CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Volcanic Gold Mines Inc.

Opinion

We have audited the accompanying consolidated financial statements of Volcanic Gold Mines Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Volcanic Gold Mines Inc. as at December 31, 2018 and 2017, and its financial performance and its 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 Auditor's 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 the consolidated financial statements, which indicates that the Company had not yet achieved profitable operations, has accumulated losses of $15,383,527 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Managements, Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRSs, 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

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 auditor's report is Peter Maloff.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 23, 2019

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current		
Cash	$ 82,675	$ 1,155,116
Receivables	12,416	9,858
Prepaid expenses and deposits	5,115	66,693
Total current assets	100,206	1,231,667
Non-current		
Long-term deposits (Note 9)	61,000	61,000
Property and equipment (Note 5)	6,353	17,375
Deferred acquisition costs (Note 7)	-	43,569
Mineral properties (Note 7)	-	2,605,605
Total non-current assets	67,353	2,727,549
	$ 167,559	**$ 3,959,216**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 392,423	$ 182,991
Total liabilities	392,423	182,991
Shareholders' equity (deficiency)		
Share capital (Note 10)	13,191,847	13,191,847
Other equity reserves (Note 10)	2,143,227	2,143,227
Deficit	(15,383,527)	(12,049,692)
Equity (deficiency) attributed to shareholders of the Company	(48,453)	3,285,382
Non-controlling interest (Note 6)	(176,411)	490,843
Total shareholders' equity (deficiency)	(224,864)	3,776,225
	$ 167,559	**$ 3,959,216**

Nature and continuance of operations (Note 1)
Subsequent events (Note 17)

Approved and authorized by the Board on April 23, 2019.

"Jeremy Crozier"	Director	*"Simon Ridgway"*	Director
Jeremy Crozier		Simon Ridgway	

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

		2018		2017
Exploration expenditures (Note 8)	$	631,952	$	2,825,047
General and administrative expenses				
Consulting and management fees (Note 9)		133,200		241,641
Depreciation (Note 5)		13,612		1,975
Investor relations (Note 9)		153,152		546,650
Office and administration (Note 9)		106,506		104,867
Professional fees (Note 9)		63,201		71,525
Regulatory and filing fees (Note 9)		13,450		23,027
Salaries and benefits (Note 9)		91,495		89,560
Share-based payments (Notes 9 and 11)		-		1,830,353
Travel (Note 9)		72,674		155,684
		647,290		3,065,282
Loss before other items		(1,279,242)		(5,890,329)
Other items				
Foreign exchange gain (loss)		(6,745)		17,078
Recovery on write-off of accounts payable (Note 9)		-		49,750
Write-off of mineral property costs (Note 7)		(2,671,533)		-
Write-off of deferred acquisition costs (Note 7)		(43,569)		(693,337)
Loss and comprehensive loss for the year	**$**	**(4,001,089)**	**$**	**(6,516,838)**
Loss and comprehensive loss attributable to:				
Equity shareholders of the Company	$	(3,333,835)	$	(6,403,352)
Non-controlling interest (Note 6)		(667,254)		(113,486)
	$	(4,001,089)	$	(6,516,838)
Basic and diluted loss per common share attributable to equity shareholders of the Company	$	(0.51)	$	(1.05)
Weighted average number of common shares outstanding		6,555,219		6,097,262

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (4,001,089)	$ (6,516,838)
Items not affecting cash:		
Recovery on write-off of accounts payable	-	(49,750)
Write-off of mineral property costs	2,671,533	-
Write-off of deferred acquisition costs	43,569	693,337
Depreciation	13,612	1,975
Share-based payments	-	1,830,353
Non-cash working capital item changes:		
Amounts receivable	(2,558)	(2,885)
Prepaid expenses and deposits	61,578	(66,693)
Long-term deposits	-	(61,000)
Accounts payable and accrued liabilities	209,432	(78,683)
Net cash used in operating activities	(1,003,923)	(4,250,184)
FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	-	6,119,058
Share issuance costs	-	(236,831)
Net cash provided by financing activities	-	5,882,227
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,590)	(19,350)
Deferred acquisition costs	-	(736,906)
Mineral property acquisitions	(65,928)	(193,417)
Net cash used in investing activities	(68,518)	(949,673)
Change in cash for the year	(1,072,441)	682,370
Cash, beginning of year	1,155,116	472,746
Cash, end of year	**$ 82,675**	**$ 1,155,116**

Supplemental cash flow information (Note 16)

