



Consolidated Financial Statements
December 31, 2020

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Independent auditor's report

To the Shareholders of Robex Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Robex Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of income for the years ended December 31, 2020 and 2019;
- the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019;
- the consolidated statements of changes in equity for the years ended December 31, 2020 and 2019;
- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of cash flows for the years ended December 31, 2020 and 2019; and
- the notes to consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

The engagement partner on the audit resulting in this independent auditor's report is Donald Gagné.

PricewaterhouseCoopers LLP¹

Québec, Quebec
April 28, 2021

¹ CPA auditor, CA, public accountancy permit No. A121191

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2020 \$	2019 \$
REVENUE - GOLD SALES	120,830,189	99,191,841
COSTS OF OPERATIONS		
Mining operation expenses - note 7	34,465,494	33,456,953
Administrative expenses - note 8	16,348,407	11,852,379
Depreciation of property, plant and equipment and amortization of intangible assets	20,913,370	31,569,072
Stock-based compensation expense - note 19 b)	573,791	881,951
OPERATING INCOME	48,529,127	21,431,486
OTHER EXPENSES (INCOME)		
Financial expenses - note 9	1,145,749	2,653,024
Foreign exchange loss (gain)	(193,820)	64,041
Write-off of property, plant and equipment and intangible assets	57,341	29,233
Other income	(62,490)	(127,608)
Write-off of mining properties - note 12	---	1,326,186
Other gain	---	(1,108,739)
INCOME BEFORE INCOME TAX EXPENSE	47,582,347	18,595,349
Income tax expense (recovery)	2,556,305	(536,140)
NET INCOME FOR THE YEAR	45,026,042	19,131,489
ATTRIBUTABLE TO		
Common shareholders	44,609,088	19,072,196
Non-controlling interest	416,954	59,293
	45,026,042	19,131,489
EARNINGS PER SHARE - note 23		
Basic	0.076	0.033
Diluted	0.074	0.033

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31**

(all amounts are in Canadian dollars unless otherwise indicated)

	2020	2019
	\$	\$
NET INCOME FOR THE YEAR	45,026,042	19,131,489
Other comprehensive income (loss)		
Item that may be reclassified subsequently to net income		
Exchange difference	5,829,920	(4,318,225)
COMPREHENSIVE INCOME	50,855,962	14,813,264
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Common shareholders	50,407,529	14,784,137
Non-controlling interest	448,433	29,127
	50,855,962	14,813,264

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

	Common shareholders				Total	Non-controlling interest	Total equity
	Share capital	Reserve - stock options	Retained earnings (deficit)	Accumulated other comprehensive income - note 20			
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 for the year	---	---	19,072,196	---	19,072,196	59,293	19,131,489
Other comprehensive loss	---	---	---	(4,288,059)	(4,288,059)	(30,166)	(4,318,225)
Comprehensive income (loss) for the year	---	---	19,072,196	(4,288,059)	14,784,137	29,127	14,813,264
Stock options exercised during the year - note 19 a)	116,532	(49,032)	---	---	67,500	---	67,500
Stock options charged to expense during the year - note 19 b)	---	881,951	---	---	881,951	---	881,951
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 for the year	---	---	44,609,088	---	44,609,088	416,954	45,026,042
Other comprehensive income	---	---	---	5,798,441	5,798,441	31,479	5,829,920
Comprehensive income for the year	---	---	44,609,088	5,798,441	50,407,529	448,433	50,855,962
Dividend - note 19 c)	---	---	(35,537,967)	---	(35,537,967)	(73,014)	(35,610,981)
Stock options exercised during the year - note 19 a)	4,418,698	(1,677,419)	---	---	2,741,279	---	2,741,279
Stock options charged to expense during the year - note 19 b)	---	573,791	---	---	573,791	---	573,791
Balance as at December 31, 2020	71,269,402	3,081,586	8,211,833	7,576,935	90,139,756	1,099,763	91,239,519

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2020 \$	2019 \$
ASSETS		
CURRENT ASSETS		
Cash	8,895,854	13,599,000
Inventories - note 10	13,316,488	10,055,138
Accounts receivable - note 11	3,754,189	1,715,666
Prepaid expenses	175,943	185,373
Deposits paid	2,012,030	1,330,412
	28,154,504	26,885,589
VAT RECEIVABLE	3,346,714	---
MINING PROPERTIES - note 12	7,935,245	7,111,382
PROPERTY, PLANT AND EQUIPMENT - note 13	77,259,852	63,632,476
INTANGIBLE ASSETS - note 14	77,882	77,875
	116,774,197	97,707,322
LIABILITIES		
CURRENT LIABILITIES		
Line of credit - note 16	1,086,599	---
Accounts payable - note 15	13,765,622	9,226,879
Current portion of long-term debt - note 16	4,288,403	7,186,918
Current portion of lease obligations - note 18	202,056	146,963
	19,342,680	16,560,760
LONG-TERM DEBT - note 16	2,211,700	6,073,242
ENVIRONMENTAL LIABILITIES - note 17	423,702	736,272
LEASE OBLIGATIONS - note 18	99,495	182,488
DEFERRED INCOME TAX - note 22	3,457,101	1,475,092
	25,534,678	25,027,854
EQUITY		
Share capital - note 19 a)	71,269,402	66,850,704
Reserve - stock options - note 19 b)	3,081,586	4,185,214
Retained earnings (deficit)	8,211,833	(859,288)
Accumulated other comprehensive income - note 20	7,576,935	1,778,494
	90,139,756	71,955,124
Non-controlling interest	1,099,763	724,344
	91,239,519	72,679,468
	116,774,197	97,707,322

Commitments (note 25)

Subsequent events (note 28)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31

(all amounts are in Canadian dollars unless otherwise indicated)

	2020 \$	2019 \$
CASH FLOWS FROM THE FOLLOWING ACTIVITIES		
Operating		
Net income for the year	45,026,042	19,131,489
Adjustments for		
Financial expenses	1,145,749	2,653,024
Depreciation of property, plant and equipment and amortization of intangible assets	20,913,370	31,569,072
Deferred income tax expense (recovery)	1,788,301	(1,939,798)
Write-off of mining properties	---	1,326,186
Write-off of property, plant and equipment and intangible assets	57,341	29,233
Stock-based compensation expense	573,791	881,951
Net changes in non-cash working capital items - note 21	(1,624,536)	(5,121,273)
Variation in VAT receivable	(3,346,714)	---
Paid interest - note 21	(1,067,824)	(2,687,356)
	63,465,520	45,842,528
Investing		
Variation in deposits paid	(1,109,028)	35,680
Acquisition of mining properties	(282,319)	(2,131,646)
Acquisition of property, plant and equipment	(28,789,875)	(16,125,090)
Acquisition of intangible assets	(14,773)	(23,265)
	(30,195,995)	(18,244,321)
Financing		
Repayment of long-term debt	(7,732,748)	(9,618,427)
Dividends paid	(35,545,366)	---
Variation in line of credit	1,110,942	(105,020)
Payments of lease obligations	(315,429)	(137,507)
Issue of common shares	2,741,279	67,500
Repayment of non-convertible debentures	---	(11,640,000)
	(39,741,322)	(21,433,454)
Effect of exchange rate changes on cash	1,768,651	11,789
Increase (decrease) in cash	(4,703,146)	6,176,542
Cash at the beginning of the year	13,599,000	7,422,458
Cash at the end of the year	8,895,854	13,599,000
Tax paid	1,468,607	736,005

Additional information (note 21)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

1 - 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 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.

