

STELLAR AFRICAGOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2020 and 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STELLAR AFRICAGOLD INC.

Opinion

We have audited the consolidated financial statements of Stellar AfricaGold Inc. (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at July 31, 2020 and 2019;
- ♦ the consolidated statements of comprehensive income (loss) for the years then ended;
- ♦ the consolidated statements of changes in equity (deficiency) for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended; and
- ♦ the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$21,886,573 and no active business as at July 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 30, 2020

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	AS AT JULY 31, 2020	AS AT JULY 31, 2019 (Recast – Note 5)
ASSETS		
Current		
Cash	\$ 315,452	\$ 4,581
Amounts receivable (Note 11)	1,474,440	-
Sales taxes receivable	43,854	40,062
Due from related parties (Note 13)	5,250	5,250
Total Current Assets	1,838,996	49,893
Non-current		
Investment in associate (Note 5)	198,193	256,799
Property and equipment (Note 6)	-	298,045
Total Assets	\$ 2,037,189	\$ 604,737
LIABILITIES		
Current Liabilities		
Trade and other payables (Note 11, 13)	\$ 309,353	\$ 161,031
Due to related parties (Note 13)	347,895	1,374,106
Deposit received in advance (Note 11)	-	67,500
Loans payable (Note 7)	188,360	624,021
Convertible debentures (Note 7)	-	163,806
Part XII.6 taxes (Note 16)	55,950	55,950
Total Liabilities	901,558	2,446,414
Equity (Deficiency)		
Share capital (Note 8)	18,826,605	18,758,605
Warrants (Note 8)	175,517	175,517
Contributed surplus (Note 7, 8)	4,020,082	4,015,895
Deficit	(21,886,573)	(24,791,694)
Total Equity (Deficiency)	1,135,631	(1,841,677)
Total Liabilities and Equity (Deficiency)	\$ 2,037,189	\$ 604,737

These financial statements were approved and authorized for issue by the Board of Directors on November 30, 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 consolidated financial statements.

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31,	
	2020	2019 (Recast – Note 5)
Expenses		
Accretion on convertible debentures (Note 7)	\$ -	\$ 9,845
Consulting fees	206,333	-
Depreciation	-	4,340
Director's fees (Note 13)	75,000	-
Exploration and evaluation expenditures (Note 11)	128,822	201,674
Foreign exchange (gain) loss	(75,905)	32,693
Interest on debt (Note 7, 13)	75,246	162,707
Management fees	197,500	250,000
Other operational expenses	69,385	74,069
Project supervision	513,054	120,000
Professional fees	46,824	32,350
Registration and shareholders information	142,303	2,023
Share-based compensation (Note 8)	4,187	-
Travel	23,913	-
Loss Before Other Income	(1,406,662)	(889,701)
Other Income (Expense)		
Equity and dilution gain (loss) from associate (Note 5)	41,394	(103,201)
Costs recovered on sale of mineral properties (Note 5, 11)	4,270,389	360,000
Write-off of deposit	-	(7,500)
Net Income (Loss) and Comprehensive Income (Loss) For The Year	\$ 2,905,121	\$ (640,402)
Basic And Diluted Earnings (Loss) Per Share (Note 9)	\$ 0.04	\$ (0.01)
Weighted Average Number of Shares Outstanding – Basic and Diluted	65,275,322	63,922,117

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE YEARS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	SHARE CAPITAL		WARRANTS	CONTRIBUTED SURPLUS	DEFICIT (Recast – Note 5)	TOTAL DEFICIENCY
	SHARES	AMOUNT				
Balance, July 31, 2018	63,922,117	\$ 18,758,605	\$ 175,517	\$ 4,015,895	\$ (24,151,292)	\$ (1,201,275)
Net loss for the year	-	-	-	-	(640,402)	(640,402)
Balance, July 31, 2019	63,922,117	18,758,605	175,517	4,015,895	(24,791,694)	(1,841,677)
Net Income for the year	-	-	-	-	2,905,121	2,905,121
Return of capital (Note 5, 8)		(100,000)				(100,000)
Share-based compensation	-	-	-	4,187	-	4,187
Shares issued for L-K property	300,000	15,000	-	-	-	15,000
Shares issued for services	2,500,000	125,000	-	-	-	125,000
Shares issued for settlement of interest on convertible debentures	560,000	28,000	-	-	-	28,000
Balance, July 31, 2020	67,282,117	\$ 18,826,605	\$ 175,517	\$ 4,020,082	\$ (21,886,573)	\$ 1,135,631

