



Condensed Interim Consolidated Financial Statements (unaudited)
Second quarter ended June 30, 2020

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INTERIM CONSOLIDATED STATEMENTS OF INCOME

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
REVENUE - GOLD SALES	15,713,786	20,441,304	46,577,556	39,311,071
COSTS OF OPERATIONS				
Mining operation expenses - note 6	4,098,286	8,028,975	12,304,169	15,748,291
Administrative expenses - note 7	4,023,951	3,322,444	7,042,544	6,151,027
Depreciation of property, plant and equipment and amortization of intangible assets	6,775,292	7,481,806	14,178,398	15,846,320
Stock-based compensation expense - note 17	573,791	---	573,791	---
OPERATING INCOME	242,466	1,608,079	12,478,654	1,565,433
OTHER EXPENSES (INCOME)				
Financial expenses - note 8	279,270	716,013	605,590	1,514,133
Foreign exchange loss (gain)	(313,757)	(43,026)	59,025	(37,388)
Other income	(19,381)	(136,951)	(29,735)	(143,148)
INCOME BEFORE INCOME TAX EXPENSE	296,334	1,072,043	11,843,774	231,836
Income tax expense (recovery)				
Current	209,611	173,873	432,706	339,352
Deferred	231,373	(20,113)	1,841,384	(1,695,762)
	440,984	153,760	2,274,090	(1,356,410)
NET INCOME (LOSS) FOR THE PERIOD	(144,650)	918,283	9,569,684	1,588,246
ATTRIBUTABLE TO				
Common shareholders	337,917	1,037,051	10,004,151	1,862,076
Non-controlling interest	(482,567)	(118,768)	(434,467)	(273,830)
	(144,650)	918,283	9,569,684	1,588,246
EARNINGS PER SHARE - note 20				
Basic	0.001	0.002	0.017	0.003
Diluted	0.001	0.002	0.017	0.003

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

**INTERIM CONSOLIDATED STATEMENTS
OF COMPREHENSIVE INCOME (LOSS)**

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	Second quarters ended June 30,		First halves ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
NET INCOME (LOSS) FOR THE PERIOD	(144,650)	918,283	9,569,684	1,588,246
Other comprehensive income (loss)				
Item that may be reclassified subsequently to net loss				
Exchange difference	(1,753,132)	(538,448)	4,466,099	(3,267,015)
COMPREHENSIVE INCOME (LOSS)	(1,897,782)	379,835	14,035,783	(1,678,769)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Common shareholders	(1,406,563)	334,073	14,439,871	(1,379,464)
Non-controlling interest	(491,219)	45,762	(404,088)	(299,305)
	(1,897,782)	379,835	14,035,783	(1,678,769)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	Common shareholders				Total	Non-controlling interest	Total equity
	Share capital	Reserve - stock options	Deficit	Accumulated other comprehensive income - note 18			
Balance as at December 31, 2018	66,734,172	3,352,295	(19,931,484)	6,066,553	56,221,536	695,217	56,916,753
Net income (loss) for the period	---	---	1,862,076	---	1,862,076	(273,830)	1,588,246
Other comprehensive loss	---	---	---	(3,241,540)	(3,241,540)	(25,475)	(3,267,015)
Comprehensive income (loss) for the period	---	---	1,862,076	(3,241,540)	(1,379,464)	(299,305)	(1,678,769)
Balance as at June 30, 2019	66,734,172	3,352,295	(18,069,408)	2,825,013	54,842,072	395,912	55,237,984
Balance as at December 31, 2019	66,850,704	4,185,214	(859,288)	1,778,494	71,955,124	724,344	72,679,468
Net income (loss) for the period	---	---	10,004,151	---	10,004,151	(434,467)	9,569,684
Other comprehensive income	---	---	---	4,435,720	4,435,720	30,379	4,466,099
Comprehensive income (loss) for the period	---	---	10,004,151	4,435,720	14,439,871	(404,088)	14,035,783
Dividend	---	---	(11,605,191)	---	(11,605,191)	---	(11,605,191)
Stock options exercised during the period - note 17	1,865,312	(741,812)	---	---	1,123,500	---	1,123,500
Stock options charged to expense during the period - note 17	---	573,791	---	---	573,791	---	573,791
Balance as at June 30, 2020	68,716,016	4,017,193	(2,460,328)	6,214,214	76,487,095	320,256	76,807,351

