

AWALÉ RESOURCES LIMITED

**Condensed interim consolidated financial statements March 31, 2019
and March 31, 2018 (unaudited)**

(expressed in United States dollars)

Awalé Resources Limited
Condensed Interim Consolidated Statement of Financial Position

(expressed in US dollars)

		As at 31-Mar-19 USD	As at 31-Dec-18 USD
Assets			
Current			
Cash and cash equivalents		175,052	328,456
Receivables		24,723	22,236
Prepaid expenses		22,774	19,692
Total current assets		222,549	370,384
Non-current			
Deposit		6,839	6,982
Right of use assets		24,911	-
Property, plant and equipment		94,374	103,748
Exploration and evaluation	5	4,909,548	4,673,934
Total Non-current assets		5,035,672	4,784,664
TOTAL ASSETS		5,258,221	5,155,048
Liabilities			
Current			
Accounts payable and accrued liabilities		441,130	244,114
Lease liability		12,669	-
Total Current liabilities		453,799	244,114
Non-current			
Lease liability		14,807	-
Total Non-current liabilities		14,807	-
Shareholders' equity			
Capital stock	6	4,248,890	4,248,890
Reserves	7	2,273,133	2,197,790
Accumulated deficit		(1,735,732)	(1,539,098)
Non-controlling interest		3,324	3,352
Total Shareholders' equity		4,789,615	4,910,934
TOTAL LIABILITIES AND EQUITY		5,258,221	5,155,048

Should be read in conjunction with the notes to the consolidated financial statements

Awalé Resources Limited**Condensed Interim Consolidated Statements of Loss and Other****Comprehensive Loss**

(expressed in US dollars)

Three months ended	31-Mar-19 USD	31-Mar-18 USD
Other Income		
Interest	(12)	(50)
	(12)	(50)
Expenses		
Share based compensation	-	86,235
Salaries and directors' fees	94,972	117,974
General and administrative	18,722	31,803
Professional fees	11,568	31,773
Investor relations	16,720	24,008
Travel	28,076	19,283
Consulting fees	16,472	7,998
Depreciation	9,652	8,037
Foreign exchange loss	464	10,468
Interest	-	6,916
Total expenses	196,646	344,495
Tax	-	-
Loss after tax	(196,634)	(344,445)
Other Comprehensive Income/Loss Items that may be reclassified in future years to the statement of loss		
Net movement in foreign currency translation reserve net of tax	(132,034)	(1,586)
Total comprehensive loss	(328,668)	(346,031)
Weighted average number of common shares outstanding	35,762,163	28,909,828
Basic and diluted loss per share	(0.01)	(0.01)

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Should be read in conjunction with the notes to the consolidated financial statements

Awalé Resources Limited

Condensed Interim Consolidated Statements of Changes in Equity

(expressed in US dollars)

	Share Capital (Note 6)	Accum Deficit	Reserves (Note 7)	Non controlling interests	TOTAL
Balance, December 31, 2017	3,589,790	(195,883)	588,399	2,632	3,984,938
Loss	-	(344,445)	-	-	(344,445)
Foreign exchange movements	-	-	(1,586)	719	(867)
Total comprehensive loss	-	(344,445)	1,586	719	345,311
<i>Transactions with owners in their capacity as owners:</i>				-	
Issue of shares	1,343	-	-	-	1,343
Share based payments	-	-	86,235	-	86,235
	1,343		86,235		87,578
Balance, March 31, 2018	3,591,133	(540,328)	673,049	3,351	3,727,205
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	659,119	-	-	-	659,119
Share issue costs	(19)	-	-	-	(19)
Conversion of liability to equity	-	-	1,410,460	-	1,410,460
Share based payments	-	-	451,672	-	451,672
Movement in non -controlling interest	-	-	-	720	720
	659,100	-	1,862,132	720	2,521,952
Balance, December 31, 2018	4,248,890	(1,539,098)	2,197,790	3,352	4,910,934
Balance, January 1, 2019	4,248,890	(1,539,098)	2,197,790	3,352	4,910,934
Loss	-	(196,634)	-	-	(196,634)
Foreign exchange movements	-	-	(132,034)	-	(132,034)
Total comprehensive loss	-	(196,634)	(132,034)	-	(328,668)
<i>Transactions with owners in their capacity as owners:</i>					
Shares yet to be issued	-	-	207,377	-	207,377
Movement in non -controlling interest	-	-	-	(28)	(28)
	-	-	207,377	(28)	207,349
Balance, March 31, 2019	4,248,890	(1,735,732)	2,273,133	3,324	4,789,615

