

AWALÉ RESOURCES LIMITED

Condensed interim consolidated financial statements March 31, 2020 and March 31, 2019

(unaudited)

(expressed in United States dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Awalé Resources Ltd.

Awalé Resources Ltd's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

Awalé Resources Limited
Condensed Interim Consolidated Statement of Financial
Position
(expressed in US dollars)

		As at 31-Mar-20 USD	As at 31-Dec-19 USD
Assets			
Current			
Cash and cash equivalents		710,656	1,346,203
Receivables		27,182	184,889
Prepaid expenses		15,608	16,252
Total current assets		753,446	1,547,344
Non-current			
Deposit		6,803	6,843
Right of use assets		14,046	14,305
Property, plant and equipment		60,319	73,320
Exploration and evaluation	5	7,107,504	6,811,920
Total Non-current assets		7,188,672	6,906,388
TOTAL ASSETS		7,942,118	8,453,732
Liabilities			
Current			
Accounts payable and accrued liabilities		685,929	861,640
Lease liabilities		14,548	14,705
Total Current liabilities		700,477	876,345
Non-current			
Lease liabilities		-	3,933
Total Non-current liabilities		-	3,933
Shareholders' equity			
Capital stock	6	7,432,597	7,432,597
Reserves	7	2,155,610	2,343,462
Accumulated deficit		(2,350,619)	(2,206,363)
Non-controlling interest		4,053	3,758
Total Shareholders' equity		7,241,641	7,573,454
TOTAL LIABILITIES AND EQUITY		7,942,118	8,453,732

Should be read in conjunction with the notes to the condensed interim 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-20 USD	31-Mar-19 USD
Other Income			
Interest		2	(12)
Expenses			
Salaries and directors' fees		(62,745)	(94,972)
Office and regulatory expenses		(16,661)	(18,722)
Professional fees		(6,998)	(11,568)
Investor relations		(19,723)	(16,720)
Travel		(12,082)	(28,076)
Consulting fees		(10,700)	(16,472)
Depreciation		(11,736)	(9,652)
Foreign exchange gain/(loss)		(3,613)	(464)
Total expenses		(144,258)	(196,646)
Tax		-	-
Loss after tax		(144,256)	(196,634)
Other Comprehensive Income/Loss			
Items that may be reclassified in future years to the statement of loss			
Net movement in reserves net of tax	7	(187,852)	(132,034)
Total comprehensive loss		(332,108)	(328,668)
Weighted average number of common shares outstanding		79,651,712	35,762,163
Basic and diluted loss per share		(0.00)	(0.01)

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

Awalé Resources Limited

Condensed Interim Consolidated Statements of Changes in Equity

(expressed in US dollars)

	Share Capital (Note 9)	Accumulated Deficit	Reserves (Note 10)	Non controlling interests	TOTAL
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	-	-	(132,024)	-	(132,024)
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
Loss	-	(470,631)	-	-	(470,631)
Foreign exchange movements	-	-	(123,396)	-	(123,396)
Total comprehensive loss	-	(470,631)	(123,396)	-	(594,027)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	3,174,976	-	(416,167)	-	2,758,809
Share issue costs	(1,377)	-	-	-	(1,377)
Warrant cost	(609,892)	-	609,892	-	-
Movement in non -controlling interest	-	-	-	434	434
	3,183,707	-	193,725	434	3,367,866
Balance, December 31, 2019	7,432,597	(2,206,363)	2,343,462	3,758	7,573,454
Balance, January 1, 2020	7,432,597	(2,206,363)	2,343,462	3,758	7,573,454
Loss	-	(144,256)	-	-	(144,256)
Foreign exchange movements	-	-	(187,852)	-	(187,852)
Total comprehensive loss	-	(144,256)	(187,852)	-	(332,108)
<i>Transactions with owners in their capacity as owners:</i>					
Movement in non -controlling interest	-	-	-	295	295
	-	-	-	295	295
Balance, March 31, 2020	7,432,597	(2,350,619)	2,155,610	4,053	7,241,641

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

Awalé Resources Limited

Condensed Interim Consolidated Statement of Cash Flows

(expressed in US dollars)