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

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	As at June 30, 2020	As at December 31, 2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	9,029,954	13,599,000
Inventories - note 9	16,252,013	10,055,138
Accounts receivable - note 10	3,325,813	1,715,666
Prepaid expenses	542,431	185,373
Deposits paid	2,716,060	1,330,412
	31,866,271	26,885,589
MINING PROPERTIES - note 11	7,801,468	7,111,382
PROPERTY, PLANT AND EQUIPMENT - note 12	62,403,872	63,632,476
INTANGIBLE ASSETS	72,464	77,875
	102,144,075	97,707,322
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - note 13	10,985,133	9,226,879
Current portion of long-term debt - note 14	5,257,519	7,186,918
Current portion of lease obligations - note 16	307,865	146,963
	16,550,517	16,560,760
LONG-TERM DEBT - note 14	4,302,646	6,073,242
ENVIRONMENTAL LIABILITIES - note 15	816,209	736,272
LEASE OBLIGATIONS - note 16	223,521	182,488
DEFERRED INCOME TAX	3,443,831	1,475,092
	25,336,724	25,027,854
EQUITY		
Share capital - note 17	68,716,016	66,850,704
Reserve - stock options - note 17	4,017,193	4,185,214
Deficit	(2,460,328)	(859,288)
Accumulated other comprehensive income - note 18	6,214,214	1,778,494
	76,487,095	71,955,124
Non-controlling interest	320,256	724,344
	76,807,351	72,679,468
	102,144,075	97,707,322

Going concern (note 1)

Subsequent events (note 24)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

	Second quarters ended June 30,		First halves ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
CASH FLOWS FROM THE FOLLOWING ACTIVITIES				
Operating				
Net income (loss) for the period	(144,650)	918,283	9,569,684	1,588,246
Adjustments for				
Financial expenses	279,270	716,013	605,590	1,514,133
Depreciation of property, plant and equipment and amortization of intangible assets	6,775,292	7,481,806	14,178,398	15,846,320
Deferred income tax expense (recovery)	231,373	(20,113)	1,841,384	(1,695,762)
Stock-based compensation expense	573,791	---	573,791	---
Net changes in non-cash working capital items - note 19	(6,037,602)	4,291,358	(6,780,283)	(1,689,870)
Paid interest	(257,129)	(455,496)	(561,596)	(913,162)
	1,420,345	12,931,851	19,426,968	14,649,905
Investing				
Variation in deposits paid	(426,706)	(784,863)	(788,372)	(1,454,340)
Acquisition of mining properties	(194,759)	(311,499)	(317,009)	(1,891,317)
Acquisition of property, plant and equipment	(3,988,897)	(4,189,824)	(9,646,228)	(7,987,457)
Acquisition of intangible assets	---	---	---	(1,818)
	(4,610,362)	(5,286,186)	(10,751,609)	(11,334,932)
Financing				
Repayment of long-term debt	(1,926,934)	(2,295,115)	(4,444,861)	(4,571,375)
Dividends paid	(11,605,191)	---	(11,605,191)	---
Variation in line of credit	(41,378)	76,033	---	433,661
Payments of lease obligations	(84,007)	(17,657)	(146,395)	(38,984)
Issue of common shares	1,123,500	---	1,123,500	---
	(12,534,010)	(2,236,739)	(15,072,947)	(4,176,698)
Effect of exchange rate changes on cash	(507,819)	54,323	1,828,542	(179,924)
Increase (decrease) in cash	(16,231,846)	5,463,249	(4,569,046)	(1,041,649)
Cash at the beginning of the period	25,261,800	917,560	13,599,000	7,422,458
Cash at the end of the period	9,029,954	6,380,809	9,029,954	6,380,809
Tax paid	805,877	325,754	960,918	429,379