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

VOLCANIC GOLD MINES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Equity (deficiency) attributed to shareholders of the Company								
	Number	**Amount**	**Share subscriptions**	**Warrants reserve**	**Share-based payment reserve**	**Deficit**	**Total equity (deficiency) attributed to shareholders**	**Non-controlling interest**	**Total**
Balance, December 31, 2016	2,089,895	$5,408,551	$ 301,567	$ -	$ 104,517	$(5,646,340)	$ 168,295	$ -	$ 168,295
Loss for the year	-	-	-	-	-	(6,403,352)	(6,403,352)	(113,486)	(6,516,838)
Shares issued for mineral property acquisition	538,053	1,807,859	-	-	-	-	1,807,859	-	1,807,859
Shares issued for private placement	2,738,095	6,000,000	(301,567)	-	-	-	5,698,433	-	5,698,433
Shares issued for finders' fees	34,533	55,599	-	-	-	-	55,599	-	55,599
Share issuance costs	-	(500,787)	-	208,357	-	-	(292,430)	-	(292,430)
Warrants exercised	1,154,643	420,625	-	-	-	-	420,625	-	420,625
Share-based payments	-	-	-	-	1,830,353	-	1,830,353	-	1,830,353
Acquired in an asset acquisition	-	-	-	-	-	-	-	604,329	604,329
Balance, December 31, 2017	6,555,219	13,191,847	-	208,357	1,934,870	(12,049,692)	3,285,382	490,843	3,776,225
Loss for the year	-	-	-	-	-	(3,333,835)	(3,333,835)	(667,254)	(4,001,089)
Balance, December 31, 2018	**6,555,219**	**$ 13,191,847**	**$ -**	**$ 208,357**	**$ 1,934,870**	**$ (15,383,527)**	**$ (48,453)**	**$ (176,411)**	**$ (224,864)**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Volcanic Gold Mines Inc. is a publicly traded company incorporated under the British Columbia Corporations Act on April 25, 2007. The Company together with its subsidiaries (collectively referred to as the "Company") is principally engaged in acquisition and exploration of resource properties. The Company currently trades under the symbol "VG" on the TSX Venture Exchange.

The head office, principal address and records office of the Company are located at 200 Burrard Street, Suite 650, Vancouver, British Columbia, V6C 3L6, Canada.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At December 31, 2018, the Company had not yet achieved profitable operations, has accumulated losses of $15,383,527 since its inception, and expects to incur further losses in the development of its business. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Subsequent to the year ended December 31, 2018, the Company completed a consolidation of the issued shares, warrants and stock options outstanding at April 8, 2019 on a one new for seven old basis. As a result, the Company's issued shares as at December 31, 2018 were reduced to 6,555,219. All references to common shares, warrants, stock options, and per share amounts in these consolidated financial statements have been updated to reflect the share consolidation.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

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

The consolidated financial statements are presented in Canadian dollars ("CAD").

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiaries as at December 31, 2018 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Sovereign Mines of Africa Limited	British Virgin Islands	100%	Holding company
Sovereign Mines of Guinea Limited	British Virgin Islands	75%	Holding company
Guiord SA	Republic of Guinea	75%	Exploration company

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the corporate group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Loss Per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Exploration and Evaluation - Mineral Properties

Pre-exploration costs are expensed as incurred. Costs related to the acquisition of mineral properties are capitalized by property, and costs related to the exploration and evaluation of mineral properties are expensed as incurred, until the property reaches development stage. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and Evaluation - Mineral Properties (cont'd...)

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and the share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the share issuance date.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, oil and gas interests, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "Unit"), and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The value of the warrant components is measured using the residual value approach.

Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments, such as stock options and warrants, 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 at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. Upon expiry or forfeiture, the recorded value is transferred to deficit for stock options or share capital for warrants.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments

Financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

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 gives 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.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost 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. Accumulated gains or losses recognized through other comprehensive income are not transferred to retained earnings (deficit) when the financial instrument is derecognized or its fair value substantially decreases.

Financial assets measured at fair value through profit or loss ("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 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 derecognition are generally recognized in the consolidated statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments (cont'd...)

Financial liabilities (cont'd...)

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured and are usually paid within 45 days of recognition.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Adoption of New Accounting Standard

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 did not have a material impact on the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of our financial instruments at the transition date.

New Standards Not Yet Adopted

The Company will be required to adopt the following standard and amendments issued by the IASB as described below.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 Leases of which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The new standard will be effective for the Company's annual period beginning January 1, 2019.

The Company does not anticipate the adoption of IFRS 16 to have a significant impact on its financial statements.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The determination of the Company's and its subsidiaries' functional currency are determined based on management's assessment of the economic environment in which the entities operate.

b) The application of the Company's accounting policy for mineral property expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property assets.