Year ended		31-Mar-20 USD	31-Mar-19 USD
Cash flow from operating activities			
Interest received		2	12
Payments to suppliers and employees		(115,788)	(91,123)
Total cash outflows from operating activities	12	(115,786)	(91,111)
Cash flows from investing activities			
Payments for purchases of PP&E		-	(1,642)
Payments for exploration activities		(614,881)	(276,279)
Total cash inflows/(outflows) from investing activities		(614,881)	(277,921)
Cash flows from financing activities			
Proceeds from issue of share capital/shares to be issued		148,795	207,377
Lease payments		(5,802)	-
Total cash inflows from financing activities		142,993	207,377
Net increase/(decrease) in cash equivalents		(587,674)	(161,655)
Effect of fluctuations in exchange rate		(47,873)	8,251
Cash at the beginning of the period		1,346,203	328,456
Cash at the end of the year		<u>710,656</u>	<u>175,052</u>

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

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (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

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, 2019, 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, 2020 were approved and authorized for issue by the Board of Directors on June 1, 2020.

Presentation currency

These 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 (the “Group”):

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)	100.0%	Côte d’Ivoire	West African CFA franc (CFA)
Srika Gold Limited	100.0%	Côte d’Ivoire	West African CFA franc (CFA)
Africa New Geological Technologies Côte d’Ivoire SARL	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	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 (“Sandstorm”). The Company will assess the value of these entities to the Company and if not required will be wound down.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

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

Foreign currencies

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income ("OCI").

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognized in or profit or loss, respectively).

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into US\$ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Each Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Non-controlling interest

Non-controlling interest represents the minority shareholder's portion of the profit or loss and net assets of subsidiaries and is presented separately in the statement of financial position and statement of loss and comprehensive loss. Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank, petty cash and short-term deposits with a maturity of less than three months.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (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.

Warrants

Proceeds from the issue of common share purchase warrants ("warrants") treated as equity are recorded as a separate component of equity. Costs incurred on the issue of warrants are netted against proceeds. Warrants issued with common shares are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

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

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.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

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, 2020 and December 31, 2019, 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 timing and extent of the impact of COVID-19, and recovery from the pandemic, is unknown but may potentially impact on the ability of the Company to access capital, or other, markets.

The directors are confident of raising additional capital based on previous experience to continue as a going concern. Despite this there remains a material uncertainty related to the Group's ability to continue as a going concern and 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.

Accounting Standards and Interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business - In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

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

participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material - In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. At this stage, it is not expected that these new accounting standards will have a material impact on the amounts reported in the Group's financial statements.

4. Significant accounting judgments, estimates and assumptions

These financial statements have been prepared in accordance with Note 1 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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy, and the operations of our business. The scale and duration of these developments continue to remain uncertain as at the date of this report creating ongoing uncertainty and as a result certain assumptions and estimates used in the preparation of these financial statements are subject to greater volatility than normal.

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 and warrants -The Company uses the Black-Scholes option pricing model in determining share-based payments and share purchase warrants, 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 and share purchase warrants may vary from the amounts estimated. See Note 7.

Contractual obligation payable - The Company has assessed the contractual obligation to Sandstorm as being more likely than not to not continue past 5 years. Refer to Note 7 for further details.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

5. Exploration and evaluation assets

	Jan 1, 2020	Additions	Foreign exchange movement	Mar 31, 2020
	\$	\$	\$	\$
Bondoukou	5,093,166	186,804	(69,647)	5,210,323
Odienne	1,536,765	187,350	(33,596)	1,690,519
Abengourou	181,989	33,241	(8,568)	206,662
	6,811,920	407,395	(111,811)	7,107,504

	Jan 1, 2019	Additions	Foreign exchange movement	Dec 31, 2019
	\$	\$	\$	\$
Bondoukou	4,120,711	1,027,048	(54,593)	5,093,166
Odienne	487,376	1,052,818	(3,429)	1,536,765
Abengourou	65,847	120,633	(4,491)	181,989
	4,673,934	2,200,499	(62,513)	6,811,920

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 exploration assets. To date, work performed on these properties has included project wide airborne magnetic/radiometric surveys, regional mapping, stream sediment sampling, and soil geochemistry. The Group has also completed 30,000m of auger geochemistry along the Awari shear - a 38km long priority structure that forms the southern limb of the Bandoli Syncline.