Additional information (note 19)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

1 - NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Robex Resources Inc. (the "Company") is a junior Canadian operations and exploration mining company. The Company has entered into commercial operation on its Nampala deposit, located on the Mininko permit, on January 1, 2017. In addition to its operational mining activities, the Company currently holds four exploration permits, all located in Mali, West Africa. These permits all demonstrate a favourable geology with a potential for the discovery of gold deposits. The head office's address is 437 Grande Allée Est, Québec (Quebec), G1R 2J5, Canada.

Going Concern

These condensed interim consolidated financial statements attached have been prepared using International Financial Reporting Standards («IFRS») published by the International Accounting Standards Board («IASB») based on the going concern assumption, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of IFRS applicable to a going concern, as described in the following paragraph. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

If the Company's operations were to be interrupted due to COVID-19 (note 4), it could have difficulty ensuring a continuous supply from its mine and making sales. As at June 30, 2020, the Company had accumulated a deficit of \$2,460,328 and had working capital of \$15,315,756, of which \$9,029,954 was in cash. Should the mine cease operations, the Company may not have sufficient working capital and liquidity to continue operations for a minimum period of twelve months.

Although the Company has taken significant measures to ensure the safety of its mine and to continue as a going concern, there can be no assurance that the Company will not be obliged to cease operations. The continuing operations of the Company will also depend on its ability to continue to raise the necessary debt financing. While management has successfully obtained financing in the past, there can be no assurance that such sources of financing will be available on terms acceptable to the Company in the future.

Also, although the Company has taken steps to verify the title to mining properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and may not be in compliance with regulatory requirements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

2 - BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company's annual financial statements for the year ended December 31, 2019. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors for issue on August 24, 2020.

3 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in our annual audited consolidated financial statements for the year ended December 31, 2019.

4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A global pandemic related to COVID-19 was declared by the World Health Organization in March 2020, resulting in adjustments to the Company's operating procedures. To date, its operations have not been significantly impacted. The current and expected repercussions on global commerce have been and will continue to be far-reaching. To date, there has been significant volatility in commodity prices and foreign exchange rates around the world. In addition, many restrictions have been implemented, including travel restrictions and supply chain disruptions. As of the date of publication of these condensed interim consolidated financial statements, there is significant ongoing global uncertainty surrounding COVID-19 and the extent and duration of the impact it may have. Thereby, it is not possible to reliably estimate either the length or the severity of these developments and their impact on the Company's financial results, financial situation and cash flows.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

5 - SEGMENTED INFORMATION

The Company conducts its operating and exploration activities in Mali. The operational sectors presented reflect the Company's management structure and how the Company's principal operational decision-maker assesses business performance. The Company evaluates the performance of its operating sectors primarily based on operating income (loss), as shown in the following tables.

	Quarter ended June 30, 2020			
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total \$
REVENUE - GOLD SALES	15,713,786	---	---	15,713,786
Mining operation expenses - note 6	3,727,894	---	---	3,727,894
Mining royalties - note 6	370,392	---	---	370,392
Administrative expenses - note 7	2,550,347	363	1,473,241	4,023,951
Depreciation of property, plant and equipment and amortization of intangible assets	6,759,307	---	15,985	6,775,292
Stock-based compensation expense - note 17	---	---	573,791	573,791
OPERATING INCOME (LOSS)	2,305,846	(363)	(2,063,017)	242,466

	Quarter ended June 30, 2019			
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total \$
REVENUE - GOLD SALES	20,441,304	---	---	20,441,304
Mining operation expenses - note 6	7,407,061	---	---	7,407,061
Mining royalties - note 6	621,914	---	---	621,914
Administrative expenses - note 7	1,569,001	1,983	1,751,460	3,322,444
Depreciation of property, plant and equipment and amortization of intangible assets	7,379,215	101,438	1,153	7,481,806
OPERATING INCOME (LOSS)	3,464,113	(103,421)	(1,752,613)	1,608,079