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31,	
	2020	2019
	(Recast – Note 5)	
Operating Activities		
Net income (loss) for the year	\$ 2,905,121	\$ (640,402)
Adjustments for Items Not Affecting Cash		
Accretion on convertible debentures (Note 7)	-	9,845
Accrued management and supervision fees	-	370,000
Accrued interest on debt (Note 7)	4,194	162,707
Depreciation	-	4,340
Costs recovered on sale of mineral properties	(4,270,389)	(360,000)
Equity and dilution loss from associate (Note 5)	(41,394)	103,201
Share-based compensation	4,187	-
Shares issued for exploration property	15,000	-
Shares issued for services	125,000	-
Unrealized foreign exchange (gain) loss	(121,577)	6,135
Write-off of deposit	-	7,500
	<u>(1,379,858)</u>	<u>(336,674)</u>
Net change in working capital items (Note 10)	<u>18,740</u>	<u>62,787</u>
Cash Flows used in Operating Activities	<u>(1,361,118)</u>	<u>(273,887)</u>
Investing Activities		
Deposit received in advance	-	67,500
Proceeds from sale of mineral properties (Note 11)	<u>3,273,861</u>	<u>-</u>
Cash Flows from Investing Activities	<u>3,273,861</u>	<u>67,500</u>
Financing Activities		
Repayment of convertible debentures	(140,000)	-
Repayment of loans payable	(435,661)	-
(Payments to) advances from related parties	<u>(1,026,211)</u>	<u>90,287</u>
Cash Flows (used in) from Financing Activities	<u>(1,601,872)</u>	<u>90,287</u>
Net change in cash	310,871	(116,100)
Cash, beginning of the year	4,581	120,681
Cash, end of the year	<u>\$ 315,452</u>	<u>\$ 4,581</u>
Supplemental Cash Flow Information		
Shares issued for settlement of interest on convertible debentures	\$ 28,000	\$ -
Return of capital	100,000	-
Interest paid	<u>77,465</u>	<u>-</u>

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

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

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 the Republics of Mali and 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 had net income of \$2,905,121 for the year ended July 31, 2020 (2019 – net loss of \$640,402) and as at July 31, 2020 had working capital of \$937,438 (2019 – working capital deficiency of \$2,396,521). The Company currently has no active business is not generating recurring revenues and had an accumulated deficit of \$21,886,573 as at July 31, 2020 (2019 - \$24,791,694). These factors may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These annual consolidated financial statements of the Company for the years ended July 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated 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 includes 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.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

c) Basis of Consolidation (Continued)

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.

Subsidiaries

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

Name of subsidiary	Principal activities	Country of Incorporation	Ownership %
Golden Frank Resources Inc.	Mineral exploration in Guinea - inactive	Canada	100%
Stellar Pacific Mali	Inactive	Republic of Mali	100%
Africa Gold Business SARL	Disbanded	Republic of Guinea	80%
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 inactive subsidiaries, Manding Gold SARL and Stellar Guinea SARL, in connection with the sale of the Balandougou Gold Project (Note 11).

d) Functional and Presentation Currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand at July 31, 2020 of \$315,452 and demand deposits of \$Nil. 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 July 31, 2020.

b) Exploration and Evaluation Expenses

Exploration and evaluation expenses are costs incurred in the course of the initial search for 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 costs related to the acquisition of mill and mining camp are capitalized to property and equipment and will be depreciated when they are available for their intended use.

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.
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) 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

The Company does not recognize expenses related to the exploration and evaluation performed on property incurred 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.

c) Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income (loss) of the associate.

