal course of operations, accounts payable, accrued liabilities and deferred payment. Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive loss over the period of the loans and borrowings using the effective interest rate method. If estimates of future payments are revised, the carrying amount of the financial liability is adjusted to reflect actual and revised estimated cash flows.

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

Fair Value measurement hierarchy

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

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

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

Gold Stream arrangement

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

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

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

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

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

Capitalisation of borrowing costs

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

e) Property, plant and equipment

Recognition and Measurement

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

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

Subsequent Costs
The cost of replacing part of an item of property, plant and equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised 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 recognised net within other income in profit or loss.

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

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

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

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

f) Assets under construction

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

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

The cost of an asset in the course of construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use, at which point it is transferred from assets under construction to other relevant categories and depreciation commences. Assets under construction are not depreciated.

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

The Company has elected to adopt changes to IAS 16 early (refer to Note 3u) and recognize sales from property, plant and equipment while the Group is preparing Segilola for its intended use. The financial impacts on the financial statements for the year to December 31, 2021, of the early adoption of changes to IAS 16 are as follows:

- Recognising gold sales in the Consolidated Statement of Comprehensive Loss;
- Recognising direct costs of production as cost of sales in the Consolidated Statement of Comprehensive Loss; and
- Recording the cost value of Ore and Dore on hand as at December 31, 2021, as inventory in the Consolidated Statement of Financial Position and not capitalizing the value in Assets under construction.

The changes to the Financial Statements of reaching commercial production will be as follows:

- Assets under construction will be reclassified as Mining Properties within Property, Plant & Equipment;
- Depreciation of Mining Properties will commence (refer to Note 3e for further details);
- Management has considered the issue of functional currency and has determined that commencement of commercial production is the event that will have a material effect on the financial statements. Gold sales and the mining contract are both denominated in US Dollars and given the material impact on the financial statement of Segilola Resources Operating Limited ("SROL") the appropriate functional currency will be US Dollars. (Refer to Note 4(v) for detail on the Group's assessment and judgement of functional currency of its operating subsidiary SROL for the year to December 31, 2021); and
- All costs connected with Segilola will be recognised as expenses in the Consolidated Statement of Comprehensive Loss and not capitalised.

g) Exploration and evaluation expenditures

Acquisition costs

The fair value of all consideration paid to acquire an unproven mineral interest is capitalised, 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 recognised and capitalised, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

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

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

Farm-in agreements

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

h) Impairment of non-current assets

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

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

Impairment reviews performed under IFRS 6 are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically, when one of the following circumstances applies:
(i) sufficient data exists that render the resource uneconomic and unlikely to be developed
(ii) title to the asset is compromised
(iii) budgeted or planned expenditure is not expected in the foreseeable future
(iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

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

i) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognised in profit and loss, except for income taxes relating to items recognised 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 recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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

- the initial recognition of assets or liabilities, not arising in a business combination, that do not affect accounting or taxable profit

- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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

j) Revenue recognition

The Group enters into agreements for the sale of refined gold at LBMA Precious Metal Prices p.m. rates (“LBMA p.m.”) as per goldstream prepayment and offtake agreements (“the Agreements”) between the Group and a third party (“the Customer”). The Customer either receives delivery of gold to a nominated metals account or receives net proceeds pursuant to a Cash Settlement Agreement.

The Cash Settlement Agreement is an agreement entered in to between the Group and the Customer whereby the Customer elects to receive net cash proceeds in lieu of delivery of gold. In executing a Cash Settlement Agreement, the Group enters in to forward sales contracts for the sale of gold at a pre-determined and agreed price with an agent who remits the cash proceeds to the Group. The Cash Settlement Agreement sets prices for gold using LBMA p.m. prices that would have been sold and delivered to the Customer at delivery. The LBMA p.m. prices in the Cash Settlement Agreement differ from the prices achieved by the Group in the forward sale. The Group is obligated to remit to the Customer any difference in the prices per the Cash Settlement Agreement and the forward sales. The difference between the two prices is recognised as a loss on forward sales contract in the Consolidated Statement of Comprehensive Loss.

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

k) Royalties

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

The Group also has royalty obligations to three former owners of the Segilola Gold Project at rates of between 0.375% to 1.5% on the value of sales. Total royalties to the former owners (“third party royalties”) are capped at US$7.5 million. Royalties are calculated using the outturn date as reference point, whereby the number of ounces outturned are multiplied using the London Bullion Market Association (“LBMA”) p.m. rate on the outturn date to establish a deemed sales value. The applicable royalty rate for each former owner is applied to the deemed sales value to determine the royalty payable. Royalty expenses are recognised as cost of sales in the Consolidated Statement of Comprehensive Loss and a liability in the Consolidated Statement of Financial Position at the point that the royalty payment obligation arises. Please refer to Note 25 for further detail on royalty obligations to former owners.

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

l) Inventory

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

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

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

m) Basic and diluted income or loss per share

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

n) Comprehensive income (loss)

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

o) Share-based payments

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

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

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

p) Decommissioning, site rehabilitation and environmental costs

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

q) Leases

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

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

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

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

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

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

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

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

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

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

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

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

During the year under review there was one new lease entered in to in accordance with IFRS 16. The Company's wholly owned Nigerian subsidiary, Segilola Resources Operating Limited ("SROL") entered into a mining contract with an external service provider ("the Contractor") for mining services at its Segilola Gold Mine. The Contractor commenced full mining services on July 1, 2021. Included in the mining contract is the provision of a mining fleet. The Group analyzed the mining contract in the context of IFRS 16 and has made the determination that the value of the mining fleet is a lease agreement as the fleet is representing an identifiable asset which the entity has control over the remaining obligations of the Contractor under the mining contract constitute service arrangements. The value of the mining fleet has been recognised as a Right-of-

Use Asset and Lease Liability and measured at the present value of the contractual payments due to the lessor over the lease term.

An 8% interest rate implicit in the lease and the mining contract length of five years were key variables used in calculating the value of Right-of-Use Asset and Lease Liabilities for the mining fleet. The mining contract length of five years and management has determined the lease to have the same length given the current forecast mine life. This judgement will be reviewed by Management in future reporting periods.

r) Interest income

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

s) Provisions

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

t) Contingent liabilities

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

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

u) Application of new and revised International Financial Reporting Standards

New standards impacting the Group that are adopted in the annual financial statements for the year ended

December 31, 2021, are:

Standard	Detail	Effective date
IAS 16	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	January 1, 2022

The Group has elected to adopt IAS 16 early as first gold sales from its Segilola Gold Mine in Osun State, Nigeria took place in December 2021, in advance of commercial production being achieved. Refer to Note 4vi) for further detail on the judgement applied by the Group on assessing the timing of achieving commercial production.

The two key variables considered by the Group in adopting IAS 16 early were:

- Accounting for sales revenue; and
- Accounting for production costs

<u>Accounting treatment of sales revenue</u>

The Group has one Customer for sales of gold as per gold stream prepayment and offtake agreements ("the Agreements") (Refer to Notes 11 and 12 for further detail on these arrangements). Sales made in December 2021 were under the terms of the Agreements and as such Management has determined that the correct accounting treatment for sales made to year end was in accordance with its Revenue Recognition policy as set out in Note 3j.