Should be read in conjunction with the notes to the consolidated financial statements

Awalé Resources Limited**Condensed Interim Consolidated Statement of Cash Flows**

(expressed in US dollars)

Three months ended	31-Mar-19 USD	31-Mar-18 USD
Cash flow from operating activities		
Interest	12	-
Payments to suppliers and employees	(91,123)	(298,024)
Total cash outflows from operating activities	12	(298,024)
Cash flows from investing activities		
Payments for purchases of PP&E	(1,642)	(9,870)
Payments for exploration activities	(276,279)	(559,944)
Total cash inflows/(outflows) from investing activities	(277,921)	(569,814)
Cash flows from financing activities		
Proceeds from issue of share capital/share to be issued	207,377	119,223
Share issue costs	-	(83,806)
Total cash inflows from financing activities	207,377	35,457
Net increase/(decrease) in cash equivalents	(161,655)	(832,422)
Effect of fluctuations in exchange rate	8,251	(80,136)
Cash at the beginning of the period	328,456	3,005,059
Cash at the end of the period	175,052	2,092,501

Should be read in conjunction with the notes to the consolidated financial statements

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three months ended
March 31, 2019 and March 31, 2018
(expressed in USD)

1. Nature of operations

Awalé Resources Limited ("Awalé" or the "Company") (previously known as Spada Gold Limited), was incorporated under the Business Corporations Act of British Columbia on June 23, 2015. On April 14, 2016 the Company completed an initial public offering and became a capital pool company as defined in the TSX Venture Exchange ("TSXV") Policy 2.4.

The entities are involved in mineral exploration in Côte d'Ivoire.

The principal office is Suite 1020, 625 Howe Street, Vancouver, British Columbia, Canada and the registered office is 8681, Clay Street, Mission, British Columbia, Canada.

2. Basis of preparation

Statement of compliance with IFRS

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements of the Company and its subsidiaries for the three months ended March 31, 2019 were approved and authorized for issue by the Board of Directors on May 30, 2019.

Presentation currency

These condensed interim consolidated financial statements are presented in United States dollars (US\$) this differs to the Parent Company's functional currency which is Canadian Dollars (C\$). Functional currencies of each entity are set out below. Refer Note 3.

3. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these financial statements except as discussed in the section – "New Accounting Standards".

Basis of consolidation and functional currency

These consolidated financial statements include the accounts of the Company and its subsidiaries:

Entity	Ownership percentage	Country of incorporation	Functional currency
Awalé Resources Limited (the Company)	-	Canada	Canadian Dollar (CAD)
Awalé Resources Limited	100.0%	Guernsey	United States dollar (USD)
Awalé Resources (SARL) ("Awalé SARL")	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Srika Gold Limited ("Srika")	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Africa New Geological Technologies Côte d'Ivoire SARL ("ANGET")	90.0%	Côte d'Ivoire	West African CFA franc (CFA)
Aforo Resources Côte d'Ivoire	100.0%	Côte d'Ivoire	West African CFA franc (CFA)
Aforo (Ivory Coast) Holdings Limited ("Aforo")	100.0%	Australia	Australian Dollar (AUD)
Minera Mariana de Chile Limitada*	100.0%	Chile	Chilean Peso (CLP)
AMG Chile Limitada*	100.0%	Chile	Chilean Peso (CLP)
Altavista Gold Limited*	100.0%	Canada	Canadian Dollar (CAD)

*Entities acquired by the Company effective June 30, 2018 for nil value. These are dormant companies that were agreed to be acquired by the Company as part of an agreement with Sandstorm Gold Limited. The Company will assess the value of these entities to the group and if not required will be wound down.

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three months ended
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(expressed in USD)

3. Significant accounting policies and future accounting changes (continued)

Exploration and evaluation

Recognition and measurement

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by areas of interest pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of each Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon each Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from an area of interest is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each area of interest is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

Impairment

Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of an area of interest exceeds its estimated recoverable amount. The recoverable amount of an area of interest used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the area of interest in an orderly transaction between market participants. For an area of interest that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the area of interest belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the area of interest's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Reserves

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currency to the Group's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Refer Note 2.

Awalé Resources Limited

Notes to Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and March 31, 2018 (expressed in USD)

3. Significant accounting policies and future accounting changes (continued)

Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any of its own shares held. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for any of its own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. As at March 31, 2019 and March 31, 2018, outstanding shares, stock options and warrants are anti-dilutive.