When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

d) Property and Equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs incurred initially to acquire or construct an item of property and equipment. Costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Depreciation is recognized using the declining balance method, to write down the cost to its estimated residual value. The rates generally applicable are as follows:

Rates	
20%	Office furniture
30%	Computer and automotive equipment
20%	Mining camp and mill

The depreciation expense for each period is recognized in profit or loss.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property and Equipment (Continued)

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property and equipment is included in profit or loss when the item is de-recognized.

e) 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.

f) 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.

g) 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 the 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. 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

i) 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, the effects 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 the relevant period or the date of issue of ordinary shares, if later.

j) 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 consolidated 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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Share Capital (Continued)

Flow-through placements (Continued)

shares is reversed on renunciation 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 tax assets.

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 profit or 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.

k) 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.

l) 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.

m) Financial Instruments and Risk Management

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments and Risk Management (Continued)

Financial assets (Continued)

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary. The Company's amounts receivable and due from related parties are classified as financial assets measured at amortized costs.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company's cash is classified as a financial instrument measured at FVTPL.

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

(c) De-recognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on de-recognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on de-recognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments and Risk Management (Continued)

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's trade and other payables, due to related parties, loans payable and convertible debentures are classified as financial liabilities measured at amortized cost.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) De-recognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments and Risk Management (Continued)

Risk Management

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.

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.

n) 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.

o) New accounting standards and interpretations

On August 1, 2019, the Company adopted IFRS 16, Leases (effective January 1, 2019) which introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases in the consolidated statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases, and as a result, this standard had no impact on the Company's consolidated financial statements on adoption.

4. ESTIMATES AND JUDGMENTS

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 these consolidated financial statements.

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4. ESTIMATES AND JUDGMENTS (Continued)

a) Significant Management Judgement (Continued)

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.

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.

Control and significant influence

The Company consolidates all entities which are determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of an entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns. The Company applies the equity method to account for its investments when the Company determines that it has significant influence in the investees. Significant influence is the power to participate in the financial and operating policy decision of the investee but not control of those policies and management uses judgment in determining whether significant influence exists. Judgment is exercised in the evaluation of its voting power and potential voting rights by examining all facts and circumstance in determining its powers to participate in the financial and operating policy decisions of an investee.

Impairment of investment in associate

An impairment loss or recovery in respect of an equity method investment is measured by comparing the recoverable amount of the investment with its carrying amount. For the purpose of its determination of recoverable amount, management used its judgement considering factors such as economic environment and the market in which the investee operates.

Recovery of receivables

Management reviews receivables on a regular basis, reviewing the history of payments to determine their collectability. As at July 31, 2020, management is of the opinion that the Company's amounts receivable balance is collectible.

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.

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

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4. ESTIMATES AND JUDGMENTS

b) Estimation Uncertainty (Continued)

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. INVESTMENT IN ASSOCIATE

During the year ended July 31, 2019, the Company sold its rights, title and interest in the Opawica property located in Quebec to Mosaic Minerals Corp. ("Mosaic"), a Company with directors in common, in exchange for 7,200,000 common shares of Mosaic Minerals Corp. with a fair value of \$0.05 per share (\$360,000), plus a 2% Net Smelter Return royalty ("NSR"), one half of which may be purchased by Mosaic for \$1,000,000. The Company then entered an Arrangement Agreement with Mosaic pursuant to which the Company would distribute 2,000,000 of the 7,200,000 common shares received from the sale of the Opawica property to the Company's shareholders. The 2,000,000 common shares distributed had a fair value of \$100,000 and the distributions were paid in the form of a return of capital.

As at the transaction closing date, the Company held 42% of Mosaic's issued and outstanding common shares. The Company's judgement is that it has significant influence, but not control, of Mosaic because it holds a minority position on the board of directors and does not have the power to govern the strategic operating and financing decisions of Mosaic.

During the year ended July 31, 2020, the Company completed the Arrangement Agreement thereby reducing its holdings of Mosaic to 5,200,000 common shares. It is management's judgement that the Company retained significant influence over Mosaic after the distribution.