2 - BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors for issue on April 28, 2021.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for financial instruments classified at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and those of African Peak Trading House Limited, in which the Company has made a significant investment and all of whose earnings are redistributed to the Company in the form of preferred dividends. The Company's subsidiaries are Robex N'Gary SA, in which the Company holds an 85% interest, Robex Resources Mali SARL, which is wholly owned, and Nampala SA, in which the Company holds a 90% interest. These three subsidiaries are all located in Mali. All intercompany transactions and balances have been eliminated.

The non-controlling interest in the net assets of consolidated subsidiaries is presented within equity but separate from the Company's equity. The non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest share of recognized changes in equity since the date of acquisition.

Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Functional and presentation currency

The Canadian dollar is the presentation currency for the consolidated financial statements. The euro is the functional currency of the Company.

These consolidated financial statements are translated into the presentation currency as follows: assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the date of the consolidated statement of financial position. The foreign currency translation adjustment arising from such translation is included in accumulated other comprehensive income under equity. Income and expenses are translated at the exchange rate in effect on the date of the transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Foreign currency transaction translation

Transactions denominated in currencies other than the functional currency are translated into the relevant functional currency as follows: monetary assets and liabilities are translated at the exchange rate in effect on the date of the consolidated statement of financial position, and income and expenses are translated at the exchange rate in effect on the date of the transaction. Non-monetary assets and liabilities measured at historical cost and denominated in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value and denominated in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses arising from such translation are recorded in profit or loss under "Foreign exchange loss (gain)".

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial instruments are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification depending on the purpose for which the instruments were acquired and their characteristics.

The measurement of financial assets and financial liabilities is based on one of the following classifications:

(a) Assets and liabilities at fair value through profit or loss ("FVTPL")

Financial instruments classified as assets or liabilities at FVTPL are recognized at fair value at each consolidated statement of financial position date, and any change in the fair value is reflected in the consolidated statement of income in the period during which these changes take place.

(b) Assets and liabilities at amortized cost

Financial instruments classified as assets or liabilities at amortized cost are initially recognized at fair value including transaction costs and are subsequently measured at each consolidated statement of financial position date at amortized cost using the effective interest rate method; any change in the cost is reflected in the consolidated statement of income in the period during which these changes take place.

(c) Fair value through other comprehensive income ("FVTOCI")

Financial instruments classified as assets or liabilities at FVTOCI are initially recognized at fair value including transaction costs and are subsequently measured at each consolidated statement of financial position date at fair value; any change in the fair value is reflected in the consolidated statement of comprehensive income (loss) with no reclassification to net income on disposal of such assets and liabilities.

The Company's financial assets at amortized cost include cash, accounts receivable (except taxes receivable) and deposits paid. Financial assets at amortized cost are classified as current assets if payment is receivable within 12 months. Otherwise, they are presented as non-current assets.

The Company's financial liabilities at amortized cost include accounts payable, line of credit, lease obligations and long-term debt. Financial liabilities at amortized cost are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Financial instruments - (continued)

Transaction costs

Transaction costs related to financial instruments that are not classified as assets or liabilities at FVTPL, are recognized as adjustments to the cost of the financial instrument in the consolidated statement of financial position at the time of initial recognition. These will be amortized until they are carried out or until they are exercised.

Inventories

The material extracted from the mining pits is classified as a sterile material corresponding to stripping costs and capitalized to property, plant and equipment, or as ore stocks. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit. Raw materials comprise ore in stockpiles, which are subsequently processed into gold in a saleable form. Work in progress represents *doré* bars in the processing circuit that have not completed the production process, and are not yet in a saleable form. Supplies represent commodity consumables and other raw materials used in the production process, as well as spare parts and other maintenance supplies that are not classified as property, plant and equipment.

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories includes direct labour, materials and subcontractor expenses and an allocation of mine site overhead costs. As ore is sent to the mill for processing, costs are reclassified out of inventory based on the average cost per tonne of the stockpile.

The Company records provisions to reduce inventory to net realizable value to reflect changes in economic factors that impact inventory value and to reflect present intentions for the use of slow-moving and obsolete supplies inventory. Net realizable value is determined with reference to relevant market prices less applicable variable selling expenses. Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form. Provisions are also recorded to reduce mine operating supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value when it is determined that the supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Mining properties

Expenditures incurred on activities that precede exploration for and evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately.

Exploration expenditures include rights to mining properties, paid or acquired through an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at fair value in the case of an impairment loss caused by a loss in value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into production. These costs are written off when properties are abandoned or when cost recovery or access to resources is uncertain. Proceeds from the sale of mining properties are applied against the related carrying amount, and any excess or shortfall is recorded as a gain or loss in the consolidated statement of income. In the case of partial sale, if the carrying amount exceeds the proceeds, only the losses are recorded.

Exploration expenditures also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration activities are capitalized when it is more likely than not that future economic benefits will be realized. The assessment of probability is based on factors such as the level of exploration and the degree of management's confidence in the ore body.

Exploration and evaluation expenditures reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. Exploration and evaluation expenditures include the costs of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether the development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures are capitalized if management determines that there is sufficient evidence to support the probability of generating positive economic returns in the future. When a mine project moves into the development phase, exploration and evaluation expenditures are capitalized to mine development costs. If an exploration and evaluation activity does not prove viable, all irrecoverable costs with the project are written off. Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Mining properties - (continued)

Impairment loss

The recoverability of amounts shown as mining properties is dependent upon the discovery of recoverable reserves on the economic plan, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition. The amount appearing as mining interests does not necessarily represent the current or future value of the mining interests.

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when impairment indicators arise, which is typically when one of these conditions occurs:

- The right to explore in the specific area expires or will expire in the near future and is not expected to be renewed;
- No exploration expense and subsequent evaluation in the specific area is planned or in the budget;
- No resource discovery is commercially viable and the Company has decided to cease exploration in the specific area; or
- Sufficient work has been done to indicate that the carrying amount of the expense recognized in the asset will not be fully recovered.

An impairment loss is recognized for the amount by which the carrying amount of a mining property exceeds its recoverable amount. For the purpose of measuring the recoverable amount, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount of a mining property is the higher of its fair value less costs of disposal and its value in use. The value in use is determined based on the present value of the expected future cash flows of the relevant asset or CGU. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The Company evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

Property, plant and equipment

Property, plant and equipment are initially and subsequently recorded at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. In case of change in these estimates, they are accounted for prospectively.

Expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditure will extend the productive capacity or useful life of an asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property, plant and equipment - (continued)

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated statement of income.

Property acquisition costs, exploration costs and mining development costs

Costs incurred relative to proven and probable developed and undeveloped reserves, and probable non-reserve resources, if there is sufficient objective evidence to support a conclusion that it is probable that the non-reserve resources will be produced (the “probable non-reserve resources”), are included in the depreciable amount. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of the asset is its cost, or any other amount substituted for cost, less its residual value.

Depreciation begins when a property is put into commercial operation and is calculated using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold. Estimated recoverable ounces of gold include proved and probable reserves and some indicated resources.

Exploration costs incurred on a property in production are capitalized to property, plant and equipment and amortized based on estimated recoverable ounces of gold in the resource area concerned.

Equipment related to mining operations

Equipment related to mining operations is recorded at cost and depreciated, less residual value, using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold. However, if the estimated useful life of the assets is less than that of the mine, depreciation is based on their estimated useful life, or using the straight-line method over the expected operating life of the mine.

Buildings and office development

Buildings and office development are recorded at cost and depreciated, less residual value, using the straight-line method over the expected operating life of the mine or using the declining balance method at rates of 20%. However, if the expected useful life of the assets is less than that of the mine, depreciation is based on their expected useful life.

Assets under construction

Assets under construction include property, plant and equipment under construction, including those intended for their own use. The cost includes the purchase price, as well as any cost directly attributable to bringing the asset into working condition for its intended use. Assets under construction are classified in the appropriate tangible asset category when the costs are incurred. Assets under construction are recognized at cost, less any recognized impairment loss, and are not depreciated. Their depreciation begins only when they are ready for their intended use.

Tools, equipment and vehicles

Tools, equipment and vehicles include communications equipment and computer equipment and are recorded at cost. Depreciation is calculated using the declining balance method at rates of 20% or 30%, and is recognized in the consolidated statement of income.

Exploration equipment

Depreciation of exploration equipment is capitalized to mining properties according to the capitalization policy of mining properties. Depreciation of property, plant and equipment, if related to mine development expenditures, is capitalized in mine development costs. These amounts will be recognized in the consolidated statement of income through depreciation of property, plant and equipment when they are put into production (or when mining properties are put into production). For those which are not related to exploration and development activities, depreciation expense is recognized directly in the consolidated statement of income. Depreciation is calculated on a declining balance basis at an annual rate of 20% or 30%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property, plant and equipment - (continued)

Assets under construction

Assets under construction include property, plant and equipment under construction, including those intended for their own use. The cost includes the purchase price, as well as any cost directly attributable to bringing the asset into working condition for its intended use. Assets under construction are classified in the appropriate tangible asset category when the costs are incurred. Assets under construction are recognized at cost, less any recognized impairment loss, and are not depreciated. Their depreciation begins only when they are ready for their intended use.

Stripping costs

In open pit mining operations, it is necessary to remove overburden and other sterile materials to access ore from which minerals can be extracted economically. The process of mining overburden and other sterile materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body are capitalized under mining development costs and are amortized when the ore to which the costs are attached is extracted from the pit and the mine is considered operational. When these costs are directly attributable to the development of a tangible asset category, they are recorded into it.

It may be also required to remove waste materials and to incur stripping costs during the production phase of the mine. The Company recognizes a stripping activity asset if all of the below conditions are met:

- (i) It is probable that the future economic benefit (improved access to the component of the ore body) associated with the stripping activity will flow to the Company;
- (ii) The Company can identify the component of the ore body for which access has been improved; and
- (iii) The costs relating to the stripping activity associated with that component can be measured reliably.

The Company measures the stripping activity at cost based on an accumulation of costs incurred to perform the stripping activity that improves access to the identified component of ore.

After initial recognition, the stripping activity asset is carried at cost less depreciation and impairment losses in the same way as the existing asset of which it is a part.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as financial expenses in the consolidated statement of income in the period in which they are incurred.

Intangible assets

Intangible assets are initially and subsequently recorded at cost and amortized on a declining balance basis at an annual rate of 30%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – "CGUs"). The recoverable amount is the higher of its fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Provision for asset retirement obligations

The Company records the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred with a corresponding increase in the carrying amount of the related mining asset. For locations where mining activities have ceased, changes to provisions are charged directly to the consolidated statement of income under financial expenses. The obligation is generally considered to have been incurred when mining assets are constructed or the ground environment is disturbed at the production location.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provisions due to passage of time is recognized as financial expense. Changes in assumptions or estimates are reflected in the period in which they occur.

The discounted liability is adjusted at the end of each period to reflect the passage of time, based on a risk-free real discount rate that reflects current market assessments, and changes in the estimated future cash flows underlying the obligation.

Leases

The Company is a party to lease contracts for office space and vehicles.

Lease terms are negotiated on a case-by-case basis and include a wide range of terms and conditions. The lease agreements do not impose any covenants.

Leases are recognized as a right-of-use asset and a corresponding liability to the date when the leased asset is available for use by the Company. Each lease payment is allocated between liability and financial expenses. Financial expenses are charged to net income over term of the lease for a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is amortized over the lease term on a straight-line basis.

Right-of-use assets

Right-of-use assets are initially measured at cost and include:

- the amount of the initial measurement of the lease liability
- lease payments made on or before the start date, less any lease incentives
- all initial costs incurred directly by the Company
- restoration costs.

After the start date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses and are adjusted for any revaluation of the lease obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Leases - (continued)

Lease obligations

Lease obligations are initially measured at the present value of the lease payments that have not been paid as of that date. This includes:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable, in which case the latter is used.

Exemptions

The Company elected to apply exemptions for leases with low underlying asset values, or for which the lease term does not exceed 12 months. Payments associated with such leases are recognized on a straight-line basis as an expense in net income.

Non-controlling interest

Non-controlling interest consists of the interests in the equity of subsidiaries held by outside parties. The share of the net assets attributable to the non-controlling interest is presented within equity. Their share of profit or loss and other comprehensive income (loss) is recognized directly in equity even if the non-controlling interest has a deficit balance.

Income tax and deferred taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of income, except if it concerns items recognized directly in equity. In this case, the related tax is also recognized directly in equity.

The Company provides for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities, using enacted or substantively enacted income tax rates that are expected to be in effect for the years in which the assets are expected to be recovered or the liabilities to be settled.

A deferred tax asset is only recognized in the event that it is probable that future taxable profits, against which the asset can be utilized, will be available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

3 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Income tax and deferred taxes - (continued)

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Stock option plan

The Company grants stock options to directors, members of management, employees and service providers. The Board of Directors offers such options for periods of up to ten years, with no vesting period, except for stock options granted to the financial advisor for whom the options are exercisable for a period of twelve months at 25% per quarter, at prices determined by the Board of Directors.