<u>Accounting for production costs</u>

In accordance with IAS 16, where revenue is recognised while an entity is preparing assets for their intended use, costs of production must be measured and recorded in the statement of comprehensive income. The production sold was gold bullion and Management has determined that the most appropriate measure of cost of production is to recognise the cost of bullion sold on a number of units sold basis, using the average cost basis of direct production costs during the period September to December 2021 during which time the ore mined on a monthly basis was at a reasonably consistent level. The cost of mining and milling was divided by the number of units (ounces) produced (Refer to Note 3l for detail on the Group's policy on accounting for inventory). The resulting value of the number of ounces sold was transferred from inventory in the Consolidated Statement of Financial Position and recorded as Production Costs in the Consolidated Statement of Comprehensive Loss.

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

v) Future accounting pronouncements

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which the Group has decided not to adopt early. None of these are expected to have a significant effect on the Group, in particular:

IFRS 17 – Insurance contracts	January 1, 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IFRS 3 Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS	January 1, 2022

1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

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

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 recognised 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.

Critical accounting estimates

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

(i) *Accounting treatment of Gold Stream Liability*

Determining the appropriate accounting treatment for the Gold Stream Liability is not an accounting policy choice, rather it is an assessment of the specific facts and circumstances and requires judgement. The Company has reviewed the terms of the Gold Sale Agreement and determined that in the prior year it constituted a commodity arrangement as it was an arrangement to deliver an amount of the commodity from the Group's own Segilola Gold Project operation and constituted a contract liability under IFRS 15. During the year the arrangement was modified to allow the Group to settle the Gold Stream Liability in cash which led to the arrangement being reclassified as a financial liability.

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

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

The period-end Gold Stream obligation uses forward curve information based on the period-end gold spot price, which was US$1,875 /oz at December 31, 2021. A 1% change in gold production estimates would result in an impact of less than US$0.056 million on the Gold Stream liability.

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

The Group’s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management’s best estimate of the rehabilitation costs in the period in which they are incurred. This estimate includes judgements from management in respect of which costs are expected to be incurred in the future, the timing of these costs and their present value. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine. A 1% change in the discount rate on the Group's rehabilitation estimates would result in an impact of $0.32 million (2020: $nil) on the provision for environmental and site restoration. The value of the year- end restoration provision is disclosed within note 14.

(iii) *Inventories*

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

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

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

a) 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 recognised in the financial statements within the next financial year are discussed below:

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

Management has determined that it is appropriate to impair fully the value of the Central Houndé Project in Burkina Faso following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the license. An impairment charge of $129,109 has been charged in the year to December 31, 2021, in the Consolidated Statement of Comprehensive Loss. There were no impairment indicators present in respect of any of the other exploration and evaluation assets and as such, no additional impairment test was performed.

(ii) *Impairment of property, plant and equipment*
The Company has determined that there were no impairment indicators present in respect of the Segilola Gold Mine in accordance with IAS 36 and determined that no impairment was required to be recognised.

(iii) *Functional currency*

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

The principal focus of the analysis was on the continuing applicability of the Nigerian Naira ("NGN") as the functional and reporting currency SROL. Potential indicators of a change in functional currency for SROL were the commencement of the Mining Contract at Segilola and commencement of gold sales from Segilola, both denominated in US Dollars at points during the year. SROL continued to incur significant operating costs denominated in NGN throughout the year under review. The financial impact of a change in functional currency of SROL to US Dollars was assessed at each of the dates where potential indicators of a change in functional currency could be considered to have been determined and it was concluded that a change in functional currency to US Dollars would not have a material impact on the financial statements of SROL or the Group. The Group determined that in the absence of a material change impact on the financial statements, and the continued material costs denominated in NGN, the appropriate functional currency for SROL continued to be NGN, for the year to December 31, 2021. Refer to Note 3f for detail on the impact of commencement of commercial production in 2022.

(iv) *Commercial production*

The Group achieved first gold sales from its Segilola Gold Mine ("Segilola") in Osun state, Nigeria in December 2021, with first production from the Mill occurring in October 2021. During Q4 2021 production from the Mill was intermittent and below operating capacity per its mine plan, while overall recovery was approximately 13% below capacity. The Group's focus during Q4 2021, was the ramp-up of production to mine plan level which was not achieved on a consistent basis prior to year-end. After careful consideration Management has determined that mining operations to December 31, 2021, were not at sustainable commercial levels and that the correct classification of Segilola was Assets under construction. Production and recovery rates reached levels closer to mine plan in January 2022, and as such Management has determined that commercial production was achieved from January 2022. During the test phase, the Group earned pre-production sales revenue from gold sales. Refer to Note 3f for detail on the impact of commencement of commercial production in 2022. Refer to Note 3u for further detail on accounting treatment for revenue and cost of production during the testing and ramp-up phase to December 31, 2021.

5. OTHER ADMINISTRATIVE EXPENSES

	Note	Years Ended December 31, 2021	Years Ended December 31, 2020
Audit		$ **207,988**	$ 134,194
Legal and professional fees		**146,787**	137,398
Consulting fees		**449,632**	763,801
Amortisation and depreciation – owned assets	15	**26,797**	55,719
Amortisation and depreciation – right-of-use assets	10	**52,028**	56,619
Directors' fees	20	**452,965**	413,228
Salaries and benefits		**1,631,807**	2,099,369
Listing and filing fees		**38,149**	21,403
Investor relations and transfer agent		**311,849**	296,933
Bank charges		**263,910**	71,103
Office and miscellaneous		**478,879**	171,747
Travel		**213,651**	95,316
		$ **4,274,442**	$ 4,316,831

Expenses of $1,740,376 incurred in the year ended December 31, 2021, are costs incurred in listing the Company's shares on the AIM Market of the London Stock Exchange. These costs have been identified separately in the Consolidated Statement of Comprehensive Loss.

Foreign exchange gains (losses) recognised through the Consolidated Statement of Comprehensive Loss arose primarily from movements in the exchange rate between the Nigerian Naira and US Dollar.

6. RESTRICTED CASH

		December 31, 2021		December 31, 2020
Restricted cash	**$**	**4,445,121**	$	4,460,026

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited (“SROL”) had completed the financial closing of a US$54 million project finance senior debt facility (“the Facility”) from the Africa Finance Corporation for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group’s request in minimum disbursements of US$5 million. As at December 31, 2021, SROL has received total disbursements of US$52.6 million ($66.7 million), with US$31.1 million ($39.4 million) drawn down during the period under review. Total disbursements received represent 97% of the facility. Under the terms of the facility, the Company was required to place a total of US$3.5 million ($4.4 million) into a cost overrun bank account that can only be used for expenditure on the development of the Segilola Gold Project in the event of construction costs exceeding budget. Accordingly, the balance of the cost overrun bank account at the reporting date has been shown separately from Cash on the Statement of Financial Position. Refer to Note 13 for further detail on the facility. The restricted cash balance will be released to the Company upon satisfaction of the following conditions:

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

7. INVENTORY

		December 31, 2021		December 31, 2020
Plant spares and consumables	**$**	**1,700,832**	$	-
Gold ore in stockpile		**11,015,930**		-
Gold in CIL		**2,052,541**		-
Gold Dore		**8,303,875**		-
	$	**23,073,178**	$	-

There were no write downs to reduce the carrying value of inventories to net realizable value during the year ended December 31, 2021.