As at July 31, 2020, the Company holds approximately 22% (2019 – 40%) of Mosaic's issued and outstanding common shares. The decrease is attributable to the completion of the Arrangement Agreement and additional dilution resulting from additional share issuances by Mosaic.

A summary of the Company's investment in Mosaic is as follows:

	Number of shares	Amount
Balance, July 31, 2018	-	\$ -
Shares received as proceeds for sale	7,200,000	360,000
Equity loss in associate		(105,790)
Dilution gain on investment	-	2,589
Balance, July 31, 2019	7,200,000	256,799
Shares distributed to the Company's shareholders	(2,000,000)	(100,000)
Equity loss in associate		(4,289)
Dilution gain on investment	-	45,683
Balance, July 31, 2020	5,200,000	\$ 198,193

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5. INVESTMENT IN ASSOCIATE (Continued)

Summarized financial information of Mosaic unadjusted for the percentage ownership held by the Company is as follows:

	July 31, 2020	July 31, 2019
Net loss for the year	\$ 68,506	\$ 208,982
Current assets	\$ 359,381	\$ 46,112
Non-current assets	360,000	360,000
Current liabilities	(182,459)	(128,747)
Net assets	536,922	277,365
The Company's ownership percentage	21.93%	39.56%
The Company's share of net assets	\$ 117,747	\$ 109,726

Mosaic has a fiscal year-end of December 31. Adjustments have been made to adjust for the non-coterminous year-ends.

The Company has recasted comparative information as at July 31, 2019 for the investment in associate to present the investment using the equity method. As a result, the investment decreased by \$103,201 and the Company's net loss increased by \$103,201. There was no impact to the Company's cash flows for the year ended July 31, 2019.

6. PROPERTY AND EQUIPMENT (see also Note 11)

For the year ended July 31, 2020

	Computer Equipment	Automotive Equipment	Office Furniture	Mining Camp	Mill	Total
Gross carrying amount						
Balance at August 1, 2019	\$ 12,013	\$ 30,256	\$11,957	\$ 75,620	\$216,312	\$ 346,158
Disposal	(12,013)	(30,256)	(11,957)	(75,620)	(216,312)	(346,158)
Balance at July 31, 2020	-	-	-	-	-	-
Accumulated depreciation						
Balance at August 1, 2019	12,013	23,497	10,495	2,108	-	48,113
Recovered	(12,013)	(23,497)	(10,495)	(2,108)	-	(48,113)
Balance at July 31, 2020	-	-	-	-	-	-
Carrying amount July 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

For the year ended July 31, 2019

	Computer Equipment	Automotive Equipment	Office Furniture	Mining Camp	Mill	Total
Gross carrying amount						
Balance at August 1, 2018	\$ 12,013	\$ 30,256	\$11,957	\$ 75,620	\$216,312	\$ 346,158
Additions	-	-	-	-	-	-
Balance at July 31, 2019	12,013	30,256	11,957	75,620	216,312	346,158
Accumulated depreciation						
Balance at August 1, 2018	11,196	20,600	9,869	2,108	-	43,773
Depreciation	817	2,897	626	-	-	4,340
Balance at July 31, 2019	12,013	23,497	10,495	2,108	-	48,113
Carrying amount July 31, 2019	\$ -	\$ 6,759	\$ 1,462	\$ 73,512	\$ 216,312	\$ 298,045

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6. PROPERTY AND EQUIPMENT (Continued)

As at July 31, 2019, the Company's Mill and Mining Camp were not available for their intended use and therefore, no depreciation has been recorded in connection with these assets.

