



STELLAR AFRICAGOLD INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED OCTOBER 31, 2020 and 2019
(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its independent auditor has not reviewed the unaudited Condensed Interim Consolidated Financial Statements for the periods ended October 31, 2020 and 2019. The accompanying unaudited condensed interim consolidated financial statements of Stellar AfricaGold Inc., for the periods ended October 31, 2020 and 2019, have been prepared by and are the responsibility of the Company's management.

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

	AS AT OCTOBER 31 2020	AS AT JULY 31 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 631,387	\$ 315,452
Amounts receivable	817,000	1,474,440
Sales taxes receivable	39,520	43,854
Due from related party	5,250	5,250
Total Current Assets	1,493,157	1,838,996
Non-current		
Investment in associated company	198,193	198,193
Total Assets	\$ 1,691,350	\$ 2,037,189
LIABILITIES		
Current Liabilities		
Trade and other payables	\$ 359,215	\$ 309,353
Payable to related parties (Note 11)	362,895	347,895
Loans payable (Note 6)	110,648	188,360
Part XII.6 taxes (Note 14)	55,950	55,950
Total Current Liabilities	888,708	901,558
Total Liabilities	888,708	901,558
Equity (Deficiency)		
Share Capital (Note 7)	\$ 18,826,605	\$ 18,826,605
Warrants (Note 7)	175,517	175,517
Contributed surplus	4,020,082	4,020,082
Accumulated other comprehensive income	-	-
Deficit	(22,219,562)	(21,886,573)
Total Deficiency	802,642	1,135,631
Total Liabilities and Deficiency	\$ 1,691,350	\$ 2,037,198

These financial statements were approved and authorized for issue by the Board of Directors on December 22, 2020. They are signed on the Company's behalf by:

John Cumming
Director

J. Francois Lalonde
Director

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

	THREE MONTHS ENDED October 31,	
	2020	2019
Expenses		
	\$	\$
Exploration and evaluation expenditures (Note 9)	19,392	31,921
Project management	45,000	30,000
Consulting fees	30,000	-
Administrative fees	45,000	62,500
Professional fees	500	-
Interest on loans and convertible debentures	-	17,726
Other operational expenses	10,165	16,899
Registration and shareholders information	12,803	2,500
Foreign exchange (gain) loss	146,329	1,302
Loss before other income	(309,189)	(162,848)
Other income (loss)		
Disposal of mill, camp and equipment	-	(298,045)
Finder's fee	(23,800)	(313,966)
Recovery of exploration and mining expenditures	-	2,533,500
Income (Loss) Before Income Taxes	(332,989)	1,758,641
Income taxes	(109,546)	(615,524)
Deferred income tax recovery	109,546	615,524
Net Loss For The Period	(332,989)	1,758,641
Other Comprehensive Income (Loss)		
Change in fair value of available-for-sale investments	-	-
Comprehensive Income (Loss) for the period	\$ (332,989)	\$ 1,758,641
Basic and Diluted (loss) earnings per share (Note 8)	\$ (0.00)	\$ 0.03
Weighted average number of shares outstanding	67,282,117	63,922,117

The accompanying notes are an integral part of these unaudited consolidated interim financial statements

STELLAR AFRICAGOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian Dollars)

PREPARED BY MANAGEMENT WITHOUT AUDIT

	SHARE CAPITAL		COMMITMENT TO ISSUE SHARES	WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE LOSS	DEFICIT	TOTAL DEFICIENCY
	SHARES	AMOUNT						
Balance, July 31, 2020	67,282,117	\$ 18,826,605	\$ -	\$ 175,517	\$ 4,020,082	\$ -	\$ (21,886,573)	\$ 1,135,631
Shares issued for debt	-	-	-	-	-	-	-	-
Issued for debt interest	-	-	-	-	-	-	-	-
Net income (loss) for the three months	-	-	-	-	-	-	(332,989)	(332,989)
Balance, October 31, 2020	67,282,117	\$ 18,826,605	\$ -	\$ 175,517	\$ 4,015,895	\$ -	\$ (22,219,562)	\$ 802,642
Balance, July 31, 2019	63,922,117	\$ 18,758,605	\$ -	\$ 175,517	\$ 4,015,895	\$ -	\$ (24,688,493)	\$ (1,738,476)
Shares issued for debt	-	-	-	-	-	-	-	-
Issued for debt interest	-	-	-	-	-	-	-	-
Net income (loss) for the three months	-	-	-	-	-	-	1,758,641	1,758,641
Balance, October 31, 2019	63,922,117	\$ 18,758,605	\$ -	\$ 175,517	\$ 4,015,895	\$ -	\$ (22,929,852)	\$ 20,165