8. AMOUNTS RECEIVABLE

		December 31, 2021		December 31, 2020
	$	**25,400**	$	-
GST / VAT		**4,605**		1,414
Other receivables		**264,517**		55,291
	$	**294,522**	$	56,705

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

9. PREPAID EXPENSES, ADVANCES AND DEPOSITS

		December 31, 2021		December 31, 2020
Current:				
Insurance	**$**	**68,502**	$	47,973
Gold Stream liability arrangement fees		**49,270**		52,910
Other deposits		**298,709**		295,795
Other prepayments		**328,172**		156,018
	$	**744,653**		552,696
Non-current:				
Gold Stream liability arrangement fees	**$**	**110,857**	$	171,957
Other prepayments		**23,327**		23,327
	$	**134,184**	$	195,284

10. LEASES

The Group accounts for leases in accordance with IFRS 16. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term. $2,973,774 (2020 year: $103,009) has been expensed in the year in relation to low value and short- term leases. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

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

		Right-of-use asset		Lease liability		Income statement
Carrying value December 31, 2020	$	87,817	$	(38,969)	$	-
New leases entered in to during the year		28,751,619		(25,008,892)		-
Depreciation		(2,995,240)		-		(52,028)
Interest		-		(994,425)		(713)
Lease payments		-		3,560,718		-
Foreign exchange movement		658,261		(754,128)		(95,868)
Carrying value at December 31, 2021	$	26,502,457	$	(23,235,696)	$	(148,609)

Total depreciation for the year under IFRS 16 was $2,995,240. Of the total depreciation charge, $52,028 was charged to the Statement of Comprehensive Loss, and $2,943,212 was capitalised to Assets Under Construction. Total interest expense for the year under IFRS 16 was $1994,425. Of the total interest charge, $713 was charged to the Statement of Comprehensive Loss, and $993,7119 was capitalised to Assets Under Construction. The capitalisation of lease interest charges will cease when commercial production commences. Refer to Note 3f for further detail on the Group's accounting policy for Assets Under Construction and Note 4(vi) for the Group's judgement on commercial production.

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

	Right-of - use asset	Lease liability	Income statement

Balance on transition	$ 108,177	$ (96,665)	$ -
New leases entered in to during the year	41,969	(41,969)	-
Depreciation	(60,559)	-	(56,619)
Interest	-	(3,159)	(3,159)
Lease payments	-	103,009	-
Foreign exchange movement	(1770)	(185)	(1,955)
Carrying value at 31 December 2020	$ 87,817	$ (38,969)	$ (61,733)

11. GOLD STREAM LIABILITY

Gold stream liability

	December 31, 2021 Total	December 31, 2020 Total
Balance at Beginning of period	$ 31,416,951	$ -
Drawdown	-	28,197,777
Interest at the effective interest rate	8,344,639	4,545,134
Repayments	(564,438)	-
Foreign exchange movement	(718,947)	(1,325,960)
Balance at End of period	**$** 38,478,205	**$** 31,416,951
Current liability	16,322,931	6,068,017
Non-current liability	22,155,274	25,348,934

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

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

Interest expense of $8,344,639 was recognised for the year ended December 31, 2021 and has been capitalised and is included in the value of Assets Under Construction (Refer to Note 15). To the date of this report a cumulative total of $12,889,773 has been capitalised and included in the value of Assets Under Construction. The interest expense will be released to the income statement upon commencement of commercial production in line with units of gold produced.

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

The effect of the accounting change is set out in the table below.

		December 31, 2021		December 31, 2020
Contract liability	**$**	**-**	$	31,416,951
Financial liability	**$**	**38,478,205**	$	-

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

		Level 1	Level 2	Level 3	Total
Financial liability at fair value through profit or loss	$	-	38,478,205	-	38,478,205

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

12. LOANS AND BORROWINGS

		December 31, 2021		December 31, 2020
Current liabilities:				
Loans payable to the Africa Finance Corporation less than 1 year	**$**	**30,760,787**	$	-
Deferred element of EPC contract		**3,970,882**		68,279
Short term advances		**849,824**		-
	$	**35,581,493**		68,279
Non-current liabilities:				
Loans payable to the Africa Finance Corporation more than 1 year	**$**	**28,821,637**	$	18,140,636
Deferred element of EPC contract		**3,925,189**		2,391,152
	$	**32,746,826**	$	20,531,788

Loans from the Africa Finance Corporation

		December 31, 2021 Total		**December 31, 2020 Total**
Balance at Beginning of year	**$**	18,140,636	**$**	-
Drawdown		38,062,018		27,927,401
Equity component		-		(5,666,011)
Arrangement fees		(647,010)		(4,016,642)
Unwinding of interest in the year		2,179,403		186,205
Foreign exchange movement		1,847,378		(290,317)
Balance at End of period	**$**	59,582,425	**$**	18,140,636
Current liability		30,760,787		-
Non-current liability		28,821,637		18,140,636

On December 1, 2020, the Company announced that its subsidiary Segilola Resources Operating Limited ("SROL") had completed the financial closing of a US$54 million project finance senior debt facility ("the Facility") from the Africa Finance Corporation ("AFC") for the construction of the Segilola Gold Project in Nigeria. The Facility can be drawn down at the Group's request in minimum disbursements of US$5 million. As at December 31, 2021, SROL has received total disbursements of US$52.6 million ($66.7 million), with US$31.1 million ($38.1 million) drawn down during the year under review. Total disbursements received represent 97% of the Facility. The Facility is secured over the share capital of SROL and its assets, with repayments expected to commence in March 2022 and conclude in March 2025.

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

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

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

Interest paid during the year of $4,452,063 has been capitalised under Assets Under Construction. (Refer to Note 15). As at December 31, 2021, $1.3 million (US$1.6 million) of the facility remains available for drawdown. Post year end, the Company cancelled US$1.35m of its Senior Facility it did not draw down.

The loan from the AFC has financial and non-financial covenants. These covenants are triggered upon the first repayment obligation which took place in March 2022. Refer to note 27 for further information.

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

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

The EPC Contract includes a deferred element (“the Deferred Payment Facility”) of 10% of the fixed price. As at December 31, 2021, a total of $7,896,071 (US$6,217,294) (December 31, 2020: $2,459,431 (US$2,009,314)) was deferred under the facility. The 10% deferred element is repayable in instalments over a 36-month period by repaying an amount on a series of repayment dates, as set out in the Deferred Payment Facility. Repayments are due to commence in March 2022 and conclude in 2025. Interest on this element of the EPC deferred facility accrues at 8% per annum from the time the Facility taking-over Certificate is issued.

		December 31, 2021 Total		December 31, 2020 Total
Deferred payment facility	$	7,896,071	$	2,459,431
Balance at year end	**$**	7,896,071	**$**	2,459,431

Short term advances

		Total
Balance at drawdown	$	863,267
Foreign exchange movement		(13,443)
Balance December 31, 2021	**$**	849,824
Current liability		849,824
Non-current liability		-

The Company entered into a currency swap agreement with a third party on December 30, 2021. The currency being purchased was received before reporting date. The currency being sold was paid to the third party after reporting date on January 2, 2022. The advance was settled in full on January 2, 2022, and did not incur any interest.