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred operating losses to date and has no source of revenues. The ability of the Company to continue as a going concern is dependent on the ability to raise additional capital to explore its mineral properties. However should additional capital not be available, the Company may be unable to continue as a going concern.

The directors are confident of raising additional capital based on market conditions and previous experience to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the combined group not continue as a going concern.

New accounting standards

The IASB has issued the following new standards which are effective January 1, 2019. Pronouncements that are not applicable to the Company have been excluded from this note.

IFRS 16: LEASES

IFRS 16 establishes a comprehensive framework for recognition, measurement and classification of leases and requires lessees to recognize assets and liabilities for most leases. It has replaced International Accounting Standard ("IAS") 17 Leases and related interpretations. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for almost all leases. At inception the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from use of the asset, and whether the Company has the right to direct the use of the asset. The Company has adopted IFRS 16 effective from January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The associated right-of-use assets were measured at an amount equal to the lease liability.

With respect to the Company's office and accommodation leases, the Company recognized a \$29,936 right of use ("ROU") asset and a corresponding liability for the same amount at January 1, 2019. The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months.

The following is the accounting policy that has been amended as a result of adoption of IFRS 16.

Leases

Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use

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(expressed in USD)

3. Significant accounting judgments, estimates and assumptions (continued))

asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is less than or equal to twelve months.

IFRIC INTERPRETATION 23: UNCERTAINTY OVER INCOME TAX TREATMENTS

In June 2017, the IASB issued IFRS Interpretations Committee ("IFRIC") Interpretation 23 Uncertainty over Income Tax Treatments, which is applied to the determination of taxable profit or loss, unused tax losses, unused tax credits, tax rates and tax bases, when there is uncertainty about income tax treatment under IAS 12 Income Taxes. IFRIC 23 is effective January 1, 2019 and is to be applied retrospectively. The new standard did not have a material impact on the Company's condensed consolidated interim financial statements.

These financial statements have been prepared in accordance with Note 2 Basis of Preparation and requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Impairment of exploration and evaluation

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which each Company has the right to explore in a specific area, actual and planned expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. Management judgment is also applied in determining cash generating units, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. See note 5.

Share based payments

The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated.

Contractual obligation payable

The Company has assessed the contractual obligation to Sandstorm Gold Limited ("Sandstorm") as being more likely than not to not continue past 5 years. Refer to Note 4 for further details.

4. Acquisition

During the year ended December 31, 2018 the Company acquired from Sandstorm, for nil value, Minera Mariana de Chile Limitada, AMG Chile Limitada, and Altavista Gold Limited all dormant companies registered in Chile and Canada respectively. These are dormant companies with nil net asset values. The Company will assess the value of these entities to the group and if not required will wind them down.

On December 29, 2017 the Company acquired Awalé SARL and Aforo from Sandstorm, both are private exploration companies focussed on the discovery and development of gold mineral deposits in Côte d'Ivoire.

Consideration paid included the following:

- i) Contractual obligation payable to Sandstorm – the Company has an obligation to make annual deferred payments totaling approximately \$293,200 (C\$400,000), on each anniversary of the acquisition of the projects for up to 15

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three months ended
March 31, 2019 and March 31, 2018
(expressed in USD)

4. Acquisition (continued)

years, payable in cash or shares at the Company's election, until commercial production is achieved on one of the subsidiaries' projects, or certain other events occur which are further described in detail below:

The Company is required to make the annual payments referred to above until the earlier of:

- the date on which commercial production is achieved on the applicable project;
- if the Company has announced a mineral resource on one of the projects, the date that is 15 years after the Closing Date;
- the date that is 10 years after the Closing Date if a mineral resource has not been announced on the applicable project by such date;
- the date on which the Company makes a pre-payment in respect of a particular project in accordance with the provisions described below; and
- the date on which the Company transfers a project back to Sandstorm in accordance with the provisions described below.

Pursuant to the Awalé Acquisition Agreement, the Company may, at any time after the fifth anniversary of the Closing, elect to cease to make annual payments in respect of any or all of the projects by making a payment in cash in respect of such project or projects to Sandstorm as follows:

- a) in respect of the Bondoukou Project, C\$2,250,000;
- b) in respect of the Abengourou Project, C\$375,000; and
- c) in respect of the Odienné Project, C\$375,000.