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

	THREE MONTHS ENDED OCTOBER 31,		
	2020		2019
Operating Activities			
Net Income (loss) for the period	\$	(332,989)	\$ 1,758,641
Adjustments			
Amortization		-	-
Sales taxes receivable		4,334	(486)
Deposit received in advance		-	(67,500)
Amounts receivable		657,440	-
		<u>328,785</u>	<u>1,690,655</u>
Increase in payable to related parties		15,000	120,629
Net change in accounts payable		49,862	320,827
Cash flows used in operating activities		<u>393,647</u>	<u>2,132,111</u>
Investing Activity			
Disposal of property and equipment		-	298,045
Cash used in investing activity		<u>-</u>	<u>298,045</u>
Financing Activities			
Loans payable		(77,712)	14,040
Increase in convertible debentures		-	3,686
Cash flows from financing activities		<u>(77,712)</u>	<u>17,726</u>
Net change in cash and cash equivalents		315,935	2,447,882
Cash and cash equivalents, beginning of the period		315,452	4,581
Cash and cash equivalents, end of the period	\$	<u>631,387</u>	\$ <u>2,452,463</u>

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

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

1. NATURE OF OPERATIONS AND GOING CONCERN

Stellar AfricaGold Inc. and its subsidiaries (hereinafter the "Company") specialize in exploration of gold mining sites located in Canada and in Republic of Mali and Republic of Guinea, two countries located in the West Africa region. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "SPX" symbol. The Company was incorporated under the Company's Act of British Columbia in April 2006 and was prorogued under the Canada Business Corporations Act. The Company's registered office and its principal place of business is 4908 Pine Crescent, Vancouver, British Columbia, V6M 3P6.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

The Company lost \$332,989 for the three months ended October 31, 2020 (2019: gain of \$1,758,641) and as at October 31, 2020 had a deficit of \$22,219,562. At October 31, 2020 the Company had working capital of \$604,449 (\$937,438 as at July 31, 2020, the Company's yearend). These factors may cast significant doubt about the ability of the Company to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These interim financial statements of the Company for the three months ended October 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to interim financial information as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of Consolidation

The Company's consolidated financial statements include the accounts of the parent Company and its subsidiaries. Subsidiaries are entities in which the Company is exposed, or has rights to variable returns from its involvement with the subsidiary and that it has the ability to affect those returns through the power it holds in the subsidiary. All subsidiaries have a reporting date of July 31.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

2. BASIS OF PRESENTATION (continued)

d) Basis of Consolidation (Continued)

Subsidiaries

Details of the Company's subsidiaries at October 31, 2020 are as follows:

Golden Frank Resources Inc.	Mineral exploration in Guinea - inactive	Canada	100%
Aeos Resources Ltd.	Holding company	Republic of Seychelles	100%
Aucrest SARL	Mineral exploration in Cote d'Ivoire	Republic of Côte d'Ivoire	100%
Stellar Pacific Mali	Mineral Exploration in Mali	Republic of Mali	100%
MGWA Golden Frank, SARL	Mineral exploration in Guinea	Republic of Guinea	80%

During the year ended July 31, 2020, the Company sold its 80% interest in two subsidiaries, Manding Gold SARL and Stellar Guinee SARL, in connection with the sale of the Balandougou Gold Project (Note 11).

e) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent Company and all subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as at October 31, 2020.

b) Available-for-Sale Investments

Investments in public companies have been designated as available-for-sale investments. The investments are reported at fair value based on quoted market prices when available with unrealized gains or losses excluded from operations and reported as other comprehensive income or loss.

c) Exploration and Evaluation Expenses

Exploration and evaluation expenses are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable. The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed.