The fair value of options is measured at the grant date using the Black-Scholes option pricing model and is recognized over the period during which employees acquire options. The fair value is recognized as an expense with offset to "Reserve - stock options". The amount recognized as an expense is adjusted to reflect the number of options that are expected to be acquired.

Revenue

Revenue includes the sale of gold and by-products (silver). The Company sells gold through a refiner. Sales are recognized when control of the gold has been transferred to the ultimate buyer, being when the gold is sold through the open market. Thus, the performance obligations are satisfied at a point in time when gold is sold on the open market. Revenue from the sale of gold is recognized based on the London Bullion Market price in euro at the time of the sale.

Earnings per share

Basic earnings per share for the period are calculated based on the weighted average number of common shares outstanding during the year.

Diluted earnings per share for the period are calculated using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. The treasury stock method is used to determine the dilutive effect of stock options. Under these methods, the calculation of diluted earnings per share is made, as if all dilutive potential shares had been issued at the later of the beginning of the year or the date of issuance, as the case may be, and as if the funds obtained thereby had been used to purchase common shares of the Company at the average quoted market value of the common shares during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

4 - NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR AND ISSUED BUT NOT YET IN EFFECT

The following standards and amendments to existing standards have been published, and their adoption is mandatory for future accounting periods.

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to clarify the requirements for classifying liabilities as current or non-current. More specifically, the amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the statement of financial position date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant; and the amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after January 1, 2023. Management has not yet determined the impact, if any, on the Company.

Conceptual framework in IFRS Standards

The amendment replace references to the 2001 Conceptual Framework for Financial Reporting to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or liability in a business combination, add a new exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 rather than to the 2018 Conceptual Framework, and also clarify that an acquirer should not recognize contingent assets at the acquisition date. The new guidance will be effective for annual periods starting on or after January 1, 2022. Management has not yet determined the impact, if any, on the Company.

IAS 16 – Property, plant and equipment

The amendment to proceeds before intended use prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). It also clarifies that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset, and it add requirement of certain related disclosures. The new guidance will be effective for annual periods starting on or after January 1, 2022. Management has not yet determined the impact, if any, on the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Management believes that there are no critical judgements that may result in material adjustment to the carrying amounts of assets and liabilities.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future.

Impairment of property, plant and equipment

The Company's recoverability of the recorded value of its property, plant and equipment (including mining properties and associated deferred expenditures) is based on market conditions for metals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

Any change in the quality and quantity of recoverable ore reserves and mineral resources recoverable, expected selling prices and operating costs could materially affect the estimated fair value of mining assets, which could result in material write-downs or write-offs in the future.

Ore reserves and mineral resource estimates

Ore reserves and mineral resources are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves and the resources may change. Such changes may impact the Company's reported financial position and results, which include:

- (i) The carrying value of property, plant and equipment may be affected due to changes in estimated future cash flows;
- (ii) Amortization charges in the consolidated statement of income may change where such charges are determined using the units of production method, or where the useful life of the related assets change; and
- (iii) Provisions for environmental restoration obligations may change - where changes to the reserve estimates affect expectations about when such activities and resources will occur and the associated cost of these activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - (continued)

Estimated useful life of property, plant and equipment

A significant portion of property, plant and equipment is depreciated according to the method of production units. The calculation of the units-of-production rate of amortization could be impacted to the extent that actual gold production in the future is different from current forecast production based on proved and probable ore reserve and indicated resources. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating ore reserve and mineral resources.

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of mining assets for any period as well as their net recoverable value amounts are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of changes in the ore reserves and mineral resources, of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future, therefore affecting the amortization and net realizable value of these assets.

Provision for environmental restoration obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for decommissioning and restoration obligations in the period in which they are incurred. 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.

Fair value of stock options

The Company makes certain estimates and assumptions when calculating the fair value of stock options granted. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate of return. Any change in these estimates or inputs used to determine fair value could result in a significant impact on the Company's future operating results, liabilities or other equity components. Fair value assumptions used are described in note 19 - Share capital.

Renewal of research and exploration permits

The Company makes estimates relating to the renewal by the Malian government of research and exploration permits. The non-renewal of these permits could have an important impact on the value of the mining properties.

COVID-19

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 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 CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

6 - 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.

	Year ended December 31, 2020			
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total \$
REVENUE - GOLD SALES	120,830,189	---	---	120,830,189
Mining operation expenses - note 7	31,550,225	---	---	31,550,225
Mining royalties - note 7	2,915,269	---	---	2,915,269
Administrative expenses - note 8	8,808,597	10,779	7,529,031	16,348,407
Depreciation of property, plant and equipment and amortization of intangible assets	20,849,429	---	63,941	20,913,370
Stock-based compensation expense - note 19 b)	---	---	573,791	573,791
OPERATING INCOME (LOSS)	56,706,669	(10,779)	(8,166,763)	48,529,127

	Year ended December 31, 2019			
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total \$
REVENUE - GOLD SALES	99,191,841	---	---	99,191,841
Mining operation expenses - note 7	30,646,447	---	---	30,646,447
Mining royalties - note 7	2,810,506	---	---	2,810,506
Administrative expenses - note 8	6,361,462	28,600	5,462,317	11,852,379
Depreciation of property, plant and equipment and amortization of intangible assets	31,497,147	---	71,925	31,569,072
Stock-based compensation expense - note 19 b)	---	---	881,951	881,951
OPERATING INCOME (LOSS)	27,876,279	(28,600)	(6,416,193)	21,431,486

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 CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

6 - SEGMENTED INFORMATION - (continued)

The Company's assets by segment are as follows:

	As at December 31, 2020			\$
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total
Cash	3,567,627	70,737	5,257,490	8,895,854
Inventories	13,316,488	---	---	13,316,488
Accounts receivable	3,676,205	---	77,984	3,754,189
Prepaid expenses	157,371	3,615	14,957	175,943
Deposits paid	1,979,833	---	32,197	2,012,030
VAT receivable	3,346,714	---	---	3,346,714
Mining properties	---	7,935,245	---	7,935,245
Property, plant and equipment	77,033,029	94,944	131,879	77,259,852
Intangible assets	14,546	63,336	---	77,882
	103,091,813	8,167,877	5,514,507	116,774,197

	As at December 31, 2019			\$
	Operations (Nampala, Mali)	Explorations (Mali)	Corporate management	Total
Cash	7,870,445	106,274	5,622,281	13,599,000
Inventories	10,055,138	---	---	10,055,138
Accounts receivable	1,657,372	---	58,294	1,715,666
Prepaid expenses	171,537	3,398	10,438	185,373
Deposits paid	1,285,052	---	45,360	1,330,412
Mining properties	---	7,111,382	---	7,111,382
Property, plant and equipment	63,331,111	117,158	184,207	63,632,476
Intangible assets	19,835	58,040	---	77,875
	84,390,490	7,396,252	5,920,580	97,707,322

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

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7 - MINING OPERATION EXPENSES

	2020	2019
	\$	\$
Operating and maintenance supplies and service	25,650,438	18,113,865
Fuel	11,689,016	10,183,614
Reagents	5,273,288	5,928,937
Employee benefit expenses	5,793,822	3,791,086
Inventory change	(1,453,919)	(304,901)
Less: Production expenses capitalized as stripping cost	(16,414,575)	(7,813,045)
Delivery costs	1,012,155	746,891
Total production costs	31,550,225	30,646,447
Mining royalties	2,915,269	2,810,506
	34,465,494	33,456,953

8 - ADMINISTRATIVE EXPENSES

	2020	2019
	\$	\$
Operations and explorations	8,819,376	6,390,062
Corporation management	7,529,031	5,462,317
	16,348,407	11,852,379

Salary related amounts of \$1,918,603 and \$391,588, respectively, are included in the «Operations and explorations» item and in the «Corporate management» item for the year ended December 31, 2020 (\$1,248,980 and \$332,934, respectively, for the year ended December 31, 2019).