In addition, the Company may, at any time after the Closing, elect to cease to make annual payments in respect of all or any of the projects by transferring the applicable project or projects back to Sandstorm, either by way of the transfer of shares of the subsidiary or subsidiaries that hold(s) the applicable project or projects or by way of transfer of the licenses and license applications comprising the project or projects.

In 2017 management assessed that the contractual obligation period will not extend beyond 5 years having taken into consideration the above factors and has therefore recognized the net present value of its obligation over 5 years, using an average discount rate of 1.86%.

- ii) Debt conversion – Sandstorm received 2,137,200 shares to convert debt funding provided to the Company.
- iii) Buy out of former minority interest- 3,800,000 shares were issued to the 20% former minority interest in Awalé Resources Limited and 1,000,000 shares were issued to buy out the 10% minority interest in Srika.
- iv) Warrants issued to former minority interests of Awalé Resources Limited and Srika – 200,000 warrants were issued to the former minority interest as part of the acquisition of their interests. Refer to note 7 for assumptions for the calculation of the fair value of the warrants issued.
- v) Intercompany – a remaining intercompany balance was extinguished on acquisition.
- vi) 2% net smelter return royalty on sale of any products from the properties acquired.

Awalé Resources Limited**Notes to Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and March 31, 2018**
(expressed in USD)**5. Exploration and evaluation assets**

	Jan 1, 2019	Additions	Foreign exchange movement	Mar 31, 2019
	\$	\$	\$	\$
Bondoukou	4,120,711	169,834	(55,669)	4,234,876
Odienne	487,376	72,944	(2,107)	558,213
Abengourou	65,847	57,442	(6,830)	116,459
	4,673,934	300,220	(64,606)	4,909,548

	Jan 1, 2018	Additions	Foreign exchange movement	Dec 31, 2018
	\$	\$	\$	\$
Bondoukou	2,241,026	2,063,491	(183,806)	4,120,711
Odienne	402,932	95,056	(10,612)	487,376
Abengourou	-	65,847	-	65,847
	2,643,958	2,224,394	(194,418)	4,673,934

Bondoukou

The Company's, flagship, Bondoukou project concessions lie along the southwestern extension of the Birimian-age Bole-Nangodi greenstone belt in adjacent Ghana, which is host to a number of orogenic-type gold deposits. It is intended that the Company and the Awalé team will advance these assets. To date, work performed on these properties has included regional mapping, stream sediment sampling, and soil geochemistry. 23,000m of auger soil geochemistry program has been undertaken at the priority Elizabeth-Fako-Bahile target, along the Awari Shear has been undertaken, and an airborne geophysical (magnetic and radiometric) survey, designed to assist with the definition of further target areas at Bondoukou was completed. Following target definition 2 drill programs were conducted; - 1.) a 5,700m RC drill program and 2.) followed by a 1,600m Diamond Drill program. Results were encouraging with mineralization encountered in most holes.

During the period the Company announced initial results from the first 3 trenches of a currently planned 10 trench program for the Fako prospect at the Bondoukou Project. Exploration also continues on other prospects within the Bondoukou project. Work planned for the second quarter includes continued trenching at Fako as well as mapping and soil sampling on the Bondoukou North and Bondoukou North East Permit.

Odienné

The Odienné licences lie in the west of Côte d'Ivoire and consist of the granted 'Odienné East', and two licences in application; Odienné Ouest and Zouan-Hounien, which are 350km apart. These licences are held under a separate agreement with ANGET with 90% being owned by Aforo (Ivory Coast) Holdings Limited. Following initial exploration programs of stream sediment and soil geochemistry 3 high order anomalous target areas have been defined. These being Vakaba, Empire and Denguele prospects. Ongoing mapping, soil geochemistry and trenching are underway to define drill targets for drilling later this year.

Abengourou

The Abengourou project is located in the Comoe region, close to the regions capital Abengourou and consists of two granted licences (Amélékia and Nianda) and one application. Licences are 100% owned by Awalé Resources.

The project is located to the north of the interpreted structural extension of the Sefwi greenstone belt and Sunyani Basin from Ghana. The Amelekia permit area was formerly held by Golden Star Resources who completed initial exploration over the project area. Work completed included significant amounts of geochemistry, consisting of stream sediment sampling, soil sampling and hand Auger sampling, this work was completed in conjunction with geological and regolith

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5. Exploration and evaluation assets (continued)

mapping. The project area is predominantly underlain by a sequence of folded metasedimentary rocks consisting of siltstones and arenites, higher plateau in the area are predominantly in-situ laterites. Shearing and gold mineralisation appears to be associated with fold parallel shear zones which trend northeast/southwest throughout the project area.