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

5 - SEGMENTED INFORMATION - (continued)

	Half ended June 30, 2020			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
REVENUE - GOLD SALES	46,577,556	---	---	46,577,556
Mining operation expenses - note 6	11,163,460	---	---	11,163,460
Mining royalties - note 6	1,140,709	---	---	1,140,709
Administrative expenses - note 7	4,200,241	2,936	2,839,367	7,042,544
Depreciation of property, plant and equipment and amortization of intangible assets	14,146,428	---	31,970	14,178,398
Stock-based compensation expense - note 17	---	---	573,791	573,791
OPERATING INCOME (LOSS)	15,926,718	(2,936)	(3,445,128)	12,478,654
TOTAL ASSETS AS AT JUNE 30, 2020	87,068,696	7,999,881	7,075,498	102,144,075

	Half ended June 30, 2019			\$ Total
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	
REVENUE - GOLD SALES	39,311,071	---	---	39,311,071
Mining operation expenses - note 6	14,538,232	---	---	14,538,232
Mining royalties - note 6	1,210,059	---	---	1,210,059
Administrative expenses - note 7	3,341,824	4,700	2,804,503	6,151,027
Depreciation of property, plant and equipment and amortization of intangible assets	15,535,195	308,819	2,306	15,846,320
OPERATING INCOME (LOSS)	4,685,761	(313,519)	(2,806,809)	1,565,433
TOTAL ASSETS AS AT DECEMBER 31, 2019	84,390,490	7,396,252	5,920,580	97,707,322

The Company's proceeds come from one client. The Company does not economically depend on a limited number of buyers for the sale of gold, as gold can be sold through many commodity traders around the world.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

6 - MINING OPERATION EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Operating and maintenance supplies and service	4,444,340	4,430,616	9,811,938	8,613,606
Fuel	2,398,515	2,576,091	5,473,234	5,113,992
Reagents	1,264,009	1,404,661	2,795,775	2,903,647
Employee benefit expenses	1,385,199	940,070	2,524,477	1,779,074
Inventory change	(3,635,034)	(194,731)	(4,266,600)	(613,503)
Less: Production expenses capitalized as stripping cost	(2,293,177)	(1,927,058)	(5,547,641)	(3,580,129)
Delivery costs	164,042	177,412	372,277	321,545
Total production costs	3,727,894	7,407,061	11,163,460	14,538,232
Mining royalties	370,392	621,914	1,140,709	1,210,059
	4,098,286	8,028,975	12,304,169	15,748,291

7 - ADMINISTRATIVE EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Operations and explorations	2,550,710	1,570,984	4,203,177	3,346,524
Corporation management	1,473,241	1,751,460	2,839,367	2,804,503
	4,023,951	3,322,444	7,042,544	6,151,027

Salary related amounts of \$613,194 and \$103,616, respectively, are included in the «Operations and explorations» item and in the «Corporate management» item for the quarter ended June 30, 2020 (\$299,865 and \$91,869, respectively, for the quarter ended June 30, 2019) and of \$951,092 and \$204,930 for the six-month period ended June 30, 2020 (\$567,377 and \$161,381, respectively, for the six-month period ended June 30, 2019).