9 - FINANCIAL EXPENSES

	2020	2019
	\$	\$
Interest on long-term debt	707,153	1,355,207
Effective interest on long-term debt	78,261	105,568
Interest on line of credit	7,582	41,675
Interest on lease obligations	25,710	13,581
Bank charges	249,877	187,474
Change in environmental liabilities	77,166	50,249
Interest on non-convertible debentures	---	899,270
	1,145,749	2,653,024

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

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10 - INVENTORIES

	2020	2019
	\$	\$
Doré bars in production	4,648,288	2,878,934
Supplies and spare parts	8,437,106	6,942,126
Stacked ore	231,094	217,731
Silver (metals)	---	16,347
	13,316,488	10,055,138

11 - ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
VAT receivable	3,355,503	1,359,829
Other taxes receivable	381,448	337,477
Other receivables	17,238	18,360
	3,754,189	1,715,666

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

12 - MINING PROPERTIES

	Diangounté (A)	Mininko (B)	Sanoula (C)	Kamasso (D)	Kolomba (E)	Total
Undivided interest	100%	100%	100%	100%	Not renewed	
Mining rights and titles						\$
Balance as at December 31, 2018	---	123,557	217,151	23,952	79,493	444,153
Acquisition costs	48,234	22,695	22,695	---	---	93,624
Write-offs	---	---	---	---	(75,876)	(75,876)
Exchange rate changes	(314)	(8,829)	(15,004)	(1,580)	(3,617)	(29,344)
Balance as at December 31, 2019	47,920	137,423	224,842	22,372	---	432,557
Exchange rate changes	3,368	9,657	15,803	1,572	---	30,400
Balance as at December 31, 2020	51,288	147,080	240,645	23,944	---	462,957

Exploration costs

Balance as at December 31, 2018	---	3,363,163	1,296,841	332,563	1,256,101	6,248,668
Expenses incurred	21,523	1,543,531	21,523	463,874	---	2,050,451
Write-offs	---	---	---	---	(1,250,310)	(1,250,310)
Amortization	1,172	15,994	1,172	10,269	---	28,607
Exchange rate changes	(50)	(271,300)	(85,604)	(35,846)	(5,791)	(398,591)
Balance as at December 31, 2019	22,645	4,651,388	1,233,932	770,860	---	6,678,825
Expenses incurred	40,391	155,715	58,377	39,068	---	293,551
Amortization	4,311	8,860	3,541	2,655	---	19,367
Exchange rate changes	3,847	331,506	88,916	56,276	---	480,545
Balance as at December 31, 2020	71,194	5,147,469	1,384,766	868,859	---	7,472,288

Total:

As at December 31, 2019	70,565	4,788,811	1,458,774	793,232	---	7,111,382
As at December 31, 2020	122,482	5,294,549	1,625,411	892,803	---	7,935,245

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

12 - MINING PROPERTIES - (continued)

- (A) The Company holds the permit through its wholly owned subsidiary, Robex Resources Mali SARL. This research and exploration permit was granted on August 26, 2019. The permit is valid for 13 months, renewable twice for two years. The permit expires on September 27, 2024. As at December 31, 2020, the first order of renewal is being obtained from the Malian government.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (B) Since April 30, 2007, the Company has held 100% of the mining titles of these properties, and the seller has benefited from a 2% NSR (Net Smelter Return) royalty on which the Company has a right of first refusal. During the year ended December 31, 2012, the Company completed the acquisition of half of the royalties for a cash consideration of \$250,000. Now, the seller will receive a 1% NSR on which the Company still has a right of first refusal.

On November 8, 2011, the Company released a feasibility study confirming a possible profitable exploitation on the Mininko site.

On March 21, 2012, the subsidiary Nampala SA, 90% owned by the Company, received its gold mining and mineral substances permit regarding a portion of the Mininko property. This mining permit is valid for thirty years.

In addition, when it assigned the mining permit, the Malian government was awarded 10% of Nampala SA's shares for free. The Malian government could decide to acquire an additional 10% for a fee, which has not been done at the date of these consolidated financial statements.

On September 17, 2019, its wholly owned subsidiary Robex Resources Mali SARL was granted again this research and exploration permit. The permit is valid for three years, renewable twice for two years. The permit expires on September 16, 2026.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (C) Since May 30, 2008, the Company has held 100% of its mining titles through its wholly owned subsidiary, Robex Resources Mali SARL. The seller will receive NSR royalties of 2% on which the Company will have a right of first refusal.

This research and exploration permit was granted again on August 28, 2019. The permit is valid for three years, renewable twice for two years. The permit expires on August 27, 2026.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (D) The Company holds the permit through its wholly owned subsidiary, Robex Resources Mali SARL. This research and exploration permit was granted on September 19, 2017. The permit is valid for three years, renewable twice for two years. The permit expires on September 18, 2024. As at December 31, 2020, the first order of renewal is being obtained from the Malian government.

The Company is subject to certain minimal requirements in terms of exploration work to be carried out over the period of validity of the permit.

- (E) The Kolomba research and mining permit expired on January 16, 2020. Considering the Company had decided to not go forward with the renewal as at December 31, 2019, an amount of \$1,326,186 was recorded as a write-off in regards to this permit during the year ended December 31, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