7. CONVERTIBLE DEBENTURES AND LOANS PAYABLE

Convertible Debentures

On September 22, 2016, the Company closed convertible debentures in the amount of \$150,000. The debentures bear interest at the rate of 10% per annum, payable semi-annually, by the issuance of common shares of the Company and matures 36 months from the date of issue. During the first 12 months, the debentures are convertible, at the option of the holder, into common share units at a price of \$0.05 per unit;

each unit comprised of one share and one-half common share purchase warrant. One full warrant allows the holder thereof to acquire one additional common share of the Company at a price of \$0.10 for a 2-year period. Between the 13th month and the 36th month from the closing of the private placement, the debentures are convertible, at the option of the holder, into common shares at a price of \$0.10 per common share and one-half common share purchase warrant. One full warrant allows the holder thereof to acquire one common share of the Company at a price of \$0.15 for a 2-year period.

The convertible debentures were allocated as follows:

Liability portion of convertible debentures	\$	120,000
Equity portion of convertible debentures (recorded as contributed surplus)		30,000
Total convertible debentures issued	\$	150,000

Liability component of Convertible Debentures as at July 31, 2020:

Balance at July 31, 2018	\$	139,961
Accrued interest		14,000
Accretion expense		9,845
Balance at July 31, 2019		163,806
Accrued interest		4,194
Settled through share issuance (Note 8)		(28,000)
Repayment		(140,000)
Balance at July 31, 2020	\$	-

During the year ended July 31, 2020, the Company made cash payments of \$140,000 to settle the loan principal balance and issued 560,000 common shares to settle accrued interest of \$28,000.

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 payable. The scheduled repayments are as follows:

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7. CONVERTIBLE DEBENTURES AND LOANS PAYABLE (Continued)

Loans Payable (Continued)

- 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 (US\$30,000 paid);
- iv. US\$82,666 payable on January 15, 2021.

As at July 31, 2020, the balance owing was US\$140,194 (\$188,360).

8. 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 Year Ended July 31, 2020

- The Company issued 300,000 common shares fair valued at \$15,000 for the purchase of the L-K Properties (Note 11).
- The Company issued 2,500,000 common shares to settle \$125,000 in consulting fees owing.
- The Company issued 560,000 common shares fairly valued at \$28,000 in settlement of accrued interest on the debentures payable (Note 7).
- Pursuant to the Arrangement Arrangement (Note 5), the Company distributed 2,000,000 Mosaic common shares to the Company's shareholders in the form of a return of capital. As a result, the Company recorded a return on capital of \$100,000.

iii) Issued During the Year Ended July 31, 2019

There were no shares issued during the year ended July 31, 2019.

iv) 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 year	1,100,000	\$ 0.05	11,700,000	\$ 0.10
Expired	(1,100,000)	0.05	(10,600,000)	0.10
Balance, end of the year	-	\$ 0.05	1,100,000	\$ 0.05

v) Broker's 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 year	-	\$ -	200,000	\$ 0.05
Expired	-	-	(200,000)	0.05
Balance, end of the year	-	\$ -	-	\$ -

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8. SHARE CAPITAL (Continued)

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.

During the year ended July 31, 2020, the Company granted directors options to purchase 250,000 common shares of the Company at a purchase price of \$0.05 per common share exercisable for five years from the date of grant.

The fair value of the options granted during the year ended July 31, 2020 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 1.49%, expected volatility of 143%, expected life of 5 years and a dividend yield of 0%. The options vested immediately on grant.

The Company's share options are as follows for the reporting periods presented:

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

The table below summarizes the information related to share options as at July 31, 2020:

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	1.50	1,250,000	\$	0.05
300,000	\$ 0.05	1.60	300,000	\$	0.05
3,492,000	\$ 0.05	2.30	3,492,000	\$	0.05
250,000	\$ 0.05	4.33	250,000	\$	0.05
<u>5,292,000</u>			<u>5,292,000</u>		

vii) Nature and Purpose of Reserves

The "Contributed Surplus Reserve" is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation. The "Warrants Reserve" is used to recognize the fair value of warrants issued in consideration for completed equity financing.

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9. EARNINGS (LOSS) PER SHARE

During the year, in calculating the diluted earnings (loss) per share, potential ordinary shares such as share options and warrants have not been included as they would be anti-dilutive.