The Company has potential commitments in relation to its Bondoukou, Odienné and Amelekia properties. Refer to Note 11 for details of these commitments.

6. Capital stock

The Company is authorized to issue ordinary shares.

	Number of shares	\$
January 1, 2018	28,906,103	3,589,790
Issue of shares – exercise of warrants	196,060	15,516
Issue of shares- private placement	6,660,000	643,603
Share issue costs	-	(19)
December 31, 2018	35,762,163	4,248,890
March 31, 2019	35,762,163	4,248,890

All issued ordinary shares are fully paid and have no par value. The holders of the shares are entitled to receive dividends and are entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

On September 24, 2018 the Company completed private placement, issuing 6,660,000 ordinary shares at approximately US\$0.096 cents. All securities issued under the private placement are subject to a hold period trading restriction of four months and a day from the date of distribution which expired on January 25, 2019.

Included in Capital Stock are the following shares which are subject to escrow and hold provisions; 2,137,200 shares issued to Sandstorm, 4, 800, 000, shares issued to the minority interest in Awalé and Aforo as part of the acquisition on December 29, 2017 in line with the Acquisition Agreements; and 13,967,902 share issued as part of the private placement. These escrowed shares will be released periodically over the next three years in line with the relevant agreements. These shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

On May 14, 2018 the Board granted bonuses in the aggregate amount of C\$143,000 (US\$111,938) to certain senior officers and employees of the Company. The bonuses will be paid, as agreed, by the issuance of 572,000 shares at a deemed price of C\$0.25 (US\$0.196) per share. The Bonus Shares were subject to a 4 month hold period under securities legislation and were subject to a one-year vesting period from date of grant .

Additionally, as at December 31, 2018 the Company was required to deliver to Sandstorm the first annual payment in relation to the contractual obligation payable, of approximately \$293,200 (C\$400,000) in shares. Refer to Note 4 for further details.

On May 14, 2019 the Company announced that it had completed its previously announced non-brokered private placement of 8,096,300 shares at a price of US\$ \$0.066 (C\$0.09) per share. Gross proceeds of approximately \$535,788 (C\$728,667) will be used for ongoing exploration expenditure on its projects in Côte D'Ivoire and for general overhead and operating expenses. All securities issued under the Offering are subject to a hold period trading restriction of four months and a day from the date of distribution which will expire September 11, 2019. Refer to Note 15 for further details.

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Notes to Condensed Interim Consolidated Financial Statements for the three months ended
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7. Reserves

	Option Reserve	Warrant Reserve	Bonus Shares Reserve	FCTR	Other Reserve	Shares to be issued	TOTAL
	\$	\$	\$	\$	\$	\$	\$
January 1, 2019	353,476	581,431	111,938	(259,515)	1,410,460	-	2,197,790
Shares to be issued	-	-	-	-	-	207,377	207,377
Foreign exchange difference	-	-	-	(129,469)	-	-	(129,469)
March 31, 2019	353,476	581,431	111,938	(388,984)	1,410,460	207,377	2,275,698
January 1, 2018	13,742	581,431	-	(6,774)	-	-	588,399
Share based payment	339,734	-	111,938	-	-	-	451,672
Conversion of liability to equity	-	-	-	-	1,410,460	-	1,410,460
Foreign exchange difference	-	-	-	(252,741)	-	-	(252,741)
December 31, 2018	353,476	581,431	111,938	(259,515)	1,410,460	-	2,197,790

(a) Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance January 1, 2018	7,383,951	
Exercised (i)	(196,060)	0.08
Expired (i)	(3,940)	0.08
Balance December 31, 2018	7,183,951	0.32
Balance March 31, 2019	7,183,951	0.32

(i) On April 14, 2016 the Company issued 200,000 share purchase warrants to the agent for the initial public offering. All of these warrants were either exercised or expired during the period ended December 31, 2018.

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	0.60%
Expected volatility	50%
Expected life	2 years
Share price on date of grant	\$ 0.08
Exercise price	\$ 0.08
Expected dividend	nil

Awalé Resources Limited
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7. Reserves (continued)

(ii) On December 29, 2017 the Company issued 6,983,951 warrants in connection with the private placement undertaken.

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	1.55%
Expected volatility	100%
Expected life	2 years
Share price on date of grant	0.20
Exercise price	\$ 0.32
Expected dividend	nil

(iii) On December 29, 2017 the company issued 200,000 warrants in connection with the acquisition of the minority interests in Awalé.