Planned systematic work programs continue along the both limbs of the Bandoli Syncline. Programs include continued auger geochemistry programs; trenching, mapping and further soil sampling on the 3 Bondoukou Permits to further define multiple drill ready targets for testing in 2020.

Odienné

The Odienné licences, which contains Awalé's first gold discovery, lie in the north west of Côte d'Ivoire and consist of the granted 'Odienné East', and two licences in application; Odienné Ouest (adjacent to the granted Odienné East permit) and Zouan-Hounien (350km to the south). These licences are held under a separate agreement with ANGET with 90% being owned by Aforo (Ivory Coast) Holdings Limited.

The Company achieved a maiden gold discovery at its Empire Prospect at as a result of a 3,000m drill program. Empire has become a high priority prospect that was systematically explored and advanced by Awalé. Work performed resulted in coincident geology, gold/arsenic geochemistry, and an IP geophysics anomaly that was drilled in late November and December 2019. The high order soil anomalism coincides with a mapped mylonite-bearing structure that has been intruded by a later diorite body. The mineralization model developed by the company has resulted in the discovery which is a gold hosted in a brittle ductile orogenic shear zone setting at the margin of the diorite intrusion.

The Empire Prospect with this gold discovery prioritizes the Company's focus to extend mineralization with the ultimate aim of developing a maiden resource statement.

Abengourou

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

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

5. Exploration and evaluation assets (continued)

The project is located to the north of the interpreted structural extension of the Birimian Sefwi volcanic belt and Sunyani Basin from Ghana. The Amélékia permit area was formerly held by Golden Star Resources who completed initial exploration over the project area. Work completed by Golden Star at the Amélékia permit included stream sediment sampling, soil sampling and hand Auger sampling, this work was completed in conjunction with geological and regolith mapping and covered most of the permit area.

Initial work on the Abengourou Project has been completed with confirmatory soil sampling over the more advanced, Amélékia permit. Amélékia was previously owned by Golden Star Resources Ltd whose legacy exploration uncovered significant gold in soil anomalies and due diligence sampling by the company has returned positive results. The company has commenced a mapping, pitting and trenching program to understand the geology and style of mineralisation that is the source of the gold anomalism in the soil geochemistry. The Amélékia permit is dominated by moderately strained pelitic rocks with minor psammities trending northeast undulating dips due to folding of the sequence during the Eburnean Orogeny. There is evidence of quartz veining both parallel to the main structural trends and fold hinges as well as north-south oriented extension veins. The dominant topography in the area strike north south also.

First pass BLEG stream sediment geochemistry was completed over the entire Nianda permit. The Nianda permit lies strike northeast of the Amélékia permit and possesses similar geology. 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.

The Group has potential commitments in relation to its Bondoukou, Odienné and Amélékia properties. Refer to Note 16 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
January 1, 2019	35,762,163	4,248,890
Issue of shares - private placement	38,611,667	3,378,809
Issue of shares - bonus shares	572,000	111,938
Issue of shares - contractual obligation	4,705,882	304,229
Warrant cost	-	(609,892)
Share issue costs	-	(1,377)
December 31, 2019	79,651,712	7,432,597
March 31, 2020	79,651,712	7,432,597

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 \$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.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

6. Capital stock (continued)

Included in Capital Stock are shares which are subject to escrow and hold provisions. 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 \$111,938 (C\$143,000) to certain senior officers and employees of the Company. The bonuses were paid, as agreed, by the issuance of 572,000 shares at a deemed price of \$0.196 (C\$0.25) per share on August 20, 2019. The Bonus Shares are subject to a 4 month hold period under securities legislation. Refer to Note 7(c) for further details.