The following table analyses within the fair value hierarchy the Group’s assets and liabilities (by class) measured at fair value at December 31, 2021.

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

		Level 1	Level 2	Level 3	Total
Assets	$	-	-	-	-
Liabilities					
Short term advances		-	-	849,824	849,824
Total	$	-	-	849,824	849,824

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

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

December 31, 2021		**Gold stream liability**	**Short term advance**	**AFC loan**	**EPC deferred facility**	**Total**
January 1, 2021	$	31,416,951	-	18,140,636	2,459,431	52,017,018
Cash flows:						
Drawdowns		-	863,267	38,062,018	-	38,925,285
Repayments		(564,438)	-	-	-	(564,438)
Transaction costs		-		(647,010)	-	(647,010)
Non-cash changes:						
Unwinding of interest in the year		8,344,639	-	2,179,403	318,386	10,842,428
Foreign exchange movements		(718,947)	(13,443)	1,847,378	32,489	1,147,477
Offset against EPC payment		-	-	-	5,085,765	5,085,765
December 31, 2021	$	38,478,205	849,824	59,582,425	7,896,071	106,806,525

December 31, 2021		**Gold stream liability**	**Short term advance**	**AFC loan**	**EPC deferred facility**	**Total**
January 1, 2021	$	31,416,951	-	18,140,636	2,459,431	52,017,018
Cash flows:						
Drawdowns		-	863,267	38,062,018	-	38,925,285
Repayments		(564,438)	-	-	-	(564,438)
Transaction costs		-		(647,010)	-	(647,010)
Non-cash changes:						
Unwinding of interest in the year		8,344,639	-	2,179,403	318,386	10,842,428
Foreign exchange movements		(718,947)	(13,443)	1,847,378	32,489	1,147,477
Offset against EPC payment		-	-	-	5,085,765	5,085,765
December 31, 2021	$	38,478,205	849,824	59,582,425	7,896,071	106,806,525

December 31, 2020		**Gold stream liability**	**Short term advance**	**AFC loan**	**EPC deferred facility**	**Total**
January 1, 2020	$		-	-	-	-
Cash flows:						
Drawdowns		28,197,777	-	27,927,401	-	56,125,178

Transaction costs	-		(4,016,642)	-	(4,016,642)
Non-cash changes:					
Equity component	-	-	(5,666,011)	-	(5,666,011)
Unwinding of interest in the year	4,545,134	-	186,205	-	4,731,339
Foreign exchange movements	(1,325,960)	-	(290,317)	-	(1,616,277)
Offset against EPC payment		-	-	2,459,431	2,459,431
December 31, 2020	$ 31,416,951	-	18,140,636	2,459,431	52,017,018

14. PROVISIONS

2021	**Fleet demobilisation costs**	**Restoration costs**	**December 31, 2020 Total**
Balance at Beginning of year	$ -	$ 618,586	$ 618,586
Initial recognition of provision	220,274	-	220,274
Increase in provision	-	5,884,660	5,884,660
Foreign exchange movements	-	(63,228)	(63,228)
Balance at year end	**$** -	**$** 6,440,018	**$** 6,660,292
Current liability	-	-	-
Non-current liability	220,274	6,440,018	6,660,292

2020	**Fleet demobilisation costs**	**Restoration costs**	**December 31, 2020 Total**
Balance at Beginning of year	$ -	$ -	$ -
Initial recognition of provision	-	618,586	618,586
Increase in provision	-	-	-
Foreign exchange movements	-	-	-
Balance at year end	**$** -	**$** 618,586	**$** 618,586
Current liability	-	-	-
Non-current liability	-	618,586	618,586

The restoration costs provision is for the site restoration at Segilola Gold Project in Osun State Nigeria. The fair value of the above provision is measured by unwinding the discount on expected future cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest. It is expected that the restoration costs will be paid in US dollars, and as such the 2021 US inflation rate of 4.7% and the interest rate of 1.263% on 5-year US bonds were used to calculate the expected future cash flows. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations at mine closure.

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

15. PROPERTY, PLANT AND EQUIPMENT

	Mining & other equipment	**Land**	**Decommissioning Asset**	**Assets under construction**	**Total**
<u>Costs</u>					
	$	$	$	$	$
Balance, December 31, 2019	938,180	-	-	-	938,180

Transfer from exploration & evaluation assets	-	-	-	37,015,004	37,015,004
Acquisition payments	-	23,012	-	318,152	341,164
Additions	1,793,111	-	618,586	55,448,668	57,860,365
Foreign exchange movement	(87,927)	-	-	(3,447,668)	(3,535,595)
Balance, December 31, 2020	$ 2,643,364	$ 23,012	$ 618,586	$ 89,334,156	$ 92,619,120
Acquisition payments	-	-	-	9,268,302	9,268,302
Additions	2,420,029	-	5,887,586	84,347,609	92,655,224
Foreign exchange movement	(190,569)	(1,640)	(66,154)	(5,294,839)	(5,553,202)
Balance, December 31, 2021	**$ 4,872,824**	**$ 21,372**	**$ 6,440,018**	**$ 177,655,228**	**$ 188,989,445**
Accumulated depreciation and impairment losses					
Balance, December 31, 2019	$ 801,032	$ -	$ -	$ -	$ 801,032
Depreciation	254,046	-	-	-	254,046
Foreign exchange movement	(12,834)	-	-	-	(12,834)
Balance, December 31, 2020	$ 1,042,244	$ -	$ -	$ -	$ 1,042,244
Depreciation	844,882	-	-	-	844,882
Foreign exchange movement	(134,550)	-	-	-	(134,550)
Balance, December 31, 2021	**$ 1,752,576**	**$ -**	**$ -**	**$ -**	**$ 1,752,575**
Carrying amounts					
Carrying value at December 31, 2019	$ 137,148	$ -	$ -	$ -	$ 137,148
Carrying value at December 31, 2020	$ 1,601,120	$ 23,012	$ 618,586	$ 89,334,156	$ 91,576,876
Balance, December 31, 2021	**$ 3,120,248**	**$ 21,372**	**$ 6,440,018**	**$ 177,655,228**	**$ 187,236,870**

Assets Under Construction ("AUC") acquisitions is the recognition of the discounted value of US$7.5 million payable to third party vendors on production from the Segilola Gold Mine. These royalty obligations have been capitalised into the value of AUC in accordance with IAS 3 (Refer to Note 3k for further detail on the accounting treatment for royalties).

Included within AUC additions are a total of $15,109,684 borrowing costs capitalised during the year, including interest on the AFC loan of $4,452,063. The costs relate to both the Gold Stream Prepayment and AFC Secured Loan. The associated borrowings are secured over the assets under construction, and other property, plant & equipment of Segilola Resources Operating Limited.

Material non-cash additions to Assets Under Construction for the year to December 31, 2021, include $17,654,452 restoration costs and Deferred EPC payments, $22,452,134 movement in trade payables and accrued expenses, $10,431,022 in the unwinding of interest and borrowing costs, and $855,308 depreciation.

a) Segilola Project, Osun Nigeria:

A summary of depreciation capitalised is as follows:

	Years ended December 31,		Total depreciation capitalised	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
	$	$	$	$
Assets under construction	**855,308**	192,232	**1,193,048**	337,740
Exploration expenditures	**106,999**	14,885	**640,254**	533,256
Total	$ **962,307**	$ 207,117	$ **1,833,303**	$ 870,996

Classification of Expenditure on the Segilola Gold Project

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

Decommissioning Asset

The decommissioning asset relates to estimated restoration costs at the Group’s Segilola Gold Mine as at December 31, 2021. Refer to Note 14 for further detail.