The following assumptions were used in connection with this grant using the Black-Scholes model:

Risk free rate	1.55%
Expected volatility	100%
Expected life	3 years
Share price on date of grant	\$ 0.20
Exercise price	\$ 0.20
Expected dividend	nil

(b) Options

On December 3, 2015 the Company approved the creation of a stock option plan and authorised 400,000 incentive stock options to be issued to directors upon the closing date of the Company's initial public offering.

These 400,000 incentive stock options were granted on April 14, 2016 and have an exercise price of \$0.08, expire on April 14, 2021 and vested 50% upon grant date, 25% six months after grant date and 25% 12 months after grant date.

A summary of the Company's options is presented below (denominated in US\$):

	Number of options	Weighted average exercise price \$
Balance January 1, 2018	400,000	0.08
Issued (ii)	1,930,000	0.32
Balance December 31, 2018	2,330,000	0.28
Balance March 31, 2019	2,330,000	0.28

(i) The following assumptions were used in the Black-Scholes model at the date of grant and have not been adjusted :

Risk free rate	0.75%
Expected volatility	50%
Expected life	4.54 years
Share price on date of grant	\$ 0.08
Exercise price	\$ 0.08
Expected dividend	nil

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7. Reserves (continued)

(ii) On January 16, 2018 the Board approved 960,000 options to be issued to directors and officers and 970,000 options to be issued to employees. The options shall be subject to one-year vesting period and were restricted from exercise until they fully vested on January 16, 2019. The Company recorded a cost of \$339,734 for the twelve months ending December 31, 2018 in relation to these options.

The following assumptions were used in the Black-Scholes model at the date of grant and have not been adjusted:

Risk free rate	2.05%
Expected volatility	100%
Expected life	3 years
Share price on date of grant	\$0.30
Exercise price	\$0.32
Expected dividend	nil

(c) Bonus shares

On May 14, 2018 the Board granted bonuses in the aggregate amount of C\$143,000 (US\$111,938) to certain senior officers and employees of the Company as detailed below. The bonuses will be paid, as agreed, by the issuance of 572,000 shares at a deemed price of C\$0.25 (US\$0.19) per share.

The Bonus Shares were subject to a 4 month hold period under securities legislation and were subject to a one year vesting period from date of grant. These shares were recorded as a share based payment in the Statement of Loss in the period ended December 31, 2018.

	Bonus C\$	Bonus shares to be issued @C\$0.25 per share	Bonus US\$
Andrew Chubb- COO	100,000	400,000	78,278
Sharon Cooper - CFO	20,000	80,000	15,656
Kathryn Witter – Company Secretary	4,000	16,000	3,131
Other employees	19,000	76,000	14,873
	143,000	572,000	111,938

(d) Other reserve

The Company has a contractual obligation of \$1,410,460 in Other Reserves in relation to its acquisition of Awalé and Aforo on December 29, 2017. Refer to Note 4 for further details.

The Company is able to make the annual payments (approximately \$293,200) of this obligation by way of shares or cash. As at March 31, 2019, the Company was required to deliver to Sandstorm the first annual payment in relation to the contractual obligation, of approximately \$293,200 (C\$400,000) in shares. As agreed with Sandstorm this payment is to be made in 4,705,882 shares @ 0.0656 cent (C\$0.085 cents) but will continue to be deferred, as the issuance of these shares will cause Sandstorm to hold, directly or indirectly, more than 19.9% of the outstanding shares of Awalé. The issuance of these shares will be deferred until five Business Days after Sandstorm delivers written notice to the Company that the issuance of such deferred shares will no longer cause Sandstorm to exceed this threshold.

As the Company has agreed to settle the deferred payment in shares, the contractual obligation was reclassified to Other Reserves in the year ended December 31, 2018.

(e) Shares to be issued

During the period, the Company received funds of \$207,377 for placement of 3,055,350 shares in relation to the private placement announced on April 29, 2019. These shares were subsequently approved and issued on May 14, 2019. Refer to Note 15 for further details on completion of the private placement.