On May 14, 2019, the Company issued 8,096,300 shares at a price of \$ \$0.066 (C\$0.09) per share. Proceeds of approximately \$535,788 (C\$728,667). All securities issued under the Offering were subject to a hold period trading restriction of four months and a day from the date of distribution which expired on September 11, 2019.

On July 31, 2019, the Company delivered to Sandstorm an amount of \$304,229 (C\$400,000) in 4,705,882 in shares to fulfil the first annual payment in relation to the contractual obligation payable. Refer to Note 7(d) for further details.

On September 3, 2019, the Company closed a non-brokered private placement of 19,220,922 shares at a price of approximately \$0.07 (C\$0.09) per share. Gross proceeds of approximately \$1,301,153 (C\$1,729,883) were raised.

On December 13, 2019, the Company closed a non-brokered private placement of 11,294,445 shares at a price of approximately \$0.14 (C\$0.18) per share raising gross proceeds of approximately \$1,541,868 (C\$2,033,000). Each Unit consist of one common share of the Company and one-half share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.32 cents until expiry on December 12, 2021. Refer Note 7 (a) for further details.

7. Reserves

	Option Reserve	Warrant Reserve	Bonus Shares Reserve	FCTR	Other Reserve	Shares to be issued	TOTAL
	\$	\$	\$	\$	\$	\$	\$
January 1, 2019	353,476	1,191,323	-	(307,568)	1,410,460	-	2,343,462
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	2,275,690
Shares issued	-	-	-	-	-	(207,377)	-
Share based payment	-	-	(111,938)	-	(304,229)	-	(416,167)
Warrant cost	-	609,892	-	-	-	-	609,892
Foreign exchange difference	-	-	-	129,469	-	-	129,469
December 31, 2019	353,476	1,191,323	-	(307,568)	1,106,231	-	2,343,462
January 1, 2020	353,476	1,191,323	-	(307,568)	1,106,231	-	2,343,462
Foreign exchange difference	-	-	-	(187,852)	-	-	(187,852)
March 31, 2020	353,476	1,191,323	-	(495,420)	1,106,231	-	2,155,610

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

7. Reserves (continued)

(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 January 1, 2019		7,183,951	0.32
Expired	(ii)	(6,983,951)	0.32
Issued	(iv)	5,647,222	0.32
Balance December 31, 2019		5,847,222	0.32
Balance March 31, 2020		5,847,222	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

- (ii) On December 29, 2017, the Company issued 6,983,951 warrants in connection with the private placement undertaken. A cost of \$577,062 was recorded as a cost recorded against equity in the year ended December 31, 2017 as the warrants vested in 2017. All of these warrants were expired during the period ended December 31, 2019

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

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

7. Reserves (continued)

- (iii) On December 29, 2017, the company issued 200,000 warrants in connection with the acquisition of the minority interests in Awalé. A cost of \$21,101 was recorded in the year ended December 31, 2017.

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

- (iv) On December 13, 2019, the company issued 5,647,222 warrants, at a price of \$0.32 with an expiry date of December 12, 2021, in connection with the private placement completed on December 13, 2019. A cost of \$609,892 was recorded against equity in the year ended December 31, 2019. The Company has the right to accelerate early conversion of the warrants as long as the closing price of the Company's shares equals or exceeds C\$0.40 per common share for 20 consecutive trading days up to expiry December 12, 2021.

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

Risk free rate	1.67%
Expected volatility	198%
Expected life	2 years
Share price on date of grant	\$0.18
Exercise price	\$0.32

(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	(i)	400,000	0.08
Issued	(ii)	1,930,000	0.32
Balance December 31, 2018		2,330,000	0.28
Balance January 1, 2019		2,330,000	0.28
Balance December 31, 2019		2,330,000	0.28
Balance March 31, 2020		2,330,000	0.28

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

7. Reserves (continued)

- (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

- (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 are restricted from exercise until 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 \$111,938 (C\$143,000) to certain senior officers and employees of the Company as detailed below. The bonuses were paid on August 20, 2019 by the issuance of 572,000 shares at a deemed price of \$0.19 (C\$0.25) 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 \$1,106,231 in Other Reserves in relation to its acquisition of Awalé and Aforo on December 29, 2017.