16. INTANGIBLE 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	Software	Total
Costs						
Balance, December 31, 2019	$ 13,708,142	$ 1,555,938	$ 31,336,433	$ 79,379	$ -	$ 46,679,892
Additions	$ -	$ -	$ -	$ -	$ 316,936	316,936
Exploration costs	1,705,210	1,121	5,678,571	36,560	-	7,421,462
Transfer to tangible assets	-	-	(37,015,004)	-	-	(37,015,004)
Impairment	-	(1,604,564)	-	-	-	(1,604,564)
Depreciation	-	-	-	-	(19,710)	(19,710)
Foreign exchange movement	464,356	47,505	-	(4,904)	(18,219)	488,738
Balance, December 31, 2020	$ 15,877,708	$ -	$ -	$ 111,035	$ 279,007	$ 16,267,750
Acquisition costs	-	-	-	93,027	-	93,027
Additions	-	-	-	-	222,185	222,185
Exploration costs	2,530,224	132,421	-	921,787	-	3,584,432
Impairment	-	(132,518)	-	-	-	(132,518)
Amortisation	-	-	-	-	(208,229)	(208,229)
Foreign exchange movement	(745,889)	97	-	(13,831)	(7,123)	(766,746)
Balance, December 31, 2021	**$ 17,662,043**	**$ -**	**$ -**	**$ 1,112,018**	**$ 285,840**	**$ 19,059,901**

a) Douta Gold Project, Senegal:

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

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

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

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

b) Central Houndé Project, Burkina Faso:

(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^2 located within the Houndé belt, 260 km southwest of the capital Ouagadougou, in western Burkina Faso.

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

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

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

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

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

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 Houndé Gold Project in Burkina Faso where Barrick continued its exploration work as per its Joint Operation with Thor.

Following the unsuccessful attempt by Barrick Gold to dispose of its 51% interest in the licenses, the Company carried out an impairment assessment at December 31, 2020, and determined that the unsuccessful sale attempt was an indication for impairment. In 2021 there was no operational work undertaken to assess the existence of recoverable gold reserves. The Company considered that there is an indication for impairment for the current year given no operational advances were made on the Project, continued political uncertainty in Burkina Faso, and the unsuccessful sale attempt by Barrick in 2020, which failed to provide an external value for the Project.

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

It is the Company's intention to focus on Segilola development and Douta exploration in the short term, and it does not plan to undertake significant work on the license areas in the near future. Given the absence of further work during 2021 and the politically uncertain environment in Burkina Faso at the present time, the decision was taken to continue the conservative approach to valuation of the asset and impair fully the value of the Central Houndé Project. For the year ended December 31, 2021, an impairment charge of $129,109 was recognised through the Consolidated Statement of Comprehensive Loss.

c) Exploration Licenses, Nigeria

The high grade Segilola gold deposit is located on the major regional shear zone that extends for several hundred kilometres through the gold-bearing Ilesha schist belt (structural corridor) of Nigeria. Thor's exploration tenure currently comprises eleven explorations licenses. The focus of exploration license acquisitions has been on consolidating prospective ground within trucking distance of Segilola, and also acquiring prospective licences further away which have demonstrated strong gold mineralisation prospectively through target generation, ground truthing and artisanal mining.

On July 13, 2021, the Office of the Nigeria Mining Cadastre granted a further two new licenses to SGL with a combined area of 84.8 km^2. Exploration license EL34429 which is located in Kwara State to the north of Segilola, and EL34431 which is located in Ogun State to the west of Segilola.

During the fourth quarter of 2021, the Company exercised options with two third parties immediately earning a 51% interest in each of two exploration licenses in the immediate vicinity of the Segilola Gold Mine. Under the terms of the earn-in agreements the Company can increase its interest in each license to 75% prior to a contributions phase for which a Joint Venture arrangement will then be established.

The total consideration paid for the licenses and Joint Venture, was comprised of the following:

Purchase price		
Acquisition of exploration licenses		
Cash (NGN 1,096,323) – exploration licenses	$	4,127
Cash (US$70,000) – Joint Venture		88,900
Total consideration December 31, 2021	**$**	**93,027**

In total, the Group currently has tenure over eleven exploration licenses and one mining license. The focus of exploration license acquisitions has been on consolidating prospective ground within trucking distance of Segilola, and also acquiring prospective licences further away which have demonstrated strong gold mineralisation prospectively through target generation, ground truthing and artisanal mining.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2021		December 31, 2020
Trade payables	**$**	**40,961,341**	$	10,363,935
Accrued liabilities		**3,887,484**		552,029
Other payables		**6,498,378**		-
	$	**51,347,203**	$	10,915,964
Current liability		**49,358,349**		10,915,964
Non-current liability		**1,988,854**		-

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

Included in trade creditors is a total of $9,034,392 that relates to third party royalties that will become payable upon future gold sales. $7,045,538 of this royalties creditor is included in current liabilities, and $1,988,854 is included in non-current liabilities (refer to note 3k for further detail).

The following table represents the Group's trade payables measured and recognised at fair value.

		Level 1	Level 2	Level 3	Total
Trade payables					
Third party royalties	$	-	-	9,034,392	9,034,392

The amount in Other payables is a 15% retention payment of the value of construction of the Segilola Gold Mine, which is payable upon EPC handover.

18. CAPITAL AND RESERVES

a) Authorized

Unlimited common shares without par value.

b) Issued

	December 31, 2021 Number		**December 31, 2021**	December 31, 2020 Number		December 31, 2020
As at start of the year	621,405,975	$	97,122,584	449,352,215	$	67,550,111
Issue of new shares:						
- Share warrants exercised [i]	9,952,034		2,620,116	-		-
- Share options exercised [ii / iii]	1,000,000		120,000	210,000		42,000
- Issue July 13, 2020 [iv]	-		-	75,548,530		13,558,254
- Issue costs July 13, 2020	-		-	-		(1,223,457)
- Issue April 29, 2020 [v]	-		-	28,215,750		5,643,150
- Issue April 29, 2020 creditor settlement [vi]	-		-	34,750,000		5,907,500
- Issue April 29, 2020 bonus shares [vii]	-		-	33,329,480		5,666,011
- Issue December 4, 2019 [viii]	-		-	-		(20,985)
	632,358,009	$	99,862,700	621,405,975	$	97,122,584

[i] Value of 1,664,534 warrants exercised on June 8, 2021, at a price of $0.18 per share, and 8,287,500 warrants exercised on August 31, 2021, at a price of $0,28 per share.
[ii] Value of 1,000,000 options exercised at a price of $0.12 per share.
[iii] Value of 210,000 options exercised on December 10, 2020, at a price of $0.20 per share.
[iv] Private placement of 75,548,530 common shares at a price of $0.18 per share.
[v] Private placement of 28,215,750 common shares at a price of $0.20 per share.
[vi] Issue of 34,750,000 common shares in settlement of US$5 million owed to creditors. The fair value of the shares issued was determined at the share price at the date of issue of $0.17 per share. The difference between the fair value of the shares issued of $5,907,500 and the carrying amount of creditors settled of $6,950,000 is recognised in the statement of comprehensive loss as gain of settlement of liabilities of $1,042,000.
[vii] Issue of 33,329,480 bonus common shares in connection with secured borrowing facility shares at a price of $0.17 per share (Refer to Note 11).
[viii] Additional costs associated with the private placement of 78,669,250 common shares in December 2019.