8 - FINANCIAL EXPENSES

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Interest on non-convertible debentures	---	290,203	---	577,216
Interest on long-term debt	190,977	364,283	418,264	774,509
Effective interest on long-term debt	20,588	27,577	42,498	57,157
Interest on line of credit	162	12,035	3,281	22,616
Interest on lease obligations	8,513	2,409	12,214	4,037
Bank charges	37,060	51,851	86,609	98,440
Change in environmental liabilities	21,970	(32,345)	42,724	(19,842)
	279,270	716,013	605,590	1,514,133

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

9 - INVENTORIES

	As at June 30, 2020 \$	As at December 31, 2019 \$
Gold bars ⁽¹⁾	4,232,838	---
Gold in production	3,423,959	2,878,934
Supplies and spare parts	8,261,587	6,942,126
Stacked ore	286,362	217,731
Silver (metals)	47,267	16,347
	16,252,013	10,055,138

⁽¹⁾ As at June 30, 2020, the Company held 7,831 ounces of gold in the form of ingots from the production of the second quarter (no ounce as at December 31, 2019). The market value of these ounces amounted to CA \$19 million based on the closing price (PM) in London (*London Gold Fixing Price*), which was CA \$2,420/oz.

10 - ACCOUNTS RECEIVABLE

	As at June 30, 2020 \$	As at December 31, 2019 \$
Taxes receivable	3,307,490	1,697,306
Other receivables	18,323	18,360
	3,325,813	1,715,666

11 - MINING PROPERTIES

	Mininko	Diangounté	Sanoula	Kamasso	Total
Undivided interest	100%	100%	100%	100%	
<u>Mining rights and titles</u>					\$
Balance as at December 31, 2019	137,423	47,920	224,842	22,372	432,557
Exchange rate changes	6,802	2,372	11,131	1,108	21,413
Balance as at June 30, 2020	144,225	50,292	235,973	23,480	453,970

Exploration costs

Balance as at December 31, 2019	4,651,388	22,645	1,233,932	770,860	6,678,825
Expenses incurred	128,672	65,489	64,166	64,166	322,493
Amortization	3,543	3,426	1,770	1,770	10,509
Exchange rate changes	232,257	2,199	62,071	39,144	335,671
Balance as at June 30, 2020	5,015,860	93,759	1,361,939	875,940	7,347,498

Total as at December 31, 2019	4,788,811	70,565	1,458,774	793,232	7,111,382
Total as at June 30, 2020	5,160,085	144,051	1,597,912	899,420	7,801,468

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

12 - PROPERTY, PLANT AND EQUIPMENT

	Mining development costs	Buildings and office development	Equipment related to mining explorations	Tools, equipment and vehicles	Exploration equipment	Total
Cost						\$
Balance as at December 31, 2019	16,500,008	8,922,809	91,853,888	2,845,123	712,293	120,834,121
Acquisition costs	1,491,282	878,761	7,148,568	552,357	---	10,070,968
Exchange rate changes	808,884	436,192	4,461,688	133,310	35,266	5,875,340
Balance as at June 30, 2020	18,800,174	10,237,762	103,464,144	3,530,790	747,559	136,780,429
Accumulated depreciation						
Balance as at December 31, 2019	5,964,468	3,496,894	45,752,689	1,351,948	635,646	57,201,645
Depreciation for the period	2,095,283	744,168	11,332,375	300,638	8,852	14,481,316
Exchange rate changes	262,940	166,606	2,167,543	64,892	31,615	2,693,596
Balance as at June 30, 2020	8,322,691	4,407,668	59,252,607	1,717,478	676,113	74,376,557
Net amounts:						
As at December 31, 2019	10,535,540	5,425,915	46,101,199	1,493,175	76,647	63,632,476
As at June 30, 2020	10,477,483	5,830,094	44,211,537	1,813,312	71,446	62,403,872
Not depreciated						
as at June 30, 2020 ⁽¹⁾	1,432,898	989,834	3,195,832	---	---	5,618,564

⁽¹⁾ Property, plant and equipment with a book value of \$5,618,564 are not depreciated because they are either under development or construction, or not installed as at June 30, 2020 (\$4,504,631 as at December 31, 2019).