During the period ended December 31, 2020, the Company delivered to Sandstorm the first annual payment of \$304,229 in relation to the contractual obligation. This payment had been deferred as the issuance of these shares would have caused Sandstorm to hold, directly or indirectly, more than 19.9% of the outstanding shares of Awalé. The issue of 4,705,882 shares @ 0.0656 cent (C\$0.085 cents) was completed on July 31, 2019 in fulfillment of the first-year annual payment obligation as the issuance of such deferred shares would no longer cause Sandstorm to exceed this threshold.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

7. Reserves (continued)

During the period ended December 31, 2020, the Company renegotiated the annual payments due under the agreement with Sandstorm. Annual payments will now become due by applying the following criteria:

- No annual payment due if market capitalization of the Company is less than C\$10 million on the anniversary date of payment.
- Annual payment of C\$200,000 due if market capitalization is between C\$10 million and C\$20 million on the anniversary date of payment; and
- Annual payment of C\$400,000 due if market capitalization is above C\$20 million on the anniversary date of payment.

These criteria will be applied for all current and future annual payment obligations. No adjustment to the value of the contractual obligation payable has been recorded.

The annual payments described above are payable in Company Shares, however the Company may elect to make a payment in cash. If the payments are made in Company Shares, the number of shares to be issued will be based on a price per Company Share equal to the greater of: (i) the 20-day trailing volume weighted average trading price of the Company Shares on the Exchange as at the due date for the applicable payment; and (ii) the minimum price that is acceptable to the Exchange.

As the Company had agreed to settle the deferred payment in shares, the contractual obligation was reclassified to Other Reserves in the year ended December 31, 2018. Management continues to assess that it is highly likely that future obligated payments will be settled in shares considering the strong need for cash thus continued to classify the obligation under Other Reserves.

The Company has an obligation to make annual deferred payments (subject to the newly agreed criteria detailed above) on each anniversary of the acquisition of the projects for up to 15 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 resources 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.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

7. Reserves (continued)

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%.

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, 2020</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	710,656	-	710,656	710,656
Receivables	27,182	-	27,182	27,182
	737,838	-	737,838	737,838
Liabilities				
Accounts payable and accrued liabilities	-	685,929	685,929	685,929
	-	685,929	685,929	685,929
<i>As at December 31, 2019</i>	Cash, loans and receivables	Other liabilities	Total carrying amount	Total fair value
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	1,346,203	-	1,346,203	1,346,203
Receivables	184,889	-	184,889	184,889
	1,531,092	-	1,531,092	1,531,092
Liabilities				
Accounts payable and accrued liabilities	-	861,640	861,640	861,640
	-	861,640	861,640	861,640

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 Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

8. Determination of fair values (continued)

31 March 2020

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash and cash equivalents	-	710,656	-	710,656
Receivables	-	27,182	-	27,182
Accounts payable and accrued liabilities	-	685,929	-	685,929

31 December 2019

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash and cash equivalents	-	1,346,203	-	1,346,203
Receivables	-	184,889	-	184,889
Accounts payable and accrued liabilities	-	861,640	-	861,640

The fair values of cash and cash equivalents, 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 Company 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.

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

9. Financial risk management (continued)

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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company'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 following table details balances held and subject to foreign currency movements as at March 31, 2020:

	CAD	AUD	CFA
2020 Net exposure	275,392	(48,613)	(86,116)
2019 Net exposure	1,125,501	(45,085)	(94,630)

At March 31, 2020 with other variable remaining unchanged, a +/- 10% change in exchange rates would increase/decrease pre-tax loss of \$14,066 (2019: \$109,310).

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, 2020 the Company incurred employment costs and fees to directors and officers, or to companies associated with these individuals as follows:

	2020 \$	2019 \$
Non-executive directors' fees (i)	15,000	15,000
CEO fees & entitlements (ii)	26,616	51,695
COO fees & entitlements	45,000	45,000
Accounting fees – CFO services (iii)	10,740	16,006
Company secretarial fees (iv)	6,696	6,773
	104,052	134,474

(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

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

10. Related party transactions (continued)

Directors and officers of the Company subscribed for 2,840,000 common shares and Sandstorm 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 announced on April 29, 2019. Refer to Note 6 for further details.