Share-based compensation

The Company has granted directors, officers and consultants share purchase options. These options were granted pursuant to the Company's stock option plan. Under the current Share Option Plan, 44,900,000 common shares of the Company are reserved for issuance upon exercise of options.

- On January 16, 2020, 14,250,000 stock options were granted at an exercise price of $0.20 per share for a period of five years. The options vested immediately.
- On October 5, 2018, 750,000 stock options were granted at an exercise price of $0.14 per share for a period of five years.

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

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

Vesting period (years)	First vesting date	Expected remaining life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Options vested	Options granted	Expiry
5	01/16/2017	0.05	1.05%	$0.12	197.32%	$0.14	9,750,000	9,750,000	01/16/2022
5	03/12/2018	1.19	2.00%	$0.145	105.09%	$0.14	12,800,000	12,800,000	03/12/2023
5	10/05/2018	1.76	2.43%	$0.14	100.69%	$0.14	750,000	750,000	10/05/2023
5	01/16/2020	3.05	1.49%	$0.20	66.84%	$0.07	14,250,000	14,250,000	01/16/2025

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

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

				Contractual Lives	January 1, 2021	During the period			December 31, 2021	December 31, 2021 Number of Options	
Grant Date	**Expiry Date**		**Exercise Price**	**Remaining (Years)**	**Opening Balance**	**Granted**	**Exercised**	**Expired / Forfeited**	**Closing Balance**	**Vested and Exercisable**	**Unvested**
16-Jan-2017	16-Jan-2022	i	$0.12	0.05	9,750,000	-	(500,000)	-	9,250,000	9,250,000	-
7-May-2017	7-May-2022	ii	$0.12	-	500,000	-	(500,000)	-	-	-	-
12-Mar-2018	12-Mar-2023		$0.145	1.19	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023		$0.14	1.76	750,000	-	-	-	750,000	750,000	-
16-Jan-2020	16-Jan-2025		$0.20	3.05	14,040,000	-	-	-	14,040,000	14,040,000	-
Totals				**1.62**	**37,840,000**	**-**	**(1,000,000)**	**-**	**36,840,000**	**36,840,000**	-
Weighted Average Exercise Price					**$0.159**	**$0.000**	**$0.120**	**-**	**$0.160**	**$0.160**	**-**

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

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

CAPITAL AND RESERVES (continued)

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

				Contractual Lives	January 1, 2020	During the period			December 31, 2020	December 31, 2020 Number of Options	
Grant Date	**Expiry Date**		**Exercise Price**	**Remaining (Years)**	**Opening Balance**	**Granted**	**Exercised**	**Expired / Forfeited**	**Closing Balance**	**Vested and Exercisable**	**Unvested**
16-Jan-2017	16-Jan-2022	i	$0.12	1.05	9,750,000	-	-	-	9,750,000	9,750,000	-
7-May-2017	7-May-2022	ii	$0.12	1.35	500,000	-	-	-	500,000	500,000	-
12-Mar-2018	12-Mar-2023		$0.145	2.19	12,800,000	-	-	-	12,800,000	12,800,000	-
5-Oct-2018	5-Oct-2023		$0.14	2.76	750,000	-	-	-	750,000	750,000	-
16-Jan-2020	16-Jan-2025		$0.20	4.05	-	14,250,000	(210,000)	-	14,040,000	14,040,000	-
Totals				**2.59**	**23,800,000**	**14,250,000**	**(210,000)**	**-**	**37,840,000**	**37,840,000**	-
Weighted Average Exercise Price					**$0.134**	**$0.200**	**$0.200**	**-**	**$0.159**	**$0.159**	**-**

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

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

. **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.

During the year ended December 31, 2021, 8,287,500 placement warrants were exercised and converted into common shares at C$0.28 each. The remainder of the unexercised warrants expired.

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

During the year ended December 31, 2021, 1,664,534 broker warrants were exercised and converted into common shares at C$0.18 each.

Right to accelerate exercise of warrants

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

	Number of Warrants	Weighted Average Exercise Price	Carrying Value
Balance, December 31, 2017			$ **-**
Private placement	44,453,335	$0.28	475,000
Broker	1,664,534	$0.18	58,000
Balance, December 31, 2018	**46,117,869**		**533,000**
Balance, December 31, 2019	**46,117,869**		**533,000**
Broker warrants expiry August 31, 2020	(1,664,534)	$0.18	(58,000)
Balance, December 31, 2020	**44,453,335**		**475,000**
Reinstatement of broker warrants	1,664,534	$0.18	58,000
Balance, March 31, 2021	**46,117,869**		**553,000**
Exercise of broker warrants	(1,664,534)	$0.18	(58,000)
Balance, June 30, 2021	**44,453,335**		**475,000**
Exercise of placement warrants	(8,287,500)	$0.28	(88,555)
Expiry of placement warrants	(36,165,835)	$0.28	(386,445)
Balance, December 31, 2021	**-**		**-**

The value of the private placement warrants was net of the value of the Company's right to accelerate exercise of the warrants, 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	Expired
3	31/08/2018	-	2.08%	$0.28	82.43%	$0.08	44,453,335	44,453,335	31/08/2021

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

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

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

Vesting period (years)	First vesting date	Expected life (years)	Risk free rate	Exercise price	Volatility of share price	Fair value	Warrants vested	Warrants granted	Expired
3	31/08/2018	-	2.08%	$0.36	82.43%	$0.07	44,453,335	44,453,335	31/08/2021

Nature and purpose of equity and reserves

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

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

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

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

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

19. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss attributed to shareholders for the year to December 31, 2021, of $2,511,656 (December 31, 2020: $3,870,107) by the weighted average number of shares of 625,373,103 (December 31, 2020: 549,384,552) in issue during the period.

Due to the losses incurred during the year a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. Out of 36,840,000 (2020: 37,840,000) share incentives outstanding at the end of the period 36,840,000 (2020: 37,840,000) had already vested, which if exercised could potentially dilute basic earnings per share in the future.

20. RELATED PARTY DISCLOSURES

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

a) Trading transactions

The Africa Finance Corporation ("AFC") is deemed to be a related party given the size of its shareholding in the Company. There have been no other transactions with the AFC other than the Gold Stream liability as disclosed in Note 11, and the secured loan as disclosed in Note 12.

b) Compensation of key management personnel

The remuneration of directors and other members of key management during the years December 31, 2021, and 2020, were as follows:

			Year ended December 31, 2021		Year ended December 31, 2020
Consulting fees & salaries					
Current directors and officers	(i) (ii)	$	**664,929**	$	1,377,230
Directors' fees					
Current directors	(i) (ii)		**452,965**		413,228
Share-based payments					
Current directors and officers			**-**		722,480
		$	**1,117,894**	$	2,512,938

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2021, and 2020.