13 - 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, 2018	16,045,061	7,263,337	85,532,394	2,182,396	762,600	111,785,788
Adoption of IFRS 16	---	320,560	---	---	---	320,560
Acquisition costs	1,538,820	1,841,541	12,056,004	1,030,538	---	16,466,903
Write-offs ⁽¹⁾	---	---	---	(211,244)	---	(211, 244)
Exchange rate changes	(1,083,873)	(502,629)	(5,734, 510)	(156,567)	(50,307)	(7,527, 886)
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	8,003,430	3,479,443	17,532,117	1,566,706	---	30,581,696
Changes in right-of-use assets - note 18	---	---	---	(266,344)	---	(266,344)
Write-offs ⁽¹⁾	---	(52,885)	(34,155)	(93,448)	---	(180,488)
Exchange rate changes	1,178,510	635,925	6,505,162	202,708	50,064	8,572,369
Balance as at December 31, 2020	25,681,948	12,985,292	115,857,012	4,254,745	762,357	159,541,354
Accumulated depreciation						
Balance as at December 31, 2018	2,801,133	2,501,997	20,668,333	1,325,931	655,870	27,953,264
Depreciation	3,369,720	1,171,806	26,727,917	297,781	23,457	31,590,681
Write-offs ⁽¹⁾	---	---	---	(183,145)	---	(183,145)
Exchange rate changes	(206,385)	(176,909)	(1,643,561)	(88,619)	(43,681)	(2,159,155)
Balance as at December 31, 2019	5,964,468	3,496,894	45,752,689	1,351,948	635,646	57,201,645
Depreciation	2,851,198	1,345,162	16,340,753	650,000	17,711	21,204,824
Changes in right-of-use assets - note 18	---	---	---	(162,216)	---	(162,216)
Write-offs ⁽¹⁾	---	(33,643)	(20,213)	(70,349)	---	(124,205)
Exchange rate changes	426,480	253,438	3,337,813	98,696	45,027	4,161,454
Balance as at December 31, 2020	9,242,146	5,061,851	65,411,042	1,868,079	698,384	82,281,502
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 December 31, 2020	16,439,802	7,923,441	50,445,970	2,386,666	63,973	77,259,852
Not depreciated						
as at December 31, 2020 ⁽¹⁾	7,145,057	1,228,689	2,794,029	---	---	11,167,775

⁽¹⁾ For the year ended December 31, 2020, an amount of \$180,488 for office development, equipment related to mining explorations, tools, equipment and vehicles was written off property, plant and equipment (\$211,244 for tools, equipment and vehicles for the year ended December 31, 2019). This equipment had been depreciated for an amount of \$124,205 at the time of the write-off (\$183,145 for the year ended December 31, 2019).

⁽²⁾ Property, plant and equipment with a book value of \$11,167,775 are not depreciated because they are either under development or construction, or not installed as at December 31, 2020 (\$4,504,631 as at December 31, 2019).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

14 - INTANGIBLE ASSETS

Software

COST

Balance at the beginning of the year

Assets acquired

Write-offs ⁽¹⁾

Impact of exchange rate changes

Balance at the end of the year

ACCUMULATED DEPRECIATION

Balance at the beginning of the year

Depreciation

Write-offs ⁽¹⁾

Impact of exchange rate changes

Balance at the end of the year

NET AMOUNT

	2020	2019
	\$	\$
Balance at the beginning of the year	359,313	371,642
Assets acquired	14,773	23,265
Write-offs ⁽¹⁾	(11,625)	(10,913)
Impact of exchange rate changes	25,319	(24,681)
Balance at the end of the year	387,780	359,313
Balance at the beginning of the year	281,438	292,080
Depreciation	18,934	18,687
Write-offs ⁽¹⁾	(10,567)	(9,779)
Impact of exchange rate changes	20,093	(19,550)
Balance at the end of the year	309,898	281,438
NET AMOUNT	77,882	77,875

⁽¹⁾ For the year ended December 31, 2020, an amount of \$11,625 for patents and licences was written off intangible assets (\$10,913 for the year ended December 31, 2019). Those patents and licences had been depreciated for an amount of \$10,567 at the time of the write-off (\$9,779 for the year ended December 31, 2019).

15 - ACCOUNTS PAYABLE

Suppliers

Accrued interest

Due to the state

Accounts payables to a shareholder-owned company

Other payables

	2020	2019
	\$	\$
Suppliers	9,770,197	6,893,886
Accrued interest	16,716	88,410
Due to the state	365,640	615,541
Accounts payables to a shareholder-owned company	2,317,787	874,981
Other payables	1,295,282	754,061
13,765,622	9,226,879	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

16 - LONG-TERM DEBT AND LINE OF CREDIT

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 \$285,018 (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 \$297,428 (125,000,000 CFA francs) plus interest, until October 2021 inclusively.⁽¹⁾

Loans entirely repaid during the year

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

Less: Current portion of long-term debt

	2020	2019
	\$	\$
	5,365,654	7,752,979
	1,189,711	2,223,166
	---	3,410,422
	6,555,365	13,386,567
	(55,262)	(126,407)
	6,500,103	13,260,160
	(4,288,403)	(7,186,918)
	2,211,700	6,073,242

⁽¹⁾ Under these obligations, the Company is committed to complying annually with certain conditions and financial ratios. As at December 31, 2020, the Company complied with all required financial ratios.

The principal payments required over the next two years amount to \$6,555,365.

	\$
2021	4,333,933
2022	2,221,432

Line of credit

Authorized line of credit from a Malian bank for a maximum amount of \$1,191,466 (500,000,000 CFA francs), bearing interest at an annual rate of 8%, with a renewal date of July 31, 2021.

	2020	2019
	\$	\$
	1,086,599	---

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

17 - ENVIRONMENTAL LIABILITIES

	2020 \$
Balance at the beginning of the year	736,272
Change in the provision as a result of changes in estimates	(443,861)
Accretion expense of the year	77,166
Impact of exchange rate changes	54,125
Balance at the end of the year	423,702

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.

18 - 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 at the beginning of the year	206,056	107,763	313,819
Additions	---	381,885	381,885
Modifications	---	(104,128)	(104,128)
Depreciation	(72,657)	(246,221)	(318,878)
Effect in exchange rate changes	13,164	6,729	19,893
Balance at the end of the year	146,563	146,028	292,591

Liabilities related to lease obligations are presented as follows:

	2020 \$
Balance at the beginning of the year	329,451
Additions	381,885
Modifications	(104,129)
Payments during the year	(315,429)
Effect in exchange rate changes	9,773
Balance at the end of the year	301,551
Less : Current portion of lease obligations	(202,056)
	99,495

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

18 - LEASE OBLIGATIONS - (continued)

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's or its subsidiaries' incremental borrowing rate of 4% or 7.38%, respectively. There are no restrictions or covenants imposed by the leases.

19 - EQUITY

a) Share capital

Authorized

Unlimited number of shares without par value:

Common shares

Preferred shares, non-voting, variable non-cumulative dividend not exceeding 14%, non-participating in the remaining assets, redeemable at the purchase price

Issued and fully paid

599,119,403 common shares

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

	2020	2019
	\$	\$
	71,269,402	66,850,704

Year 2020

During the year ended December 31, 2020, the Company issued 18,859,837 shares following the exercise of stock options for a cash consideration of \$2,741,279. The value of options exercised that was reclassified to the share capital is \$1,677,419.

b) Reserve - stock options

Pursuant to the stock option plan, the Company may award options to directors, officers, employees and consultants. The maximum number of common shares of the Company issuable under the plan is 34,770,600. The maximum number of common shares which may be reserved for issuance to any one optionee within a one-year period, other than a consultant or a person employed to provide investor relations activities to the Company, may not exceed 5% of the common shares issued and outstanding at the date of grant. Upon issuance of the options, the Board of Directors determines the expiry date and exercise price of options and establishes the terms and conditions regarding the vesting rules at the date of grant. The option term cannot exceed ten years and the exercise price can be a discounted price. The maximum number of common shares which may be reserved for issuance to a holder who is a consultant or a person employed to provide investor relations activities to the Company in any twelve-month period may not exceed 2% of the common shares issued and outstanding at the date of grant. Finally, options granted to a person retained to provide investor relations activities to the Company will vest over a period of twelve months, at a rate of 25% in any three-month period.