13 - ACCOUNTS PAYABLE

	As at June 30, 2020	As at December 31, 2019
	\$	\$
Suppliers	7,961,372	6,893,886
Accrued interest	51,932	88,410
Due to the state	298,160	615,541
Accounts payables to a shareholder-owned company	1,607,025	874,981
Other payables	1,066,644	754,061
	10,985,133	9,226,879

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

14 - LONG-TERM DEBT AND LINE OF CREDIT

Bank loan in the amount of \$4,403,996 (2,000,000,000 CFA francs), annual interest of 7.75%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$114,161 (48,928,202 CFA francs) including capital and interest, until October 2020 inclusively.

Bank loan in the amount of \$4,603,143 (1,997,000,000 CFA francs), annual interest of 7.75%, secured by a pledge of \$5,762,573 (2,500,000,000 CFA francs) on equipment and material located at the Nampala mine. This loan is repayable in monthly instalments of \$154,850 (66,367,288 CFA francs) including capital and interest, until November 2020 inclusively.

Bank loan in the amount of \$11,549,531 (5,000,000,000 CFA francs), annual interest of 7%, secured by a first mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in monthly instalments of \$279,485 (119,784,353 CFA francs) including capital and interest, until August 2022 inclusively.⁽¹⁾

Bank loan in the amount of \$3,451,370 (1,500,000,000 CFA francs), annual interest of 7%, secured by a third mortgage on land on the operating permit for gold and minerals in the region of Nampala. This loan is repayable in quarterly instalments of \$291,654 (125,000,000 CFA francs) plus interest, until October 2021 inclusively.⁽¹⁾

Loans entirely repaid during the period

Less: Capitalized financing fees in the amount of \$291,011 (122,263,500 CFA francs)

Less: Current portion of long-term debt

As at June 30, 2020 \$	As at December 31, 2019 \$
449,365	1,050,095
726,008	1,488,108
6,724,240	7,752,979
1,749,924	2,223,166
---	872,219
9,649,537	13,386,567
(89,372)	(126,407)
9,560,165	13,260,160
(5,257,519)	(7,186,918)
4,302,646	6,073,242

⁽¹⁾ Under these obligations, the Company is committed to complying annually with certain conditions and financial ratios.

Line of credit

As at June 30, 2020, the Company had an unused line of credit for a maximum amount of \$1,102,512 (500,000,000 CFA francs), bearing interest at an annual rate of 8%. This line of credit expired on July 31, 2020.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

15 - ENVIRONMENTAL LIABILITIES

	\$
Balance as at December 31, 2019	736,272
Accretion expense of the period	42,724
Impact of exchange rate changes	37,213
Balance as at June 30, 2020	816,209

The Company's activities are subject to various laws and regulations regarding environmental restoration and closure provisions, for which the Company estimates future costs. These provisions may be revised on the basis of amendments to such laws and regulations and the availability of new information, such as changes in reserves corresponding to a change in the mine life and discount rates, changes in estimated costs of reclamation activities and acquisition or construction of a new mine. The Company makes a provision based on a best estimate of the future cost of rehabilitating mine sites and related production facilities on a discounted basis.

16 - LEASE OBLIGATIONS

Right-of-use assets are included in property, plant and equipment, as described below :

	Buildings and office development	Tools, equipment and vehicles	Total \$
Balance as at December 31, 2019	206,056	107,763	313,819
Additions of right-of-use assets	---	346,190	346,190
Depreciation of the period	(36,293)	(113,322)	(149,615)
Effect in exchange rate changes	9,707	(69)	9,638
Balance as at June 30, 2020	179,470	340,562	520,032

Liabilities related to lease obligations are presented as follows:

	\$
Balance as at December 31, 2019	329,451
Additions of right-of-use assets	346,190
Payments during the period	(146,395)
Effect in exchange rate changes	2,140
Balance as at June 30, 2020	531,386
Less : Current portion of lease obligations	(307,865)
	223,521

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated)

17 - SHARE CAPITAL

Issued and fully paid

591,009,566 common shares

(December 31, 2019 - 580,259,566 common shares)

As at June 30, 2020	As at December 31, 2019
\$	\$
68,716,016	66,850,704

During the six-month period ended June 30, 2020, the Company issued 10,750,000 shares following the exercise of stock options for a cash consideration of \$1,123,500. The value of options exercised that was reclassified to the share capital is \$741,812.