(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 December 31, 2021, include $440,185 (December 31, 2020 - $44,288) due to directors or private companies controlled by an officer and director of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

21. SUPPLEMENTAL CASH FLOW INFORMATION

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

		December 31, 2021		December 31, 2020
Amounts receivable	**$**	**(53,362)**	$	1,100,436
Inventory		**(23,444,410)**		-
Prepaid expenses and deposits		**(461.101)**		(64,811)
Accounts payable and accrued liabilities		**31,383,652**		10,094,147
Change in non-cash working capital accounts	**$**	**7,424,779**	$	11,129,772
Relating to:				
Operating activities	**$**	**(21,779,400)**	$	1,700,089
Financing activities		**156,586**		-
Investing activities		**29,047,593**		9,429,683
	$	**7,424,779**	$	11,129,772

Accounts payable and accrued liabilities includes $32,311,144 (December 31, 2020 - $9,862,060) related to Assets under Construction and Exploration.

b) During the year ended December 31, 2021, the Company had $4,535,865 cash outflows (2020: $nil) in respect of interest, of which $4,368,974 was capitalised into the value of Assets Under Construction.

22. INCOME TAX

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

		Year ended December 31, 2021		Year ended December 31, 2020
Loss before income taxes	**$**	**2,580,502**	$	3,899,969
Potential expected income tax recovery at a statutory rate of 27% (2020 – 27%)		**(696,735)**		(1,052,992)
Higher statutory tax rate on earnings of foreign subsidiaries		**75,703**		30,380
Permanent and other differences		**19,008**		(433,536)
Changes in unrecognised deferred tax assets		**533,178**		1,426,268
Current income taxes		**-**		-
Deferred income tax recovery	**$**	**68,846**	$	29,880

During the years ended December 31, 2021, and 2020, the Canadian federal corporate income tax rate remained unchanged at 15%. The British Columbia provincial corporate income tax also remained unchanged at 12%.

The Senegalese and Burkina Faso income tax rates remained unchanged at 30% and 28% respectively.

The Nigerian corporate income tax rate remained unchanged at 30%.

Deferred Income Tax Assets and Liabilities

Significant components of the Company's deferred income tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		Year ended December 31, 2010		Year ended December 31, 2020
Eligible capital	**$**	**25,449**	$	25,449
Share issue costs		**291,487**		76,185
Other timing differences		**412,690**		329,967
Resource related deductions		**460,874**		386,773
Non-capital losses carried forward		**4,605,520**		3,872,113
		5,796,019		4,690,487
Unrecognised deferred tax asset		**(5,686,115)**		(4,643,819)

Deferred income tax assets	**$**	**109,903**	$	46,668

The Company will only recognise deferred income tax assets to the extent to which it is probable that sufficient taxable income will be realized, or taxable temporary differences will reverse, during the carry forward periods to utilize the deferred tax assets.

The Company has available non-capital losses in Canada of approximately $17,532,000 (2020 - $ 13,993,000). The Canadian non-capital losses may be utilized to offset future taxable income and have carry forward periods of up to 20 years. The losses, if not utilized, expire through 2040. A summary of these tax losses is provided below.

Year of Expiry		Taxable Losses
2026		267,000
2027		245,000
2028		295,000
2029		287,000
2030		105,000
2031		468,000
2032		642,000
2033		535,000
2034		391,000
2035		427,000
2036		616,000
2037		1,349,000
2038		1,883,000
2039		2,347,000
2040		2,775,000
2041		4,898,000
	$	**17,532,000**

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

23. FINANCIAL INSTRUMENTS

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

Fair value of financial assets and liabilities

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

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

Financial risk management objectives and policies

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

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

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

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

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

Financial instruments by category

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

December 31, 2021		Measured at amortised cost	Measured at fair value through profit and loss	Total
Assets				
Cash and cash equivalents	$	1,621,927	-	1,621,927
Restricted cash		4,445,121	-	4,445,121
Amounts receivable		294,522	-	294,522
Total assets	**$**	**6,361,570**	**-**	**6,361,570**
Liabilities				
Accounts payable and accrued liabilities	$	42,312,811	9,034,392	51,347,203
Loans and borrowings		68,328,319	-	68,328,319
Gold stream liability		-	38,478,205	38,478,205
Lease liabilities		23,235,696	-	23,235,696
Total liabilities	**$**	**133,876,826**	**47,512,597**	**181,389,423**

December 31, 2020		Measured at amortised cost	Measured at fair value through profit and loss	Total
Assets				
Cash and cash equivalents	$	28,261,552	-	28,261,552
Restricted cash		4,460,026	-	4,460,026
Amounts receivable		56,705	-	56,705
Total assets	**$**	**32,778,283**	**-**	**32,778,283**
Liabilities				
Accounts payable and accrued liabilities	$	10,915,964	-	10,915,964
Loans and borrowings		20,600,067	-	20,600,067
Lease liabilities		38,969	-	38,969
Total liabilities	**$**	**31,555,000**	-	**31,555,000**

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

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

		Interest rate Appreciation By 1%		Interest rate Depreciation By 1%
December 31, 2021				
Comprehensive income (loss)				
Financial assets and liabilities	$	526,000	$	(526,000)
December 31, 2020				
Comprehensive income (loss)				
Financial assets and liabilities	$	280,700	$	(280,700)

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

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

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

		December 31, 2021		December 31, 2020
Cash	$	1,621,927	$	28,261,552
Restricted cash		4,445,121		4,460,026
Amounts receivable		294,522		56,705
Total	**$**	**6,361,570**	**$**	**32,778,283**

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and are available on demand with the exception of restricted cash which is only available to be applied against the cost of the construction of the Segilola Gold Mine until construction is completed, at which point it will then be available on demand.

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

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

Contractual maturity analysis as at December 31, 2021

	Less than 3 months $	3 – 12 Months $	1 – 5 Year $	Longer than 5 years $	Total $
Accounts payable	32,563,582	6,163,103	2,475,263	-	41,201,948
Accrued liabilities	3,887,484	-	-	-	3,887,948
Other payables	6,498,378	-	-	-	6,498,378
Gold stream liabilities	2,836,869	13,457,565	43,049,317		59,343,750
Loans and borrowings	2,518,687	33,002,170	41,077,887	-	76,598,743
	48,305,000	**52,622,838**	**86,602,466**	**-**	**187,530,304**

Contractual maturity analysis as at December 31, 2020

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

Market risk

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

a) Foreign currency risk

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

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

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

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2021 CAD$	December 31, 2021 CAD$	December 31, 2021 CAD$	December 31, 2021 CAD$	December 31, 2021 CAD$	December 31, 2021 CAD$
Canadian dollar	(615,491)	-	-	-	-	(615,491)
US dollar	(242,074)	-	-	(168,578,835)	-	(168,820,909)
Pound Sterling	(459,321)	-	-	(102,898)	-	(562,219)
Nigerian Naira	-	-	-	(4,972,624)	-	(4,972,624)
West African Franc	-	-	-	-	14,598	14,598
Australian dollar	(46,570)	-	-	(24,638)	-	(71,208)
Total	(1,363,465)	-	-	(173,678,995)	14,598	(175,027,853)