The stock options granted by the Company are payable in equity instruments of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

19 - EQUITY - (continued)

b) Reserve - stock options - (continued)

	2020	2019
	\$	\$
Current stock options	523,248	1,626,876
Expired or cancelled stock options	2,558,338	2,558,338
	3,081,586	4,185,214

The stock options varied as follows:

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	23,000,000	\$0.11	14,050,000	\$0.10
Granted	3,000,000	\$0.35	11,700,000	\$0.13
Exercised	(18,859,837)	\$0.15	(750,000)	\$0.09
Cancelled or expired	---	---	(2,000,000)	\$0.13
Outstanding at the end of the year	7,140,163	\$0.12	23,000,000	\$0.11
Exercisable	7,140,163	\$0.12	23,000,000	\$0.11

For the year ended December 31, 2020, the weighted average price per share during the exercises of stock options was \$0.37 (\$0.11 for the year ended December 31, 2019).

The total fair value of stock options granted for the year ended December 31, 2020, is \$573,791 (\$881,951 for the year ended December 31, 2019). For the year ended December 31, 2020, an amount of \$573,791 is included as stock-based compensation expense (\$881,951 for the year ended December 31, 2019). The total fair value was estimated on the grant dates using the Black-Scholes option pricing model with the following average assumptions:

	2020	2019
Risk-free interest rate	0.32%	1.51%
Expected volatility	66.50%	69.60%
Expected dividend yield	0%	0%
Expected life	5 years	5 years
Stock price	\$0.35	\$0.13
Exercise price	\$0.35	\$0.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

19 - EQUITY - (continued)

b) Reserve - stock options - (continued)

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

Exercise price	Outstanding options as at December 31, 2020		Exercisable options as at December 31, 2020	
	Weighted average remaining contractual life		Weighted average remaining contractual life	
	Number	Years	Number	Years
\$0.09	1,450,000	1.5	1,450,000	1.5
\$0.115	400,000	2.7	400,000	2.7
\$0.13	5,290,163	3.9	5,290,163	3.9
	7,140,163		7,140,163	

Exercise price	Outstanding options as at December 31, 2019		Exercisable options as at December 31, 2019	
	Weighted average remaining contractual life		Weighted average remaining contractual life	
	Number	Years	Number	Years
\$0.09	10,600,000	2.5	10,600,000	2.5
\$0.115	700,000	3.7	700,000	3.7
\$0.13	11,700,000	4.9	11,700,000	4.9
	23,000,000		23,000,000	

c) Dividends

During the year ended December 31, 2020, the Company declared extraordinary dividends on the common shares of \$0.02 per common share on March 18, 2020 and \$0.04 per common share on September 10, 2020 for a total amount of \$35,537,967 (no dividend declared on the common shares during the year ended December 31, 2019).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

20 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	2020	2019
	\$	\$
Exchange difference		
Balance at the beginning of the year	1,723,032	6,041,257
Exchange difference changes during the year	5,829,920	(4,318,225)
Balance at the end of the year	7,552,952	1,723,032
Attributable to		
Common shareholders	7,576,935	1,778,494
Non-controlling interest	(23,983)	(55,462)
	7,552,952	1,723,032

21 - ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	2020	2019
	\$	\$
<i>a) Net changes in non-cash working capital items</i>		
Decrease (increase) in current assets		
Accounts receivable	(1,828,758)	59,201
Inventories	(2,435,254)	(2,513,922)
Prepaid expenses	26,795	(47,788)
Deposits paid	524,539	(35,185)
	(3,712,676)	(2,537,694)
Increase (decrease) in current liabilities		
Accounts payable	2,088,140	(2,583,579)
	(1,624,536)	(5,121,273)
<i>b) Paid interest</i>		
Line of credit	(7,582)	(41,675)
Long-term debt	(784,655)	(1,433,740)
Lease obligations	(25,710)	(13,581)
Bank charges	(249,877)	(187,474)
Non-convertible debentures	---	(1,010,886)
	(1,067,824)	(2,687,356)
<i>c) Items not affecting cash related to investing activities</i>		
Change in accounts payable related to property, plant and equipment	(1,853,534)	51,469

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

22 - INCOME TAX

Current tax expense (recovery)

	2020	2019
	\$	\$
Current income tax		
Income tax expense	768,004	1,403,658
Deferred tax expense (recovery)		
Recognition and reversal of temporary difference	1,788,301	(1,939,798)
Total income tax expense (recovery)	2,556,305	(536,140)

The reconciliation of the combined Canadian federal and Quebec provincial income tax rate to the income tax provision is as follows:

	2020	2019
	\$	\$
Income tax expenses payable at the combined statutory tax rate of 26.5% (26.6% in 2019)	12,609,322	4,946,363
Minimum taxes	223,379	---
Tax rate difference	194,535	(18,682)
Non-deductible and non-taxable items	(13,466,960)	(7,457,730)
Change in unrecognized deferred tax assets	2,359,928	2,058,469
Impact of different accounting standard	248,899	(68,054)
Items not affecting earnings	(208,785)	(582,527)
Foreign tax withholdings	77,257	77,418
Adjustement in respect of prior years	348,159	342,290
Other	170,571	166,313
	2,556,305	(536,140)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

22 - INCOME TAX - (continued)

Deferred income taxes

The components of the deferred tax assets and liabilities are as follows:

<u>Recognized deferred tax assets and liabilities</u>	2020	2019
	\$	\$
Deferred tax assets		
Lease obligations	75,476	---
Non-capital losses	---	1,679,797
	75,476	1,679,797
Deferred tax liabilities		
Property, plant and equipment	(3,529,368)	(3,154,889)
Intangible assets	(3 209)	---
	(3,532,577)	(3,154,889)
Deferred tax, net	(3,457,101)	(1,475,092)
<u>Unrecognized deferred tax assets</u>	2020	2019
	\$	\$
Mining properties	3,187,236	3,154,037
Non-capital losses	14,198,489	10,003,521
Financing expense	41,933	61,368
Lease obligations	761	---
Capital losses	504,588	425,351
Property, plant and equipment	775,182	2,704,780
	18,708,189	16,349,057

As at December 31, 2020, there are no non-capital losses in Mali for which no deferred tax assets are recognized (none as at December 31, 2019).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

23 - EARNINGS PER SHARE

	2020	2019
	\$	\$
Net earnings and diluted attributable to common shareholders	44,609,088	19,072,196
Basic weighted average number of shares outstanding	588,946,537	579,622,580
Stock options ⁽¹⁾	10,037,766	63,124
Diluted weighted average number of shares outstanding ⁽¹⁾	598,984,303	579,685,704
Basic net earnings per share	0.076	0.033
Diluted net earnings per share	0.074	0.033

⁽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 year ended December 31, 2020, no stock option is excluded in the diluted net earnings per share calculation (11,300,000 stock options for the year ended December 31, 2019).