Stock option plan

The stock options varied as follows:

	Half ended June 30, 2020 (6 months)	Year ended December 31, 2019 (12 months)
	Weighted average Number	Weighted average Number
	exercise price	exercise price
Outstanding at the beginning of the period	23,000,000	14,050,000
Granted	3,000,000	11,700,000
Exercised	(10,750,000)	(750,000)
Cancelled or expired	---	(2,000,000)
Outstanding at the end of the period	15,250,000	23,000,000
Exercisable	15,250,000	23,000,000

Reserve - stock options

Current stock options
Matured or cancelled stock options

As at June 30, 2020	As at December 31, 2019
\$	\$
1,458,855	1,626,876
2,558,338	2,558,338
4,017,193	4,185,214

The total fair value of stock options granted during the six-month period ended June 30, 2020 is \$573,781 (no stock option granted during the six-month period ended June 30, 2019). The total fair value was estimated on the grant dates using the Black-Scholes option pricing model with the following average assumptions:

Risk-free interest rate	0.32%
Expected volatility	66.50%
Expected dividend yield	0%
Expected life	5 years
Stock price	\$0.35
Exercise price	\$0.35

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated)

17 - SHARE CAPITAL - (continued)

Reserve - stock options - (continued)

The following table summarizes some information on the Company's stock options as at June 30, 2020:

Exercise price	Outstanding options as at June 30, 2020		Exercisable options as at June 30, 2020	
	Number	Weighted average remaining contractual life	Number	Weighted average remaining contractual life
		Years		Years
\$0.09	3,750,000	2.0	3,750,000	2.0
\$0.115	700,000	3.2	700,000	3.2
\$0.13	7,800,000	4.4	7,800,000	4.4
\$0.35	3,000,000	5.0	3,000,000	5.0
	15,250,000		15,250,000	

18 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	As at June 30, 2020 (6 months) \$	As at december 31, 2019 (12 months) \$
Exchange difference		
Balance at the beginning of the period	1,723,032	6,041,257
Exchange difference changes during the period	4,466,099	(4,318,225)
Balance at the end of the period	6,189,131	1,723,032
Attributable to		
Common shareholders	6,214,214	1,778,494
Non-controlling interest	(25,083)	(55,462)
	6,189,131	1,723,032

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated)

19 - ADDITIONAL INFORMATION ON THE INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
<i>a) Net changes in non-cash working capital items</i>				
Decrease (increase) in current assets				
Accounts receivable	(1,107,913)	6,082,935	(1,477,517)	1,159,059
Inventories	(5,814,767)	(1,627,585)	(5,696,948)	(2,885,749)
Prepaid expenses	(210,903)	(142,217)	(350,677)	(281,331)
Deposits paid	240,768	329,291	(554,061)	276,276
	(6,892,815)	4,642,424	(8,079,203)	(1,731,745)
Increase (decrease) in current liabilities				
Accounts payable	855,213	(351,066)	1,298,920	41,875
	(6,037,602)	4,291,358	(6,780,283)	(1,689,870)
<i>b) Items not affecting cash related to investing activities</i>				
Change in accounts payable related to property, plant and equipment	(104,454)	54,063	(78,549)	62,416

20 - EARNINGS PER SHARE

	Second quarters ended June 30,		First halves ended June 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Net earnings and diluted attributable to common shareholders	337,917	1,037,051	10,004,151	1,862,076
Basic weighted average number of shares outstanding	582,777,059	579,509,556	581,525,267	579,509,566
Stock options ⁽¹⁾	12,736,628	---	11,604,020	---
Diluted weighted average number of shares outstanding ⁽¹⁾	595,513,687	579,509,556	593,129,287	579,509,566
Basic net earnings per share	0.001	0.002	0.017	0.003
Diluted net earnings per share	0.001	0.002	0.017	0.003