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

	Functional currency					
	Canadian dollar	US dollar	Pound Sterling	Nigerian Naira	West African Franc	Total
Currency of net monetary asset/(liability)	December 31, 2020 CAD$	December 31, 2020 CAD$	December 31, 2020 CAD$	December 31, 2020 CAD$	December 31, 2020 CAD$	December 31, 2020 CAD$
Canadian dollar	(291,551)	-	-	-	-	(291,551)
US dollar	7,735,527	-	-	(5,903,513)	-	1,832,014
Pound Sterling	(226,825)	-	(38,910)	-	-	(265,735)
Nigerian Naira	-	-	-	(26,744)	-	(26,744)
West African Franc	-	-	-	-	1,656	1,656
Australian dollar	(26,358)	-	-	-	-	(26,358)
Total	7,190,794	-	(38,910)	(5,903,513)	1,656	1,223,282

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

December 31, 2021	Canadian Dollar Appreciation By 5%	Canadian Dollar Depreciation By 5%
Comprehensive income (loss)		
Financial assets and liabilities	$ 8,200,000	$ (8,200,000)
December 31, 2020		
Comprehensive income (loss)		
Financial assets and liabilities	$ 1,934,000	$ (1,934,000)

24. CAPITAL MANAGEMENT

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to develop and its mineral interests through the use of capital received via the issue of common shares and via debt instruments where the Board determines that the risk is acceptable and, in the shareholders', best interest to do so. During the year under review the Company made additional drawdowns from secured loan facilities in order to advance construction of the Segilola Gold Mine.

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

25. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments

The Group has a contractual obligation of approximately US$3 million in payments under the EPC contract for the construction of the Segilola Gold Mine. These liabilities are not reflected in the balance sheet as at reporting date as payment is contingent upon the completion of further construction work post reporting date.

Contingent liabilities

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

26. SEGMENTED DISCLOSURES

Segment Information

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

December 31, 2021	**Segilola Mine Project**	**Exploration Projects**	**Corporate**	**Total**
Current assets	$ **29,549,614**	$ **96,471**	$ **533,315**	$ **30,179,401**
<u>Non-current assets</u>				
Deferred income tax assets	-	109,903	-	109,903
Prepaid expenses and deposit	110,857	-	23,327	134,184
Right-of-use assets	26,502,457	-	-	26,502,457
Property, plant and equipment	186,653,954	579,171	3,745	187,236,870
Intangible assets	285,842	18,774,059	-	19,059,901
Total assets	**$ 243,102,724**	**$ 19,559,605**	**$ 560,387**	**$ 263,222,716**
Non-current asset additions	**$ 92,329,015**	**$ 4,129,165**	**$ 3,661**	**$ 96,461,841**
Liabilities	**$ (186,348,511)**	**$ (55,004)**	**$ (1,646,201)**	**$ (188,049,715)**
Profit (loss) for the year	**$ 2,609,915**	**$ (340,728)**	**$ (4,780,841)**	**$ (2,511,655)**
- consulting fees	(10,460)	(193,914)	(245,258)	(449,632)
- salaries and benefits	(331,033)	-	(1,300,774)	(1,631,807)
- depreciation owned assets	(19,617)	(5,717)	(1,463)	(26,797)
- impairments	-	(129,109)	-	(129,109)

Non-current assets by geographical location:

December 31, 2021	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	16,028	94,829	23,327	134,184
Right-of-use assets	-	-	-	26,502,457	-	26,502,457
Property, plant and equipment	255,706	-	-	186,977,419	3,745	187,236,870
Intangible assets	18,047,428	-	-	1,012,473	-	19,059,901
Total non-current assets	$ 18,303,134	$ -	$ 16,028	$214,587,178	$ 27,072	$232,933,412

December 31, 2020	Segilola Mine Project	Exploration Projects	Corporate	Total
Current assets	$ **24,967,021**	$ **65,535**	$ **8,298,423**	$ **33,330,979**
Non-current assets				
Deferred income tax assets	-	46,668	-	46,668
Prepaid expenses and deposit	171,957	-	23,327	195,284
Right-of-use assets	35,457	-	52,360	87,817
Property, plant and equipment	91,713,474	140,862	1,547	91,855,883
Exploration and evaluation assets	-	15,988,743	-	15,988,743
Total assets	**$ 116,887,909**	**$ 16,241,808**	**$ 8,375,657**	**$ 141,505,374**
Non-current asset additions	**$ 64,065,496**	**$ 1,872,290**	**$ 2,141**	**$ 65,939,927**
Liabilities	**$ (62,523,231)**	**$ (48,497)**	**$ (1,018,809)**	**$ (63,590,537)**
Loss for the year	**$ (201,258)**	**$ (1,634,381)**	**$ (2,034,468)**	**$ (3,870,107)**
- consulting fees	(102,218)	(78,959)	(582,624)	(763,801)
- salaries and benefits	(95,134)	-	(2,004,235)	(2,099,369)
- share-based payments	-	-	(907,574)	(907,574)
- gain on settlement of liabilities	-	-	1,042,500	1,042,500
- depreciation owned assets	(54,241)	(225)	(1,253)	(55,719)
- impairments	-	(1,604,564)	-	(1,604,564)

Non-current assets by geographical location:

December 31, 2020	Senegal	Burkina Faso	British Virgin Islands	Nigeria	Canada	Total
Prepaid expenses and deposit	-	-	24,472	147,485	23,327	195,284
Right-of-use assets	-	-	-	35,457	52,360	87,817

Property, plant and equipment	139,895	939	-	91,713,502	1,547	91,855,883
Exploration and evaluation assets	15,907,515	-	-	81,228	-	15,988,743
Total non-current assets	$ 16,047,410	$ 939	$ 24,472	$91,977,672	$ 77,234	$108,127,727

27. SUBSEQUENT EVENTS

On January 17, 2022, the Company announced the exercise of share options by Directors and Persons Discharging Managerial Responsibilities for a total of 9,539,000 common shares at prices of 12 and 14.5 Canadian cents per common share.

On January 31, 2022, the Company's wholly owned subsidiary Segilola Resources Operating Limited received the Facility taking-over Certificate from the EPC contractor for its Segilola Gold Mine.

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

Operations performed in line with forecast in Q1 2022, with a throughput of 221,920 tonnes at an average head grade of 3.18 grammes per tonne ("g/t") and overall recovery of 94.1% for a total of 21,343 ounces of gold produced. The Company exported the gold regularly throughout the period selling 16,658 ounces of gold and 922 ounces of silver in the period and had a further gold dore inventory of 6,626 ounces on hand.

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

As the mining plan moves into the fresh ore, mined ore tonnes and grade are reconciling well to the reserve model and process recoveries are in line with the metallurgical recovery model.

At the end of Q1 2022, the Company it started commissioning its compressed natural gas generators at Segilola, following which the process plant will transition from diesel to compressed natural gas generation in Q2 2022.

Post reporting date, and in order to support the Company's cashflows during the early period of debt repayment (March-July 2022), the Company entered into a commodity price protection program which has been implemented on a zero-cost collar basis. The program provides price protection for 22,500 ounces of gold representing approximately 55% of the forecast production of approximately 8,000 ounces per month.

The program provides price support for 3,000 ounces per month at US$1,820/oz and 1,500 ounces per month at US$1,860/oz with a cap at US$1,930/oz and US$2,000/oz respectively.