The Company will capitalize mineral property development expenditures under property and equipment once technical feasibility and commercial viability of extracting mineral resources are demonstrated. Depletion and amortization of mineral deposits and mine development costs are recorded as the minerals are extracted, based on units of production and engineering estimates of mineable resources or reserves. To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

c) Exploration and Evaluation Expenses (Continued)

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

Disposal of interest in connection with mineral option agreements

On the disposal of interest in connection with option agreements, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the optionee. In addition, cash or share considerations received directly from the optionee are credited as a gain on disposal of mining rights in profit or loss.

d) Impairment of Long-lived Assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable an asset or cash-generating unit is reviewed for impairment.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

e) Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified Quebec exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. Such credits are recognized as a reduction of the exploration expenses. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

f) Provisions and Contingent Liabilities

Provisions are recognized when present obligations resulting from past events will likely result in an outflow of economic resources from the Company and that the amounts can be reliably estimated. The timing or amount of outflow may be uncertain.

The measurement of provisions corresponds to the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including risks and uncertainties relating to any present obligation. Provisions are discounted when the time value of money is significant.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates. When possible outflow of economic resources arising from present obligations is considered improbable or remote, no liability is recognized unless it has been taken on the occasion of a business combination.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations.

Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

g) Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the earnings (loss) attributable to ordinary equity holders of the Company and the weighted average number of common shares outstanding, and includes the effects, if any, of all dilutive potential ordinary shares which include options and warrants.

It is assumed that the dilutive potential ordinary shares were converted into ordinary shares at the average market price at the beginning of period or the date of issue of potential ordinary shares, if later.

h) Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit recognized from these issuance costs. When shares are issued on the exercise of options and warrants, the share capital account also comprises the costs previously recorded as contributed surplus and warrants. When shares are issued as consideration for the acquisition of a mineral property they are measured at their fair value according to the quoted price on the date of issue.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued on a pro rata basis. Proceeds are allocated to shares and warrants according to their relative weighted fair value. The unit's fair value is determined using the quoted price of the shares on the stock exchange and the warrant's fair value is estimated using the Black - Scholes pricing model.

Flow-through placements

Issuance of flow-through units represents in substance an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors.

When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss as a recovery of deferred income assets.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

i) Share-based Compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive loss over the remaining vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured indirectly at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

j) Foreign exchange

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

k) Convertible Debentures

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the estimated interest rate that was estimated would have been applicable to non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full principle value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

l) Financial Instruments and Risk Management

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of operations and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of operations and accumulated other comprehensive income (loss).

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments and Risk Management (Continued)

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risks is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk is significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal and mineral prices and in particular, the price of gold. To mitigate this market risk, management of the Company actively pursues a diversification strategy with its property holdings.

m) Segment Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker (i.e. the Chairman and the Board of Directors). The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

4. ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, management poses a number of judgements, estimates and assumptions regarding the recognition and valuation of assets, liabilities, income and expenses.

a) Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

b) Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

4. ESTIMATES AND JUDGEMENTS (continued)

Share-based payments

To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of its own shares and the expected life and the exercise period of options and warrants granted. The model used by the Company is the Black-Scholes valuation model.

Provisions and contingent liabilities

Judgements and estimates may be used to determine whether a past event has created a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Factors, such as the nature of the claim or dispute, the potential amount to be paid and the probability of the realization of a loss. These factors are sources of uncertainty in estimates.

5. PROPERTY AND EQUIPMENT

Disposal of Mill, Camp and Equipment

On August 22, 2019, the Company and its minority partners reached a definitive agreement for the sale of 100% of the Balandougou Gold Project including the 7 km² Balandougou semi-industrial exploitation permit together with all related plant and equipment, and two Guinea subsidiary companies holding contiguous exploration permits totalling approximately 150 km². The Company and the minority partners own 80% and 20% respectively of the Balandougou Gold Project. The transaction price is US\$3,850,000 (C\$5,130,000) paid in instalments, US\$1,800,000 (C\$2,460,000) on closing with the balance in three instalments. At October 31, 2020 the Company had recorded US\$3,250,000 (CDN\$4,425,500) of which US\$600,000 (CDN\$817,000) was receivable.