Directors and officers of the Company participated in the private placement announced in August 2019 acquiring, directly or indirectly, an aggregate of 5,696,688 Shares and Sandstorm acquired 2,222,222 common shares.

Directors and officers of the Company participated in the private placement announced in December 2019 acquiring, directly or indirectly, an aggregate of 1,124,989 Shares and Sandstorm acquired 833,334 common shares.

In the period ended December 31, 2019 the Company delivered to Sandstorm 4,705,882 in shares to fulfil the first annual payment in relation to the contractual obligation payable.

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

	2020	2019
	\$	\$
CEO fees & expense reimbursement (i)	8,439	8,580
COO fees	25,000	-
Non-executive fees (ii)	16,194	15,000
Accounting fees – CFO services (iii)	5,698	4,376
Company- secretarial fees & reimbursement (iv)	2,220	614
	57,551	28,570

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

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

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

(iv) Amount payable to Marketworks Pty Ltd – a company controlled by K Witter

Amounts are unsecured and payable in cash.

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, 2020 are set out below:

	2020	2019
	\$	\$
Short term benefits (i) & (ii)	101,857	115,812
Post - employment benefits (iii)	2,195	3,662
Non-executive directors' fees (iv)	15,000	15,000
	119,052	134,474

(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

Awalé Resources Limited

Notes to Condensed Interim Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (expressed in USD)

11. Commitments and contingencies

The Company has the following commitments and contingencies. Payment is contingent on the continued operations based on successful exploration results at its properties:

Payment	Condition
<i>Contingent payments</i>	
US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant of the Odienné property, 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.
Maximum US\$3,500,000	Payable to Awale Holdings a resource milestone payment, in accordance with the Share Purchase Agreement dated January 13, 2017, of: - US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource delineated up to the first one million ounces; and - US\$1.00 per ounce of reported gold Mineral Resources for any Mineral Resource delineated over the first one million ounces; and - a catch-up payment of US\$0.50 per ounce of reported gold Mineral Resources for any Mineral Resource ounces that were delineated prior to the delineation of a Mineral Resource greater than one million ounces, All subject to a maximum of US\$3.5 million.
US\$800,000	Payable to Newoka Resources upon the Bondoukou project changing from an exploration license to a mining license with intent of commercial production.
<i>Commitment payments</i>	
CFA 4,805,645,088 (US\$8,076,030) as at March 31 2020)	Minimum exploration spend commitment within the next three years at the Bondoukou and Abengourou properties.

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

	As at March 31, 2020 \$	As at March 31, 2019 \$
(Gain)/Loss after income tax	(144,256)	(196,634)
<i>Non cash flows in operating activities</i>		
Foreign exchange loss	3,613	464
Depreciation	11,736	9,652
<i>Changes in assets and liabilities</i>		
Movement in receivables	9,556	(6,522)
Movement in payables	3,565	101,929
Net cash used in operating activities	(115,786)	(91,111)

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 Financial Statements for the three months ended March 31, 2020 and March 31, 2019 (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, 2020 \$	Three months ending March 31, 2019 \$
Net loss attributable to equity holders	144,256	196,634
Basic and diluted weighted number of shares	79,651,712	37,762,163
Basic and diluted loss per shares attributable to equity holders of the parent	(0.00)	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

No other matters or circumstances have arisen since the period end 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

8681 Clay Street, Mission

British Columbia, CANADA

Investor Relations

Karen Davies

+1 (604) 314 6270

Principal place of business

Suite 1020 625 Howe Street, Vancouver

British Columbia, CANADA

Registered office

8681 Clay Street, Mission

British Columbia, CANADA

Auditor

Ernst & Young

The EY Centre

Level 34

200 George Street

2000 Sydney AUSTRALIA

phone: +61 2 9248 5555

fax: +61 2 9248 5959

Share Registry

Computershare

100 University Avenue

11th floor, South Tower

Toronto, Ontario

CANADA