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8. Determination of fair values

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

Classification and fair values

<i>As at March 31, 2019</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Current				
Cash and cash equivalents	175,052	-	175,052	175,052
Receivables	24,723	-	24,723	24,723
	199,775	-	199,775	199,775
Liabilities				
Current				
Accounts payable and accrued liabilities	-	441,130	441,130	441,130
Lease liability		12,669	12,669	12,669
Non-current				
Lease liability		14,807	14,807	14,807
	-	468,606	468,606	468,606

<i>As at December 31, 2018</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Current				
Cash and cash equivalents	328,456	-	328,456	328,456
Receivables	22,236	-	22,236	22,236
	350,692	-	350,692	350,692
Liabilities				
Current				
Accounts payable and accrued liabilities	-	244,114	244,114	244,114
	-	244,114	244,114	244,114

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three months ended
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(expressed in USD)

8. Determination of fair values (continued)

31 March 2019

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	-	175,052	-	175,052
Receivables	-	24,723	-	24,723
Accounts payable	-	441,130	-	441,130
Lease liability	-	27,476	-	27,476

31 December 2018

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	-	328,456	-	328,456
Receivables	-	22,236	-	22,236
Accounts payable	-	244,114	-	244,114

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

9. Financial risk management

The activities of the Company expose them to a variety of financial risks that arise as a result of their exploration, development and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents. The Company holds its key operational bank accounts with reputable banks of international financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting their financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Group expects to settle its financial liabilities within normal trading terms (within three months).

Market risk

Market risk is the risk that changes in market prices, such as equity prices and foreign exchange rates will affect the Company's income or the value of its financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the Company financial performance will be affected by fluctuations in the exchange rates between currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to

Awalé Resources Limited**Notes to Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and March 31, 2018**
(expressed in USD)**9. Financial risk management (continued)**

the Group's operating activities (when expenses are denominated in currencies other than the respective functional currencies). The Company manages this foreign currency risk by matching payments in the same currency and monitoring movements in exchange rates.

The Company does not use derivatives to manage the exposure to foreign exchange risk.

Capital management

Capital of the Company consists of capital stock and deficit. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so it they can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to it in light of changes in economic conditions.

The Board of Directors of the Company has not established quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain the future development of the Company. In order to facilitate the management of their capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company's principal source of capital is from the issue of ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

10. Related party transactions**a) Related party transactions**

For the three months ended March 31, 2019 the Company incurred employment costs and fees to directors and officers, or to companies associated with these individuals as follows:

	Three months ending March 31, 2019	Three months ending March 31, 2018
	\$	\$
Non-executive directors' fees (i)	15,000	15,000
CEO fees & entitlements (ii)	51,695	55,089
COO fees & entitlements	45,000	47,567
Accounting fees – CFO services (iii)	16,006	24,488
Company secretarial fees (iv)	6,773	7,526
Technical committee fees (v)	-	3,000
Share based payment	-	43,656
	134,474	196,326

- (i) Includes fees paid to Austral Consulting Services, a company owned by E Roth for non-executive director fees
- (ii) Includes an amount paid to Parsons Capital Superfund - a superannuation fund controlled by G. Parsons
- (iii) Amount paid to Genco Professional Services Pty Ltd – a company controlled by S. Cooper
- (iv) Amount paid to Marketworks Pty Ltd – a company controlled by K Witter
- (v) Amount paid to Austral Consulting Ltd – a company controlled by E Roth

Awalé Resources Limited**Notes to Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and March 31, 2018**
(expressed in USD)**10. Related party transactions (continued)**

Directors and officers of the company subscribed for 2,840,000 common shares and Sandstorm Gold acquired 2,840,000 common shares as part of the private placement completed in September 2018.

Directors and officers of the company subscribed for 5,262,900 common shares as part of the private placement completed on May 14, 2019. Refer to Note 15 for further details.

In addition to the above the Company's related parties includes intercompany loan balances with its subsidiaries as set out in Note 3. These balances are eliminated on consolidation.

b) Related party balances owing

	2019	2018
	\$	\$
CEO fees & expense reimbursement (i)	74,841	36,024
COO fees & entitlements	20,000	5,000
Accounting fees – CFO services & expense reimbursement (ii)	40,622	17,626
Non-executive directors' fees (iii)	15,000	15,000
	150,463	58,650

(i) Includes an amount payable to Parsons Capital Superfund a superannuation fund controlled by G. Parsons

(ii) Amount payable to Genco Professional Services Pty Ltd – a company controlled by S. Cooper

(iii) Includes an amount payable to Austral Consulting Ltd – a company controlled by E Roth

Compensation of key management personnel

The Company considers its officers and directors to be key management personnel. Transactions with key management personnel for the three months ended March 31, 2019 are set out below:

