

BDO LLP
55 Baker Street
London
W1U 7EU

May 1, 2023

Dear Madam/Sirs

Financial Statements of Thor Explorations Limited for the year ended 31 December 2022

We confirm that the following representations given to you in connection with your audit of the group financial statements (the “financial statements”) for the year ended 31 December 2022 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other directors and officials of the company and other group companies as appropriate.

We have fulfilled our responsibilities as directors for the preparation and presentation of the group financial statements as set out in the terms of the audit engagement letter, and in particular that the financial statements give a true and fair view of the financial position of the group as at 31 December 2022 and of the results of the group’s operations and cash flows for the year then ended in accordance with the applicable financial reporting framework and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the company have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings have been made available to you.

Going concern

We have assessed the group’s ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment, we consider that the group is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. We have considered the level of anticipated production from the mine in the 12 months from signing date and consider this to be our best estimate. We note that the estimate is in line with the life of mine plan and CPR reports.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the group’s ability to continue as a going concern.

We consider that the disclosures in the financial statements adequately describe this uncertainty and our plans to deal with these events or conditions.

Laws and regulations

In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

We have sought advice from our Nominated Advisors on the disclosures requirements for a Canadian company dual listed in TSX.V and AIM. To our best of our knowledge the disclosures included in the financial statements and the MD&A are compliant with both the TSX.V and AIM regulation.

Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

We confirm that a prior period error that amounts to \$4,760,261 has been identified and adjusted and that to the best of our knowledge the prior period adjustment is complete.

We attach a schedule showing uncorrected misstatements that you identified, which we acknowledge that you request we correct. Where appropriate we have explained our reasons for not correcting such misstatements below.

In our opinion, the effects of not correcting such identified misstatements are, both individually and in the aggregate, immaterial to the financial statements as a whole.

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable accounting framework.

There were no loans, transactions or arrangements between the group and/or the company and the company's directors or their connected persons at any time in the year which were required to be disclosed.

In the opinion of the directors the company has no controlling party.

Taxation

We confirm that we have complied with all relevant tax laws and regulations in respect of all jurisdictions that we operate in and that we are not aware of any non-compliance relating to the company's and its subsidiaries tax affairs that might result in a material penalty or interest charge. We have considered the relevant laws and regulations in all jurisdictions in which we operate relating to transfer pricing and controlled foreign companies legislation.

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the consolidated financial statements.

We confirm that in our view commercial production from the Segilola mine commenced on 1 January 2022.

Accounting estimates

We confirm that we have reviewed the estimates and judgements used in the preparation of the group's decommissioning provision and note these are considered to be our best estimates and in line with the life of mine plan where applicable.

We confirm we have re-considered the functional currencies of the entities within the group noting particularly the detailed assessment which has been performed on Segilola Resources Operations Ltd and Thor Explorations Limited. We note that we have assessed the functional currency for both entities to be United States Dollars based on requirements of IAS 21. We confirm that we have chosen to change the presentational currency for the group to United States Dollars.

In regards to the forex movements reported in the financial statements, we confirm we have used the most appropriate exchange rates arising from the foreign currency mechanisms operating within Nigeria.

We confirm that the inputs used in the assessment of the fair value of the gold streaming arrangement are our best estimates. We confirm that the inputs for the production profile are consistent with our expectations for the production profile of the mine going forward and our based on the best available information.

We have undertaken a full review of the impairment of the mining assets and the exploration and evaluation assets and have noted no triggers which would lead to detailed impairment testing under either of the relevant accounting standards being IAS 36 or IFRS 6 respectively.

We have assessed the determination of the fair value of the royalties and note that the production profile and pricing used in the determination of the value recorded in the financial statements are consistent with the life of mine plan.

We confirm that we have reviewed the estimates and judgements used in the valuation of the inventory as at year end and note these to be our best estimate of the estimates. We have also considered the need for a write down of inventory and confirm that no write down of inventory is required as at year end based on our assessment.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully



(Signed on behalf of the board of directors)

Date: ..May.1., 2023.....

Unadjusted audit differences

Unadjusted audit differences	Income and expenditure			Balance sheet	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Profit/(loss) for the year before adjustments	25,399				
Adjustment 1: Difference in confirmation from supplier					
DR Inventories				232	
CR Trade payables					232
Adjustment 2: Adjustments from SROL					
DR Assets				73	
CR P/L			8		
CR Liabilities					65
Total unadjusted audit differences		-	8	305	297
Profit/(loss) for the year after adjustments	25,407				

We are required to bring to your attention other financial reporting matters that the Board is required to consider.

The following unadjusted disclosure matters were noted:

- ▶ The Company is presenting the statement of comprehensive income in a mix of by function or by nature approach. IAS 1.99 states that "An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant" and at the moment we don't consider this is met. The change in classification triggered at the time the company early adopted the Amendments to IAS 16 and started to recognise revenue and cost of sales. This is not considered material.
- ▶ The auditor has reviewed the disclosures in the financial statements for the gold streaming liability to ensure that it is in line with the requirements of IFRS 9 and IFRS 7. We note there is a disclosure deficiency as IFRS 7.10 requires certain disclosures for a financial liability accounted as fair value through profit or loss and these have not been included in the financial statements. This is not considered material.