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

	2020	2019
Net income (loss) for the year	\$ 2,841,982	\$ (640,402)
Weighted average number of shares in circulation	65,275,322	63,922,117
Basic earnings (loss) per share	\$ 0.04	\$ (0.01)
Diluted number of shares	65,275,322	63,922,117
Diluted earnings (loss) per share	\$ 0.04	\$ (0.01)

10. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in working capital items are detailed as follows:

	2020	2019
Sales taxes receivable	\$ (3,791)	\$ (20,996)
Trade and other payables	22,531	83,783
	<u>\$ 18,740</u>	<u>\$ 62,787</u>

11. EXPLORATION AND EVALUATION EXPENDITURES

	2020	2019
EXPLORATION EXPENDITURES		
Acquisition of Lullwitz-Kaepelli Gold Property	\$ 20,000	\$ -
Geology	-	39,463
Geophysics, milling and sampling	-	56,377
Geologist and professional fees	55,727	29,874
General exploration and campsite expenses	53,095	75,000
TOTAL EXPLORATION EXPENSES	<u>\$ 128,822</u>	<u>\$ 201,674</u>

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 township 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.

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11. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Balandougou Gold Project (Continued)

The transaction price is US\$3,850,000 (\$5,026,560) paid in instalments as follows:

- US\$50,000 advanced during the year ended July 31, 2019;
- US\$1,800,000 received on closing date;
- US\$700,000 received on January 15, 2020;
- US\$700,000 to be paid on July 15, 2020 (US\$200,000 was received during the year and US\$500,000 was received subsequent to year-end);
- US\$600,000 to be paid on January 15, 2021.

As at July 31, 2020, US\$1,100,000 (\$1,474,440) of the total purchase price was receivable from the purchaser.

On February 27, 2020, the Company reached an agreement with the former minority partners in the project, whereby the Company would pay US\$243,845 (\$330,396) of the consideration received from the purchaser, when the Company receives payments from the purchaser, as follows:

- US\$100,000 paid during the year ended July 31, 2020;
- US\$100,000 payable on July 15, 2020 (US\$50,000 was paid during the year and US\$50,000 was paid subsequent to year-end);
- US\$43,845 payable on January 15, 2021.

As at July 31, 2020, US\$93,845 (\$125,790) was payable to the former minority partners.

In connection with the sale, the Company has agreed to pay finder's fees equal to 2.5% of the proceeds received from the sale to a director of the Company. The fees are payable upon receipt of proceeds from the purchaser. During the year ended July 31, 2020, the Company paid finder's fees of US\$67,500 (\$90,869). As at July 31, 2020, an additional US\$27,500 (\$36,861) of finder's fees was accrued in due to related parties.

During the year ended July 31, 2020, the Company recognized \$4,398,119 in costs recovered on sale of mineral properties as follows:

Revenue from sale of mineral properties (US\$3,850,000)	\$	5,026,560
Less: Costs paid and accrued to former minority partners (US\$243,845)		(330,396)
Less: Disposal of property and equipment		(298,045)
Less: Finder's fees		(127,730)
<hr/>		
Costs recovered on sale of mineral properties	\$	4,270,389

12. INCOME TAXES

	2020	2019
Statutory Canadian corporate tax rate	27%	27%
Expected current income tax expense (recovery)	\$ 773,000	\$ (143,000)
Non-deductible permanent differences	1,000	3,000
Change in estimate and other	39,000	(278,000)
Application of non-capital loss carry-forwards	(676,000)	
Change in deferred tax assets not recognized	(137,000)	418,000
<hr/>		
Deferred income tax recovery	\$ -	\$ -

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12. INCOME TAXES (Continued)

The significant components of the Company's deferred tax assets are as follows:

	2020	2019
Non-capital loss carry-forwards	\$ 864,000	\$ 991,000
Share issue costs	3,000	6,000
Investment in associate	16,000	-
Property and equipment	8,000	13,000
Mineral resource properties	542,000	1,309,000
Capital losses	74,000	1,000
	<u>1,507,000</u>	<u>2,320,000</u>
Unrecognized deferred tax assets	<u>(1,507,000)</u>	<u>(2,320,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

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 \$3,246,000 which may be carried forward to reduce taxable income in future years, if not utilized, expiring in years from 2026 to 2040.