   In respect of costs incurred for its investment in mineral property assets, management has determined there are indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

c) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it had an interest, there may be unidentified decommissioning liabilities present.

e) Accounting for Mandiana project acquisition – During the 2017 fiscal year, the Company issued shares to complete its acquisition of Sovereign Mines of Africa Limited which held an indirect 75% interest the Mandiana project in Guinea (Note 7). Management determined that the transaction represented an acquisition of assets rather than a business combination because the mineral properties were in the exploration and evaluation stage and have not demonstrated technical feasibility, economic viability or the ability to provide economic benefit. The remaining 25% interest in the Mandiana project was held indirectly by SOGUIPAMI, a Guinea government-owned business. The Company made the judgement to account for SOGUIPAMI's interest as a non-controlling interest under IFRS 10.

f) Write off of deferred acquisition costs – During the 2017 fiscal year, the Company entered into an agreement to acquire an indirect 80% interest in a private Guinean company which holds exploration and mining permits making up the WAMA project. The Company paid transaction costs of $28,887 on this transaction and advanced US$500,000 ($664,450) before deciding to not proceed beyond the initial phase and wrote off all capitalized costs during the 2017 fiscal year.

   The amount advanced, US$500,000, was provided as a non-interest bearing loan which would be applied toward payments under the agreement should the Company pursue the agreement, but would be repayable in the event the Company decided not to opt to proceed beyond the initial phase. During the 2017 fiscal year, the Company made the judgement to impair the full balance based on their assessment of the low likelihood of recovery of this amount. The Company continues to consider the loan amount as not being recoverable as at December 31, 2018.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd...)

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

5. PROPERTY AND EQUIPMENT

	Computer equipment	Field equipment	Total
Cost			
Balance, December 31, 2016	$ -	$ -	$ -
Additions	9,038	10,312	19,350
Balance, December 31, 2017	9,038	10,312	19,350
Additions	2,590	-	2,590
Balance, December 31, 2018	**$ 11,628**	**$ 10,312**	**$ 21,940**
Accumulated amortization			
Balance, December 31, 2016	$ -	$ -	$ -
Charge for year	1,202	773	1,975
Balance, December 31, 2017	1,202	773	1,975
Charge for year	4,073	9,539	13,612
Balance, December 31, 2018	**$ 5,275**	**$ 10,312**	**$ 15,587**
Carrying amounts			
At December 31, 2017	$ 7,836	$ 9,539	$ 17,375
At December 31, 2018	**$ 6,353**	**$ -**	**$ 6,353**

(Expressed in Canadian Dollars)

6. NON-CONTROLLING INTEREST

Non-controlling interests ("NCI"s) in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Total comprehensive loss of the Company's subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance. For the year ended December 31, 2018, 25% of the net assets of the Company's consolidated subsidiaries, Sovereign Mines of Guinea Limited and Guiord SA ("Guiord"), which held the Mandiana mineral property, were attributable to its non-controlling interest. The value of the NCI at December 31, 2018 was a deficiency of $176,411 (2017: value of $490,843) after accounting for losses allocated to NCI during the year of $667,254 (2017: $113,486).

The Company adjusts the non-controlling interest by attributing a proportionate amount of the subsidiaries' net identifiable assets. The Company also adjusts other comprehensive loss to reflect the new ownership interest. These adjustments are also recognized in equity.

Summarized financial information in relation to Guiord, before intra-group eliminations, is presented below together with amounts attributed to NCI:

		Years ended December 31,		
		2018		**2017**
Exploration expenses	$	(21,238)	$	(478,818)
Amortization		(11,444)		(928)
Foreign exchange gain (loss)		(30,728)		25,803
Write-down of mineral property interest		(2,605,605)		-
Loss after tax	$	(2,669,015)	$	(453,943)
Total loss and comprehensive income allocated to NCI	$	(667,254)	$	(113,486)
Dividends paid to NCI	$	-	$	-
Cash flows from operating activities	$	(51,966)	$	(453,015)
Net cash outflows	$	(51,966)	$	(453,015)

As at December 31		**2018**		**2017**
Current assets	$	-	$	3,087
Non-current assets		-		2,617,049
		-		2,620,136
Current liabilities		-		-
Non-current liabilities		(705,643)		(656,764)
		(705,643)		(656,764)
Net assets	$	(659,109)	$	1,963,372
Accumulated non-controlling interests	$	(176,411)	$	490,843