⁽¹⁾ The calculation of the hypothetical conversions excludes options whose effect is anti-dilutive. Some stock options are anti-dilutive either because their price is higher than the average price of the Company's common shares for each of the periods presented or because the impact of the conversion of these elements on net income would result in diluted earnings per share exceeding the basic earnings per share for each of these periods. For the quarter ended June 30, 2020, no stock option is excluded in the diluted net earnings per share calculation (13,050,000 stock options for the quarter ended June 30, 2019). For the half ended June 30, 2020, no stock options is excluded in the diluted net earning per share calculation (13,050,000 stock options for the half ended June 30, 2019).

21 - CONTINGENCY

Environmental protection

The Company's activities are subject to governmental laws concerning the protection of the environment. The environmental consequences are difficult to identify, whether it is at the level of the results, of the term or of its impact. To the best knowledge of management, the Company is operating in compliance with the laws and regulations currently in effect. Costs resulting from the restructuring of sites are recorded in the results or included in the cost of the fixed assets concerned in the period in which it will be possible to make a reasonable estimate.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

22 - FINANCIAL INSTRUMENTS

Measurement categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income (loss). These categories are: assets and liabilities at FVTPL and financial assets and liabilities at amortized cost. The following table shows the carrying amounts of assets and liabilities for each of these categories:

	As at June 30, 2020 \$	As at december 31, 2019 \$
Financial assets at amortized cost		
Cash	9,029,954	13,599,000
Accounts receivable	18,323	18,360
Deposits paid	2,716,060	1,330,412
	11,764,337	14,947,772
Financial liabilities at amortized cost		
Accounts payable	10,686,973	8,611,338
Long-term debt	9,560,165	13,260,160
Lease obligations	531,386	329,451
	20,778,524	22,200,949

Financial risk factors

a) Market risk

Fair value

The carrying amounts of financial assets at amortized cost approximate their fair value due to their short-term maturity and the prevailing interest rates of these instruments, which are comparable to those of the market.

The Company considers that the carrying amount of all its financial liabilities at amortized cost in its condensed interim consolidated financial statements approximates their fair value. Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities. The fair value of long-term debt has not been determined due to the related specific conditions negotiated between the Company and the third parties concerned.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all amounts are in Canadian dollars unless otherwise indicated - unaudited)

22 FINANCIAL INSTRUMENTS - (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The following table shows the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	10,686,974	10,686,974	---	---
Long-term debt ⁽¹⁾	9,560,165	5,836,189	4,511,406	---
Lease obligations ⁽¹⁾	531,386	331,556	230,816	---
	20,778,525	16,854,719	4,742,222	---

The following table shows the contractual maturities of financial liabilities as at December 31, 2019:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	8,611,338	8,611,338	---	---
Long-term debt ⁽¹⁾	13,260,160	8,009,480	6,486,224	---
Lease obligations ⁽¹⁾	329,451	160,593	183,792	67,564
	22,200,949	16,781,411	6,670,016	67,564

⁽¹⁾ Future maturities relating to these liabilities exceed their carrying amount because they include both capital and interest payments.

23 - RELATED PARTY TRANSACTIONS

Results for the half ended June 30, 2020 include expenses of \$2,703,183 that were incurred with the directors and officers of companies controlled by them (\$2,667,592 for the half ended June 30, 2019). These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established by the related parties.

24 - SUBSEQUENT EVENTS

In July 2020, the Company issued 1,800,000 shares following the exercise of stock options for a cash consideration of \$169,500. The value of options exercised that was reclassified to the share capital is \$120,323.

On August 18, 2020, a military power was installed in Mali to replace the civilian authorities. This change led to the implementation of international sanctions as well as the closure of borders in Mali. As of the date of publication of these condensed interim consolidated financial statements, it is not possible to reliably estimate the impacts of these developments on the Company's financial results, financial situation and cash flows.