6. LOANS PAYABLE

On November 10, 2017, a subsidiary of the Company received an unsecured loan in the amount of US\$400,000 bearing interest at the rate of 10% per annum. Interest is capitalized until June 30, 2018 and thereafter repayable in blended payments (principal and interest) over 16 months. The loan is collaterally guaranteed by the Company.

The Company also granted to the lender a loan bonus in the form of a share purchase warrant to acquire 1,000,000 shares at \$0.05 until November 10, 2019. The warrant expired unexercised.

On October 31, 2019, in connection with the sale of the Balandougou Gold Project, the loan agreement was amended to freeze accrual of interest and to schedule the repayment of principal and interest. As at the date of the amendment, US\$86,268 had been accrued as interest payable. The scheduled repayments of principal and interest are as follows:

- i. US\$228,546 upon closing of the sale; paid
- ii. US\$87,528 payable on January 15, 2020; paid
- iii. US\$87,528 payable on July 15, 2020; paid
- iv. US \$82,666 payable on January 15, 2021.

As at October 31, 2020, the balance owing was US\$82,666 (\$110,648cdn).

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

7. SHARE CAPITAL

i) Authorized

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of Stellar AfricaGold Inc.

ii) Issued During the Three Months Ended October 31, 2019

There were nil share issuances during the three months ended October 31, 2019

iii) Issued During the Three Months Ended October 31, 2020

There were nil share issuances during the three months ended October 31, 2020

iv) Warrants

Warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	2020		2019	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance, beginning of the period	1,100,000	\$ 0.05	11,700,000	\$ 0.10
Granted	-	-	-	-
Expired	1,100,000	-	(10,600,000)	-
Balance, end of the period	-	\$ 0.05	1,100,000	\$ 0.05

The number of outstanding warrants which could be exercised for an equivalent number of ordinary shares is as follows:

	2020		2019	
Expiration date	Number	Exercise price	Number	Exercise price
November 10, 2019	-	\$ -	1,000,000	\$ 0.05
August 22, 2019	-	-	100,000	0.05
	-		1,100,000	\$ 0.05

v) Brokers Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	2020		2019	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance, beginning of the period	-	\$ -	200,000	\$ 0.05
Expired	-	-	(200,000)	0.05
Granted	-	-	-	-
Balance, end of the period	-	\$ -	-	\$ -

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

The number of outstanding warrants which could be exercised for an equivalent number of ordinary shares is as follows:

	2020		2019	
Expiration date	Number	Exercise price	Number	Exercise price
May 12, 2019	-	\$ -	200,000	\$ 0.05
Expired	-	-	(200,000)	-
Balance end of period	-	\$ -	-	\$ -

vi) Stock Options

The Company has a rolling stock option plan under which options to acquire common shares of the Company are granted to directors, officers, employees and consultants of the Company. The maximum number of options permitted is limited to ten percent (10%) of the issued capital of the corporation from time to time.

The fair value of the options granted was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the options were based on risk free rate of 1.17-1.24%, expected volatility of 148%, expected life of 5 years and a dividend yield of 0%. The options vest immediately on grant.

The Company's share options are as follows at October 31, 2020:

	2020		2019	
	Number of options	Average exercise price	Number of options	Average exercise price
Balance, beginning of the period	5,042,000	\$ 0.05	5,042,000	\$ 0.05
Granted	250,000	0.05	-	-
Expired/forfeited	-	-	-	-
Balance, end of the period	5,292,000	\$ 0.05	5,042,000	\$ 0.05
Exercisable options	5,292,000	\$ 0.05	5,042,000	\$ 0.05

Outstanding Options			Exercisable Options		
Number of options	Weighted average exercise price	Weighted remaining life (years)	Number of options	Weighted average exercise price	
1,250,000	\$ 0.05	1.25	1,250,000	\$ 0.05	
300,000	0.05	1.35	300,000	0.05	
3,492,000	0.05	2.05	3,492,000	0.05	
250,000	0.05	4.00	250,000	0.05	
<u>5,292,000</u>			<u>5,292,000</u>		

8. INCOME (LOSS) PER SHARE

During the period, in calculating the diluted loss per share for the three months ended October 31, 2020, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the earnings per share would be antidilutive.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

8. INCOME (LOSS) PER SHARE

The basic and diluted loss per share has been calculated as follows.