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

The Company capitalized the following acquisition costs of its mineral property interests during the period from January 1, 2017 to December 31, 2018:

	Guinea Mandiana	Ivory Coast La Debo	Total
Balance, December 31, 2016	$ -	$ -	$ -
Acquisition costs	2,605,605	-	2,605,605
Balance, December 31, 2017	2,605,605	-	2,605,605
Acquisition costs	-	65,928	65,928
Write-down of acquisition costs	(2,605,605)	(65,928)	(2,671,533)
Balance, December 31, 2018	**$ -**	**$ -**	**$ -**

Mandiana Project - Guinea

In 2016 the Company entered into an assignment agreement with Radius Gold Inc. ("Radius"), pursuant to which the Company was assigned a purchase agreement to acquire the Mandiana Project, a gold property located in Guinea, from Sovereign Mines of Africa PLC ("SMA").

On January 19, 2017, the Company completed the transaction and acquired all of the outstanding share capital of SMA's wholly owned subsidiary, Sovereign Mines of Africa Limited ("Sovereign Mines"), which, through its indirect holdings in Guiord SA ("Guiord"), owned an indirect 75% interest in a series of exploration licences located in Guinea commonly referred to as the Mandiana Project. The remaining 25% interest in the Mandiana Project was held indirectly by SOGUIPAMI, a Guinea government-owned business entity which conducts exploration of mineral projects in Guinea. The 25% interest held by SOGUIPAMI is accounted for as a non-controlling interest (Note 6).

In consideration for acquiring the outstanding share capital of Sovereign Mines and for the assignment by Radius, the Company issued 357,498 common shares with a fair value of $1,201,195 to SMA and 180,555 common shares with a fair value of $606,664 to Radius. Each of SMA, Sovereign Mines and Radius were at arm's length to the Company at the time of the transaction.

The acquisition of the Mandiana Project was accounted for as an asset acquisition. Amounts of $604,329 were recognized as non-controlling interest on acquisition (Note 6). Net identifiable liabilities assumed totalled $188,290. Of the purchase consideration, $2,605,605 was allocated to mineral property asset costs and $188,290 to accounts payable. Additional transaction costs of $5,127 were included in the purchase consideration.

All but one of the exploration licences comprising Guiord's landholding at Mandiana were in good standing until October 2018. The licence covering the northern portion of the Mandiana Project, in which the mineral resource occurs, had an expiry date of March 30, 2018. The Company submitted a two-year renewal application in advance of the expiry date, but the renewal process with the mining authority had been hindered by a lack of administrative clarity and a high degree of uncertainty on the part of the Guinea authorities. With no improvement expected in dealing with the Guinea mining authority, the Company decided during the 2018 fiscal year to discontinue operations in Guinea, and on October 29, 2018, the Company was notified by the Guinea government that the one remaining licence had expired, with no renewal allowed. Acquisition costs for the Mandiana Project totalling $2,605,605 were written off and charged to operations for the year ended December 31, 2018.

7. MINERAL PROPERTIES (cont'd...)

Seimana Project - Guinea

During the 2017 fiscal year, the Company entered into a binding and exclusive Memorandum of Understanding (the "MOU") to acquire up to a 100% interest in the Seimana Project in Guinea. The Seimana Project comprised four exploration permits, which together adjoin both the Mandiana Project and the WAMA Project.

Pursuant to the terms of the MOU, a cash payment of $24,096 (US$17,640) was made to the Seimana optionors, which was used to complete the renewal of the mineral tenures that comprise the Seimana Project. Subject to completion of satisfactory due diligence on title to the Seimana Project, the Company would have had the exclusive option to acquire a 70% interest in the Seimana Project by incurring exploration expenditures of US$700,000 on the Seimana Project within 18 months of the effective date of the MOU, including expenditures of at least US$300,000 within the first 6 months. Once the Company acquired the 70% interest, the remaining 30% interest in the Seimana Project held by the optionors would have remained undiluted until such time as the Company has incurred aggregate exploration expenditures of US$2.0 million. Thereafter, the minority owners would have had the right, but not the obligation, to participate in any project funding in proportion to their percentage ownership in the Project, or be diluted proportionally.

During the 2017 fiscal year, the initial cash payment of $24,097 and additional transaction costs of $19,472 were recorded as deferred acquisition costs.

Based on the results of the Company's due diligence procedures, the Company determined in July 2018 to terminate the MOU and write off deferred acquisition costs totalling $43,569 during the year ended December 31, 2018.