13. RELATED PARTY TRANSACTIONS

The Company's related parties include key management officers and companies held by key management officers. Unless otherwise stated none of the transactions incorporated special terms and conditions and no guarantees were given or received.

As at July 31, 2020, \$152,100 (2019 - \$952,344) of the amount owing to related parties is unsecured, bears interest at 12% per annum and is due on demand. As at July 31, 2020, \$129,346 (2019 - \$129,521) in interest has been accrued on these amounts.

As at July 31, 2020, \$29,559 (2019 - \$292,242) of the amount owing to related parties is unsecured, bears no interest and is due on demand.

As at July 31, 2020, trade payables included \$31,342 (2019 - \$Nil) of amounts owing to related parties. The amounts are unsecured and bear no interest.

As at July 31, 2020, \$5,250 (2019 - \$5,250) was owing from a related company for reimbursement of expenses paid by the Company on the related company's behalf.

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors and management. Key management personnel compensation comprised the following:

	2020	2019
Short-term key management benefits:		
Consulting & management fees*	\$ 961,281	\$ 370,000
Director's fees	75,000	-
Finder's fees	127,730	-
Interest	70,639	89,019
Total compensation	<u>\$ 1,234,650</u>	<u>\$ 459,019</u>

*Includes amounts recorded as consulting, exploration and evaluation, project supervision, and management fee expenses.

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14. 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 or sale and cash flow, 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 reporting periods.

15. 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 July 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	\$ 315,452	\$ 4,581
Amounts receivable	1,474,440	-
Carrying amounts	\$ 1,789,892	\$ 4,581

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Management reviews receivables on a regular basis, reviewing the history of payments to determine their collectability. As at July 31, 2020, there is no indication that the Company's amounts receivable are not collectable.

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.

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15. FINANCIAL INSTRUMENT RISK DISCLOSURES (Continued)

Liquidity risk (continued)

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 statement of financial position are as follows:

	Level	2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Cash	1	\$ 315,452	\$ 315,452	\$ 4,581	\$ 4,581
Amounts receivable	3	1,474,440	1,474,440	-	-
FINANCIAL LIABILITIES					
Trade and other payables	3	309,353	309,353	161,031	161,031
Convertible debentures	3	-	-	163,806	163,806
Due to related parties	3	311,034	311,034	1,374,106	1,374,106
Loans payable	3	188,360	188,360	624,021	624,021

16. 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 July 31, 2020, \$55,950 (2019-\$55,950) is accrued for Part XII.6 taxes.
- b) The Company issued flow-through shares in the amount of \$335,750 during the year ended July 31, 2017. 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, 2018. As at July 31, 2020, the Company is obligated to spend \$60,560 (2019-\$60,560).

17. SEGMENTED INFORMATION

Operating Segments

The company has one operating segment, the exploration and evaluation of mineral properties.

Geographic Segments

The Company's principal operations are carried out in Canada and Guinea.

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17. SEGMENTED INFORMATION (Continued)

Statements of Financial Position

July 31, 2020	Canada	Guinea	Total
Current Assets	\$ 1,838,996	\$ -	\$ 1,838,996
Long-term assets	198,193		198,193
Total Assets	\$ 2,037,189	\$ -	\$ 2,037,189

July 31, 2019	Canada	Guinea	Total
Current Assets	\$ 49,893	\$ -	\$ 49,893
Long-term Assets	256,799	298,045	554,844
Total Assets	\$ 306,692	\$ 298,045	\$ 604,737

Segmented comprehensive losses by geographical location are as follows:

Year ended July 31, 2020	Canada	Guinea	Total
Comprehensive income	\$ 2,905,121	\$ -	\$ 2,905,121

Year ended July 31, 2019	Canada	Guinea	Total
Comprehensive loss	\$ (460,335)	\$ (180,067)	\$ (640,402)

18. 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 the Priko gold permit and the pending Zenoula gold permit application.

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%.