	2020	2019
Net income (loss) for the period	\$ (332,989)	\$ 1,758,641
Weighted average number of shares in circulation	67,282,117	63,922,117
Basic and diluted (loss) earnings per share	\$ (0.0)	\$ 0.03

9. EXPLORATION AND EVALUATION EXPENDITURES

	2020	2019
EXPLORATION EXPENDITURES		
Geology	\$ -	\$ -
Geophysics, milling and sampling	-	-
Geologist and professional fees	45,000	30,000
General exploration and campsite expenses	19,392	31,921
TOTAL EXPLORATION EXPENSES	\$ 64,392	\$ 61,921
Quebec property	\$ 1,722	\$ -
Guinea property	17,670	-
	\$ 19,392	\$ -

Opawika Gold Property

Pursuant to a June 28, 2018 sale agreement and July 27, 2018 modification agreement the Company agreed to sell its Opawika mineral property to Mosaic Minerals Corp. for \$360,000 payable by the issuance of 7,200,000 shares of Mosaic Minerals Corp. at \$0.05 per share. On February 12, 2020 the Company completed a Plan of Arrangement with Mosaic Minerals corp. and distributed 2,000,000 of the 7,200,000 shares of Mosaic Minerals Corp. to the company's shareholders. At October 31, 2020 the remaining 5,200,000 Mosaic Minerals Corp. shares were held in escrow pending receipt of approval by the regulatory authorities.

Lullwitz-Kaepelli Gold Property

During the year ended July 31, 2020, the Company acquired the Lullwitz-Kaepelli gold property comprised of four contiguous mineral claims totalling 231.4 hectares located in the Lacoste and DeSales townships in the Charlevoix area of Quebec (the "L-K Property") for \$5,000 cash and the issuance of 300,000 shares of common stock fair valued at \$15,000. The property is subject to a 1.5% net smelter return royalty which can be purchased for \$500,000. The cash payment was made and the shares were issued.

Balandougou Gold Project

On August 22, 2019, the Company and its minority partners reached a definitive agreement for the sale of 100% of the Balandougou Gold Project including the 7 km² Balandougou semi-industrial exploitation permit together with all related property and equipment, and two Guinea subsidiary companies holding contiguous exploration permits totalling approximately 150 km². The Company and the minority partners owned 80% and 20% respectively of the Balandougou Gold Project. The transaction completed on October 28, 2019. As at the completion date, the property and equipment transferred to the purchaser had a carrying value of \$298,045.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

On August 22, 2019, the Company and its minority partners reached a definitive agreement for the sale of 100% of the Balandougou Gold Project including the 7 km² Balandougou semi-industrial exploitation permit together with all related plant and equipment, and two Guinea subsidiary companies holding contiguous exploration permits totalling approximately 150 km². The Company and the minority partners own 80% and 20% respectively of the Balandougou Gold Project. The transaction price is US\$3,850,000 (C\$5,130,000) paid in instalments, US\$1,800,000 (C\$2,460,000) on closing with the balance in three instalments. At October 31, 2020 the Company had recorded US\$3,250,000 (CDN\$4,425,500) and US\$600,000 (CDN\$817,000) was receivable.

Birimian Geology Exploration “BGE”

The Company entered into an option to purchase the shares of Birimian Geology Exploration (“BGE”), a Cote d’Ivoire company. BGE holds two gold exploration permits (the Bocanda permit and the Djekanou permit) covering approximately 471 square kilometers. The Company will acquire an 80% interest for US\$20,000 and the expenditure of US\$3,000,000 on exploration over the next two years and may acquire the remaining 20% at any time for US\$1,500,000. The property is subject to a 1.25% net smelter royalty. The option remains subject to closing conditions including TSX Venture Exchange approval.

10. INCOME TAXES

The Company has not recorded deferred income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry-forward period to utilize these net deferred income tax assets.