La Debo and Soubre Properties - Ivory Coast

During the year ended December 31, 2018, the Company entered into a binding and exclusive Memorandum of Understanding (the "MOU") to acquire up to 100% ownership of JOFEMA Mineral Resources SARL ("JOFEMA"), a private company registered in the Ivory Coast. The assets of JOFEMA under option consist of exploration permits and exploration permit renewals known as La Debo and Soubre (the "Properties").

Subject to the Company completing satisfactory due diligence and to stock exchange approval, the Company would have had the exclusive right to acquire either a 65% or a100% of the issued shares of JOFEMA, by incurring exploration expenditures on the Properties over a period of three years totaling US$5,000,000, and making cash and share payments to JOFEMA.

During the year ended December 31, 2018, based on the results of the Company's due diligence procedures, the Company decided to terminate the MOU. Acquisition costs for the Properties totalling $65,928 were written off and charged to operations for the year ended December 31, 2018.

7. MINERAL PROPERTIES (cont'd...)

WAMA Project, Guinea

During the 2017 fiscal year, the Company entered into an agreement (the "Agreement") to acquire an indirect 80% interest in West African Mining Associates SARL ("WAMA"), a private Guinean company which owns two exploration permits and three mining permits (the "WAMA Project") adjoining the Mandiana Project.

The Company was granted the option (the "Option") to acquire 100% of the issued shares of a British Virgin Islands corporation ("BVI"), which would have held 80% of the issued shares of WAMA. In order to exercise the option, the Company was to:

a) Issue in stages over a period of 34 months a total of 1,714,286 common shares of the Company pro-rata to the shareholders of BVI, and incur exploration expenditures on the WAMA Project in stages totalling at least $11.5 million. Of these expenditures, the Company was to spend during an initial 120 day period (extended to 140 days during the current period) ("Initial Phase") a minimum of $500,000 on evaluation exploration work including drill-testing (completed), after which the Company would decide if it wished to continue making the prescribed share issuances and exploration expenditures to complete the acquisition of BVI and the WAMA Project;

b) Assume, subject to certain conditions, US$9.1 million of debt (the "Debt") currently owing by WAMA to its principal shareholder (the "Debt Holder"). The Debt was to become payable by the Company only upon the definition by the Company of a minimum Mineral Resource prepared in a manner consistent with current definitions and requirements as set out by CIM and Canadian National Instrument 43-101 ("Minimum Resource") of 1.5 million ounces of gold at a minimum grade of 2.0 g/t gold on the WAMA Project. The Debt was to have been repaid partly in cash and partly in common shares of the Company. The Company initially made a non-interest bearing cash loan of $664,450 (US$500,000) to the Debt Holder during the year ended December 31, 2017 and recorded as a deferred acquisition cost, toward payment of the Debt, but this loan is to be repaid should the Company not opt to proceed beyond the Initial Phase; and

c) Issue warrants entitling the Debt Holder to purchase up to 857,142 common shares of the Company exercisable for a period of five years at a price of $7.00 per share, to be exercisable (i) as to 50% at such time as the Company had completed its acquisition of 100% of BVI and had established the Minimum Resource, and (ii) as to 100% at such time as the Company had completed its acquisition of BVI and had established a Mineral Resource prepared in a manner consistent with current definitions and requirements as set out by CIM and Canadian National Instrument 43-101 of at least 2.0 million ounces of gold at a minimum grade of 2.0 g/t gold.

If the Company decided to proceed beyond the Initial Phase, the Agreement would have become subject to approval by the TSX Venture Exchange.

During the 2017 fiscal year, the Company decided to not continue with the Option but instead, seek to enter into new option terms with WAMA. By December 31, 2017, the Company had discontinued negotiations for a new transaction with WAMA, and as a result, deferred acquisition costs totalling $693,337 were charged to operations during the year ended December 31, 2017.

(Expressed in Canadian Dollars)

8. EXPLORATION EXPENDITURES

During the year ended December 31, 2018, the Company incurred the following exploration expenditures:

	Guinea		Ivory Coast	
	Mandiana	**Other**	**La Debo**	**Total**
Field expenses	$ 2,446	$ -	$ 36,373	$ 38,819
Geological and other consulting	96,091	5,415	35,425	136,931
Licenses, permitting and taxes	91,790	-	-	91,790
Office and administration	23,778	34,329	-	58,107
Project management	66,000	8,800	54,000	128,800
Travel	133,651	1,854	42,000	177,505
	$ 413,756	**$ 50,398**	**$ 167,798**	**$ 631,952**

During the year ended December 31, 2017, the Company incurred the following exploration expenditures:

	Guinea				
	Mandiana	**WAMA**	**Seimana**	**Other**	**Total**
Assaying	$ 55,852	$ 46,403	$ -	$ -	$ 102,255
Drilling	759,540	490,899	-	-	1,250,439
Field expenses	141,972	156,703	22,932	-	321,607
Geophysics	116,287	-	-	-	116,287
Geological and other consulting	255,742	77,918	17,827	73,949	425,436
Licenses, rights and taxes	42,627	-	-	-	42,627
Office and administration	23,134	14,633	-	24,851	62,618
Project management	78,150	47,250	13,500	-	138,900
Salaries and benefits	101,137	-	-	-	101,137
Travel	182,279	54,385	-	27,077	263,741
	$ 1,756,720	**$ 888,191**	**$ 54,259**	**$ 125,877**	**$ 2,825,047**

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The Company had transactions during the years ended December 31, 2018 and 2017 with related parties consisting of directors, officers and the following companies with common directors:

Related party	**Nature of transactions**
Radius Gold Inc. ("Radius")	Shared administrative and exploration related charges
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Consulting services
Andros Capital Corp. ("Andros")	Consulting services

Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

a) During the years ended December 31, 2018 and 2017, the Company reimbursed Gold Group, a private company controlled by a director of the company, for the following costs:

		2018		**2017**
General and administrative expenses:				
Office and administration	$	71,156	$	68,631
Salaries and benefits		87,683		85,825
Shareholder communications		1,515		2,491
Transfer agent and regulatory fees		3,492		7,999
Travel and accommodation		15,066		30,584
	$	**178,912**	**$**	**195,530**

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the years ended December 31, 2018 and 2017 include those for the Chief Financial Officer and the Corporate Secretary.

b) During the year ended December 31, 2018, the Company reimbursed Radius, a company with a common director and officer, $Nil (2017: $55,051) for personnel, investor relations and travel costs incurred on the Company's behalf.

c) During the year ended December 31, 2017, an amount of $49,750 owing to a director for past services was waived by the director and written off by the Company.

d) Prepaid expenses and deposits as of December 31, 2018 includes an amount of $2,074 (2017: $167) paid to Gold Group.

e) Long-term deposits as of December 31, 2018 consists of $61,000 (2017: $61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

f) Included in accounts payable and accrued liabilities as of December 31, 2018 was $60,302 (2017: $18,411) owing to Gold Group and $194,590 (2017: $76,197) owing to directors and officers of the Company. The amount for Gold Group is due on a monthly basis and secured by a deposit. The amounts owing to directors and officers are unsecured, interest-free and have no specific terms of repayment.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd...)

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the years ended December 31, 2018 and 2017 are the following items paid or accrued to key management personnel and/or companies with common directors.

		2018		2017
General and administrative expenses:				
Consulting and management fees	$	133,200	$	163,200
Salaries and benefits		27,500		26,722
Professional fees - accounting		-		5,000
Share-based compensation (value of stock option grants)		-		1,034,838
Exploration expenditures:				
Project management		128,800		138,900
	$	**289,500**	**$**	**1,368,660**

Key management compensation includes consulting fees paid to Mill Street, a company controlled by the Executive Chairman of the Company, and to Andros, a company controlled by the former Vice President, Capital Markets.

The value of stock option grants recorded as share-based compensation made to directors not specified as key management personnel during the year ended December 31, 2017 was $134,979.

10. SHAREHOLDERS EQUITY

a) Common shares

During the year ended December 31, 2018, there was no share capital activity

During the year ended December 31, 2017, the following share capital activity occurred:

i) On January 5, 2017, the Company closed a private placement of 952,379 units at $1.05 per unit for gross proceeds of $1,000,000, of which $301,567 had been received prior to December 31, 2016 and had been recorded as subscriptions received in advance. Each unit consisted of one common share and one-half of one warrant, each whole warrant exercisable into one common share of the Company at $1.75 per share until January 5, 2018. The warrants were subject to an acceleration provision such that if the closing price of the Company's shares for 10 consecutive trading days is $2.80 or greater, the Company may give notice to the holders of the warrants that the warrants will expire 30 calendar days after receipt of such notice. In connection with this financing, the Company paid finders' fees of $9,765 cash, 34,534 common shares and 61,100 warrants, each warrant exercisable at $1.75 per share until January 5, 2018 and subject to the same acceleration provision as above. The fair value of the finders' fee shares was $55,599, based on a value of $1.61 per share, and recorded as share issuance costs. The fair value of the finders' fee warrants was $31,308 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.62%, dividend yield of 0%, volatility of 89% and expected life of one year. Other share issuance costs associated with this financing totalled $14,570.