	2019	2018
	\$	\$
Short term benefits (i) & (ii)	115,812	130,723
Post - employment benefits (iii)	3,662	3,947
Share based payment benefits	-	43,656
Non-executive directors' fees (iv)	15,000	15,000
	134,474	193,326

(i) Includes an amount paid to Genco Professional Services Pty Ltd – a company controlled by S. Cooper

(ii) Includes an amount paid to Marketworks Inc. – a company controlled by K Witter

(iii) Amount paid to Parsons Capital Superfund - a superannuation fund controlled by G.Parsons

(iv) Includes fees paid to Austral Consulting Services, a company owned by E Roth for non-executive director fees

During the year ended December 31, 2018, the Board authorized issue of the following shares to key management personnel:

	Bonus C\$	Bonus shares to be issued @C\$0.25 per share	Bonus US\$
Andrew Chubb- COO	100,000	400,000	78,278
Sharon Cooper - CFO	20,000	80,000	15,656
Kathryn Witter – Company Secretary	4,000	16,000	3,131
	124,000	496,000	97,065

These bonus shares were subject to a four month hold period and were subject to one a year vesting period from the date of grant. As at March 31, 2019 these shares are yet to be issued. The cost of the issue, \$97,065, was included as a share-based compensation expense in the Statement of Loss and Comprehensive Loss for the period ending December 31, 2018.

Awalé Resources Limited
Notes to Condensed Interim Consolidated Financial Statements for the three months ended
March 31, 2019 and March 31, 2018
(expressed in USD)

11. Commitments and contingencies

Refer to Note 4 for commitments and contingencies in relation to the acquisition of Awalé and Aforo as part of the Qualifying Transaction undertaken on December 29, 2017 on the TSXV.

The Company has the following commitments and payment is contingent on the continued operations based on successful exploration results at its Odienné property at each date disclosed below.

Date	Payment	Condition
September 2020	US\$80,000	48 months from the grant of First Grant (First Grant being grant of title)
	US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant, the approval of a mining plan by the relevant authority, and securing finance to carry out that mining plan so as to take the mine to production stage.

Awalé is required to pay a 2% net smelter royalty to Sandstorm on any products sold from the Awalé and Aforo properties as detailed in the Net Smelter Returns Royalty Agreements dated December 29, 2017.

12. Cash flows

	March 31, 2019	March 31, 2018
	\$	\$
<i>(Gain)/Loss after income tax</i>	(196,634)	(344,445)
<i>Non cash flows in operating activities</i>		
Share based compensation	-	86,235
Foreign exchange loss	464	10,468
Depreciation	9,652	8,037
Interest	-	6,916
<i>Changes in assets and liabilities</i>		
Movement in receivables	(6,522)	(9,129)
Movement in payables	101,929	(556,106)
Net cash used in operating activities	(91,111)	(298,024)

13. Segment information

The Company operates in one business segment being gold exploration in Côte d'Ivoire.

As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Awalé Resources Limited**Notes to Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and March 31, 2018**
(expressed in USD)**14. Loss per Share**

Loss per share amounts are calculated by dividing the net loss attributable to shareholders for the year by the weighted-average number of shares outstanding during the year.

	Three months ending March 31, 2019	Three months ending March 31, 2018
Net loss attributable to equity holders	196,634	344,445
Basic and diluted weighted number of shares	35,762,163	28,909,828
Basic and diluted loss per shares attributable to equity holders of the parent	0.01	0.01

All outstanding shares, options and warrants are considered anti-dilutive and have been excluded from the diluted weighted average number of common shares.

15. Subsequent events

On May 14, 2019 the Company announced that it had completed its previously announced non-brokered private placement of 8,096,300 shares at a price of US\$ \$0.066 (C\$0.09) per share. Gross proceeds of approximately \$535,788 (C\$728,667) will be used for ongoing exploration expenditure on its projects in Côte D'Ivoire and for general overhead and operating expenses.

All securities issued under the Offering are subject to a hold period trading restriction of four months and a day from the date of distribution which will expire September 11, 2019.

No other matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

CORPORATE DIRECTORY

Awalé Resources Limited

Directors & Management

Ron Ho – Non-executive Director

Derk Hartman – Non-executive Director

Eric Roth – Non-executive Director

Glen Parsons – Director & Chief Executive Officer

Andrew Chubb – Chief Operating Officer

Sharon Cooper – Chief Financial Officer

Company Secretary

Kathryn Witter

Marketworks Inc

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Investor Relations

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