The Company has available non-capital losses for Canadian income tax purposes of approximately \$3,309,000 which may be carried forward to reduce taxable income in future years, if not utilized, expiring in years from 2026 to 2040.

11. RELATED PARTY TRANSACTIONS

The Company's related parties include Company directors, officers, key management and companies held by key management.

Related party transactions include executive remuneration, shareholder loans to the Company, participation in private placements, incentive stock options and interest paid or accrued on shareholder loans and unpaid remuneration. Details of these related party transactions are set forth below:

	2020	2019
Short-term key management benefits:		
Consulting & management fees	\$ 45,000	\$ 62,500
Project supervision fees	45,000	30,000
Finders fee	23,800	-
Consulting	30,000	-
Other related party loan balances:		
Shareholder loans payable	362,895	1,494,735
Share-based payments	-	-
Total	\$ 506,695	\$ 1,587,235

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

12. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the parent.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow or sale, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the three months ended October 31, 2020.

13. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at October 31, 2020 and 2019 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2020	2019
Cash	\$ 631,387	\$ 2,452,463
Carrying amounts	\$ 631,387	\$ 2,452,463

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

The carrying amounts and fair value of financial Instruments presented in the consolidated interim statement of financial position are as follows:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash	\$ 631,387	\$ 631,387	\$ 2,452,463	\$ 2,452,463
Amounts receivable	817,000	817,000	1,474,440	1,474,440
FINANCIAL LIABILITIES				
Trade and other payables	359,215	359,215	481,858	481,858
Convertible debentures	-	-	167,492	167,492
Related parties	362,895	362,895	347,895	347,895
Loans payable	110,648	110,648	188,360	188,360

14. CONTINGENCIES AND COMMITMENTS

- a) The Company may be liable for unpaid Part XII.6 tax on unspent flow-through renunciations related to financings obtained in 2007. The amount of estimated interest and penalties is not determinable, and management has concluded that outflow of economic resources is remote. As at October 31, 2020, \$55,950 is accrued for Part XII.6 taxes.
- b) During the year ended July 31, 2017 the Company issued flow-through shares in the amount of \$335,750. The Company was committed to spend this money on exploration work on its Quebec mineral properties by December 31, 2017 before incurring Part XII.6 tax and extending the deadline to December 31, 2019. Following an audit which concluded after the quarter end, the CRA determined that the required qualifying expenditures were not made by the prescribed deadline and that the amount renounced be reduced to \$59,295, and assessed a penalty of \$69,114. It is not possible to determine the negative tax consequences for the investors or the related amount for which the Company may be liable, if any.

15. SUBSEQUENT EVENTS

Subsequent to year-end, the Company and Altus Strategies PLC closed the acquisition agreement for two gold permits, the fully issued Priko permit and the pending Zenoula permit, totaling approximately 770 km² in Côte d'Ivoire. Stellar has acquired a 100% interest in Aeos Resources Ltd., a Seychelles company, which owns a 100% interest in Aucrest SARL, a Cote D'Ivoire company. Aucrest SARL owns a 100% interest in the Priko gold permit and the pending Zenoula gold permit application.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
PREPARED BY MANAGEMENT WITHOUT AUDIT

The Company issued to Altus Strategies Plc 2,500,000 units of Stellar, each unit consisting of one common share and one share purchase warrant exercisable for two years at \$0.07 per share. The shares are subject to an investment hold period expiring March 26, 2021.

Contingent upon reaching exploration milestones on each permit Stellar will also make two further share payments per permit of shares equal to US\$250,000 in value: a) upon completion of a NI43-101 resource estimate of not less than 500,000 ounces of gold with not less than 250,000 ounces in the Indicated category, and b) upon completion of a definitive feasibility study.

Contingent upon reaching exploration milestones on each permit Stellar will also make two further share payments per permit of shares equal to US\$250,000 in value: a) upon completion of a NI43-101 resource estimate of not less than 500,000 ounces of gold with not less than 250,000 ounces in the Inferred category, and b) upon completion of a definitive feasibility study.

Altus will retain a 2.5% Net Smelter Return (“NSR”) royalty on each permit. Stellar may repurchase up to 1.0% of each NSR for US\$500,000 for each 0.5%.