ii) On January 19, 2017, the Company issued 538,053 common shares valued at $1,807,859 for the acquisition of the Mandiana Project (Note 7).

iii) On March 9, 2017, the Company closed a private placement of 1,785,712 units at $2.80 per unit for gross proceeds of $5,000,000. Each unit consisted of one common share and one warrant, each warrant exercisable into one common share of the Company at $5.60 per share until March 8, 2022. The warrants were subject to an acceleration provision such that if the closing price of the Company's shares for 10 consecutive trading days is $7.00 or greater, the Company may give notice to the holders of the warrants that the warrants will expire 30 calendar days after receipt of such notice. In connection with this financing, the Company paid finders' fees of $183,470 cash and 65,525 warrants, each warrant exercisable at $5.60 until March 8, 2022 and subject to the same acceleration provision as above. The fair value of the finders' fee warrants was $177,049 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.25%, dividend yield of 0%, volatility of 89% and expected life of five years. Other share issuance costs associated with this financing totalled $29,026.

iv) A total of 1,154,644 warrants were exercised for gross proceeds of $420,625.

(Expressed in Canadian Dollars)

10. SHAREHOLDERS EQUITY (cont'd...)

b) Warrants

A summary of warrants activity from January 1, 2017 to December 31, 2018 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2016	1,428,572	$0.35
Issued on private placement	2,388,528	$4.74
Exercised during the year	(1,154,644)	$0.36
Balance, December 31, 2017	2,662,456	$4.28
Expired during the year	(525,505)	$1.75
Balance, December 31, 2018	**2,136,951**	**$4.90**

Details of warrants outstanding as of December 31, 2018 are:

Expiry date	Number of warrants	Exercise price
January 17, 2019[1]	285,714	$0.35
March 8, 2022	1,851,237	$5.60
	2,136,951	

[1] In 2016, the Company extended the expiry date from January 17, 2017 to January 17, 2019

11. SHARE-BASED PAYMENTS

Option Plan Details

The Company has a stock option plan whereby options may be granted to directors, employees, consultants and certain other service providers to encourage ownership of the Company's common shares. The Company may grant options for up to 10% of the issued and outstanding common shares. The term of any option granted under the plan may not exceed 10 years. The vesting periods for all options granted pursuant to the plan will be determined at the discretion of the Board of Directors at the time of the grant. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12 month period.

The following is a summary of stock option activity during the year ended December 31, 2018:

				During the year				
Grant date	Expiry date	Exercise price	Opening balance	Granted	Exercised	Forfeited / cancelled	Closing balance	Vested and exercisable
March 15, 2017	March 14, 2027	$4.20	549,998	-	-	(35,714)	514,284	514,284
June 27, 2017	June 26, 2027	$4.20	32,143	-	-	-	32,143	32,143
			582,141	-	-	(35,714)	546,427	546,427
Weighted average exercise price			$4.20	-	-	$4.20	$4.20	$4.20

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd...)

The following is a summary of stock option activity during the year ended December 31, 2017:

				During the year				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / cancelled**	**Closing balance**	**Vested and exercisable**
March 15, 2017	March 14, 2027	$4.20	-	549,998	-	-	549,998	549,998
June 27, 2017	June 26, 2027	$4.20	-	32,143	-	-	32,143	32,143
			-	582,141	-	-	582,141	582,141
Weighted average exercise price			-	$4.20	-	-	$4.20	$4.20

The weighted average remaining contractual life of the options outstanding at December 31, 2018 is 8.22 (2017: 9.22) years.

Fair Value of Options Issued

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

There were no options granted during the year ended December 31, 2018. The weighted average fair value at grant date of options granted during the year ended December 31, 2017 was $3.14 per option. The model inputs for options granted during the year ended December 31, 2017 included a risk-free interest rate of 1.21%, dividend yield of 0%, volatility in the range of 106% to 108% and expected life of five years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payment Transactions

Total expenses arising from stock option grants during the year ended December 31, 2018 and recorded as share-based compensation expense was $Nil (2017: $1,830,353).

As of December 31, 2018 and 2017, there were no unrecognized compensation costs related to unvested share-based payment awards.