24 - CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities. The Company includes equity in the definition of capital. The Company's capital was \$91,239,519 and \$72,679,468 as at December 31, 2020 and December 31, 2019, respectively.

The Company's objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial obligations. The Company monitors capital in the light of its monthly burn rate and short-term obligations linked to its financial liabilities.

Other operations that affect equity are presented in the consolidated statement of changes in equity.

25 - COMMITMENTS

As at December 31, 2020, the Company has commitments to purchase from different non-related party suppliers for an amount of \$2,803,884 of property, plant and equipment (\$905,013 as at December 31, 2019) and for an amount of \$5,516,356 of inventories of supplies and spare parts (\$2,751,717 as at December 31, 2019). In addition, the Company has commitments with a non-related suppliers for services lasting less than 12 months for a total amount of \$64,603 (\$225,168 as at December 31, 2019).

The payments required over the next year amount to \$8,385,271.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

26 - 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:

	2020	2019
	\$	\$
Financial assets at amortized cost		
Cash	8,895,854	13,599,000
Accounts receivable	17,238	18,360
Deposits paid	2,012,030	1,330,412
	10,925,122	14,947,772
Financial liabilities at amortized cost		
Accounts payable	13,399,981	8,611,338
Line of credit	1,086,599	---
Long-term debt	6,500,103	13,260,160
Lease obligations	301,551	329,451
	21,288,234	22,200,949

Financial risk factors

Due to the nature of its activities, the Company is exposed to financial risks: market risk, credit risk and liquidity risk.

a) Market risk

i) 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 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.

- Level 1: Measurement at fair value based on quoted prices (not subject to adjustment) in active markets for identical assets or liabilities;
- Level 2: Measurement at fair value based on data, other than the quoted prices mentioned in Level 1, observable for asset or liability, directly (that is, prices) or indirectly (that is, derived from prices); and
- Level 3: Measurement at fair value based on valuation techniques including a significant part of the data related to asset or liability and which are not based on observable market data (unobservable data).

As at December 31, 2020, there were no financial liabilities at fair value (none as at December 31, 2019).

During these periods, there was no transfer between levels.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

26 - FINANCIAL INSTRUMENTS (continued)

a) Market risk - (continued)

ii) Interest rate risk

The Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or they are non-interest bearing.

Line of credit and long-term debt bear interest at fixed rates and are not exposed to interest rate risk.

iii) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Canadian and the American dollar.

The Company holds balances in cash, accounts receivable, deposits paid and accounts payable in Canadian dollars and/or in American dollars. Accordingly, the Company is exposed to foreign exchange risk due to exchange rate fluctuations. The Company does not use any derivatives to mitigate its exposure to foreign exchange risk.

The balances in currencies are as follows as at December 31, 2020 and December 31, 2019:

	2020 CAD	2020 USD	2019 CAD	2019 USD
Cash	1,312,070	665,025	585,726	122,949
Deposits paid	224,277	315,711	98,331	465,476
Accounts payable	(608,299)	(509,967)	(948,243)	(568,952)
Lease obligations	(118,466)	---	(202,469)	---
	809,582	470,769	(466,655)	19,473
Net balance in euros	€518,697	€382,884	(€319,999)	€17,023

Assuming that all other variables are constant, a 5% weakening of the Canadian dollar exchange rate and the American dollar exchange rate would have generated an approximate decrease of \$67,006 in net income and equity of the Company for the year ended December 31, 2020 (approximate increase of \$24,138 for the year ended December 31, 2019). A 5% strengthening of the Canadian dollar exchange rate and the American dollar exchange rate would have generated an approximate increase of \$70,916 in net income and equity of the Company for the year ended December 31, 2020 (approximate decrease of \$18,285 for the year ended December 31, 2019).

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company offsets these risks by depositing its cash with Canadian and international financial institutions with excellent credit ratings. However, as at December 31, 2020, an amount of \$1,006,430 was held with banks in Africa that have no credit rating (\$2,347,810 as at December 31, 2019). Deposits were principally paid for the purchase of inventories of parts and supplies. The Company has been doing business with these suppliers for many years and believes that the credit risk associated with these advances is low.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

26 FINANCIAL INSTRUMENTS - (continued)

c) 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 December 31, 2020:

	Carrying amount	Less than a year	From 1 to 3 years	More than 3 years
Accounts payable	13,399,982	13,399,982	---	---
Long-term debt ⁽¹⁾	6,500,103	4,661,973	2,280,141	---
Lease obligations ⁽¹⁾	301,551	214,129	101,635	---
	21,288,236	19,362,684	2,381,776	---

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.

27 - RELATED PARTY TRANSACTIONS

Results for the year ended December 31, 2020 include expenses of \$6,597,730 that were incurred with the directors and officers of companies controlled by them (\$5,706,229 for the year ended December 31, 2019), including travel expenses of \$73,952 (\$129,638 for the year ended December 31, 2019) and no interest on debentures (\$792,269 for the year ended December 31, 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.

The table below summarizes, for the respective years, the total compensation paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

	2020	2019
	\$	\$
Salaries and wages ⁽¹⁾	5,882,787	3,988,463
Stock-based compensation	573,791	734,959
Attendance fees ⁽¹⁾	67,200	60,900
	6,523,778	4,784,322

⁽¹⁾ These expenses are included in administrative expenses under corporation management; see note 8.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2020 and 2019

(all amounts are in Canadian dollars unless otherwise indicated)

27 - RELATED PARTY TRANSACTIONS - (continued)

The table below summarizes, for the respective years, the transactions between the Company and the directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company:

	2020 \$	2019 \$
Transactions with Fairchild Participation SA ⁽²⁾	5,956,739	4,118,100
Repayment of convertible debentures	---	10,255,000
Interest on non-convertible debentures	---	792,269

⁽²⁾ An amount of \$5,882,787 included in this amount is related to the compensation of the Company's management for the year ended December 31, 2020 (\$3,988,463 for the year ended December 31, 2019).

28 - SUBSEQUENT EVENTS

In January 2021, the Company issued 500,000 shares following the exercises of stock options for a cash consideration of \$50,000. The value of options exercised that was reclassified to the share capital is \$34,452.

On February 26, 2021, the Company contracted 2 bank loans totalling \$769,198 (329,800,000 CFA francs), bearing interest at the rate of 7.5% annually, payable over three years.

On April 6, 2021, the Company obtained an authorized line of credit from a Malian bank for a maximum amount of \$2,274,387 (1,000,000,000 CFA francs), bearing interest at an annual rate of 8%, available until April 5, 2022.