(Expressed in Canadian Dollars)

12. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Loss before income taxes	$ (4,001,089)	$ (6,516,838)
Expected income tax (recovery)	$ (1,080,000)	$ (1,694,000)
Non-deductible and other items	423,000	(115,000)
Change in foreign exchange and income tax rates	(56,000)	408,000
Change in unrecognized deductible temporary differences	713,000	1,401,000
Income tax recovery	**$ -**	**$ -**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2018	Expiry date range	2017
Exploration and evaluation assets	$ 4,830,000	N/A	$ 3,229,000
Investment tax credits	4,000	2019-2038	4,000
Property and equipment	8,000	N/A	-
Share issue costs	142,000	2037-2038	192,000
Non-capital losses	5,535,000	2027-2038	4,475,000
	$ 10,519,000		**$ 7,900,000**

(Expressed in Canadian Dollars)

13. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets are located in Canada and the Republic of Guinea.

Details of identifiable assets by geographic segments are as follows:

Year ended December 31, 2018

	Canada	Guinea	Ivory Coast	Consolidated
Exploration expenditures	$ -	$ 464,154	$ 167,798	$ 631,952
Mineral property costs written off	-	2,605,605	65,928	2,671,533
Deferred acquisition costs written off	-	43,569	-	43,569
Net loss	(611,863)	(3,155,500)	(233,726)	(4,001,089)
Capital expenditures*	2,590	-	65,928	68,518

Year ended December 31, 2017

	Canada	Guinea	Consolidated
Exploration expenditures	$ -	$ 2,825,047	$ 2,825,047
Deferred acquisition costs written off	-	693,337	693,337
Net loss	(3,716,666)	(2,800,172)	(6,516,838)
Capital expenditures*	6,978	2,057,217	2,064,195

*Capital expenditures consists of additions of property and equipment, mineral property acquisition costs, and deferred acquisition costs

As at December 31, 2018

	Canada	Guinea	Consolidated
Total current assets	$ 100,206	$ -	$ 100,206
Total non-current assets	67,353	-	67,353
Total assets	**$ 167,559**	**$ -**	**$ 167,559**
Total liabilities	**$ 392,423**	**$ -**	**$ 392,423**

As at December 31, 2017

	Canada	Guinea	Consolidated
Total current assets	$ 1,228,580	$ 3,087	$ 1,231,667
Total non-current assets	66,931	2,660,618	2,727,549
Total assets	**$ 1,295,511**	**$ 2,663,705**	**$ 3,959,216**
Total liabilities	**$ 182,991**	**$ -**	**$ 182,991**

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

   The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2018, the Company is not exposed to significant interest rate risk.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Market risk (cont'd...)

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and the Republic of Guinea. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2018 and 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at December 31,	2018	2017	
	US Dollars (CDN equivalent)	**US Dollars (CDN equivalent)**	**Guinea Franc (CDN equivalent)**
Cash	$ 5,308	$ 20,134	$ -
Amounts receivable	-	-	2,638
Accounts payable and accrued liabilities	(107,515)	(56,997)	-
Net exposure	**$ (102,207)**	**$ (36,863)**	**$ 2,638**

Based on the above net exposure as at December 31, 2018, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $10,200 in the Company's net loss and comprehensive loss for the year ended December 31, 2018 (2017: $3,400).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

The Company does not expect its capital resources as of December 31, 2018 to be sufficient to cover its corporate operating costs and carry out exploration activities for the next twelve months. As such, the Company raised capital of $375,000 subsequent to December 31, 2018 (Note 17) to cover its corporate operating costs and will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

16. SUPPLEMENTARY CASH FLOW INFORMATION

No cash was paid for interest or taxes for the years ended December 31, 2018 and 2017.

There were no significant non-cash investing and financing transactions during the year ended December 31, 2018.

During the year ended December 31, 2017, significant non-cash investing and financing transactions included the following:

a) As part of the acquisition of the Mandiana project (Note 6) the Company:
   i) issued 538,053 common shares valued at $1,807,859;
   ii) recognized additional accounts payable of $188,290; and
   iii) recognized a non-controlling interest of $604,329;

b) On private placements (Note 10) the Company:
   i) issued 34,533 common shares with a fair value of $55,599 as finders fees;
   ii) issued 126,625 finders warrants valued at $208,357; and
   iii) recognized $301,567 in share subscriptions received in the year ended December 31, 2016.

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the following events which have not been disclosed elsewhere in these consolidated financial statements have occurred:

a) 285,714 share purchase warrants with an exercise price of $0.35 per share expired;

b) 548,660 common shares were issued to related parties and a former related party to settle a total of $192,031 in debt.

c) The Company closed a non-brokered private placement of 1,500,000 units at $0.25 per unit for proceeds of $375,000. Each unit consists of one common share of the Company and one warrant, each warrant entitling the holder to purchase one additional common share of the Company at $0.35 for one year from closing.