Roxgold

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in U.S. Dollars)
(Audited)

Management's responsibility for financial reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making significant accounting judgments and estimates in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and ensuring that all information in the annual report is consistent with the consolidated financial statements, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

PricewaterhouseCoopers LLP, an independent partnership of Chartered Professional Accountants, has been appointed by the shareholders to audit the consolidated financial statements as at December 31, 2020 and 2019 and for the years then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 3, 2021

/s/ John Dorward

John Dorward, Chief Executive Officer

/s/ Vince Sapuppo

Vince Sapuppo, Chief Financial Officer

Independent auditor's report

To the Shareholders of Roxgold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Roxgold Inc. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of income for the years ended December 31, 2020 and 2019;
- the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019;
- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of equity for the years ended December 31, 2020 and 2019;
- the consolidated statements of cash flow for the years ended December 31, 2020 and 2019; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions *Refer to note 3 – Critical accounting estimates and judgments paragraph vi – Uncertain tax positions to the consolidated financial statements* The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit its ability to obtain tax deductions in future periods. The estimates relating to the different tax assessments received from the countries in which the Company operates necessarily involve a degree of estimation and judgment with regard to certain items whose tax treatment cannot be finally determined until a resolution of an opposition process has been reached with the relevant taxation authority or, as appropriate, through a formal legal process. The Company expects to resolve these items without incurring any significant tax payable.	Our approach to addressing the matter included the following procedures, among others: • Tested the calculation of the provision for uncertain tax positions by jurisdiction, including management's assessment of the technical merits of tax positions and estimates of the most likely amounts. • Assessed the information used in the calculation of the provision for uncertain tax positions, including consideration of changes in facts and circumstances during the year in the context of applicable tax laws, recent rulings, tax filing positions, tax opinions, related final tax returns and correspondence with local taxation authorities. • Used professionals with specialized skill and knowledge in the fields of Canadian and foreign taxation laws to assist in the evaluation of the Company's uncertain tax positions, including evaluating the reasonableness of management's assessment of whether it is probable that the taxation authority will accept an uncertain tax treatment, the estimate of the provision for uncertain tax positions and the application of relevant tax laws. • Evaluated the status and results of income tax audits with the relevant tax authorities. • Assessed the appropriateness of the disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
The inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position, results of operations and cash flows. Management assessed the relevance and effect of changes in facts and circumstances during the year in the context of applicable tax laws on its uncertain tax positions and adjusted its provision accordingly. Assessing whether it is probable that the taxation authority will accept an uncertain tax treatment and the estimate of the provision require significant management judgment related to the interpretation and application of complex tax laws and regulations. We considered this a key audit matter due to the significant judgment by management when determining uncertain tax positions, including a high degree of estimation uncertainty relative to the numerous tax laws, frequency of tax audits and potential for significant adjustments as a result of such audits. This resulted in a high degree of auditor judgment and subjectivity in performing procedures and evaluating management's identification and recognition of, and measurement and disclosure of, the provision for uncertain tax positions. The audit effort involved the use of professionals with specialized skill and knowledge in the fields of foreign taxation laws.	

Other information

Management is responsible for the other information. The other information comprises the 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 audit, or otherwise appears to be materially misstated.

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 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Guilbault.

/s/ PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 3, 2021

[1] CPA auditor, CA, public accountancy permit No. A128042

Roxgold Inc.
Consolidated Statements of Income

(Audited)
(Expressed in thousands of U.S. Dollars)

For the years ended December 31,	**Notes**	**2020**	**2019**
Mine operations			
Revenues – Gold sales		239,686	181,978
Mine operating expenses	4	(81,890)	(59,932)
Royalties		(14,392)	(9,990)
Depreciation	11	(55,023)	(51,136)
Mine operating profit		**88,381**	**60,920**
Other expenses			
General and administrative	5	(5,550)	(5,373)
Sustainability and other in-country costs		(1,568)	(3,017)
Exploration and evaluation	6	(29,617)	(16,146)
Share-based payments	17	(3,497)	(2,501)
Depreciation	11	(810)	(1,050)
Operating profit		**47,339**	**32,833**
Other income (expenses)			
Financing costs		(5,290)	(5,090)
Change in fair value of derivative financial instruments	15	(4,998)	(5,974)
Foreign exchange loss		2,612	(1,959)
Other expenses		(3,445)	(5,722)
Income before income taxes		**36,218**	**14,088**
Income tax expense			
Current income tax expense	20	(14,005)	(5,511)
Deferred income tax expense	20	2,688	(2,914)
Net income		**24,901**	**5,663**
Attributable to:			
Roxgold shareholders		18,866	2,183
Non-controlling interest		6,035	3,480
Earnings per share			
Basic	25	0.05	0.01
Diluted	25	0.05	0.01
Weighted average number of common shares outstanding - Basic	25	372,561,341	371,608,565
Weighted average number of common shares outstanding - Diluted	25	390,401,691	388,292,336

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

Approved on March 3, 2021 on behalf of the directors

/s/ John Dorward
Director

/s/ John Knowles
Director

(Audited)
(Expressed in thousands of U.S. Dollars)

For the years ended December 31,	2020	2019
Net income	**24,901**	**5,663**
Other item that may be reclassified subsequently to the consolidated statement of income		
Currency translation adjustment	694	641
Comprehensive income	**25,595**	**6,304**
Attributable to:		
Roxgold shareholders	19,560	2,824
Non-controlling interest	6,035	3,480
	25,595	**6,304**

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

Roxgold Inc.
Consolidated Statements of Financial Position
(Audited)
(Expressed in thousands of U.S. Dollars)

As at December 31,	**Notes**	**2020**	**2019**
Assets			
Current assets			
Cash and cash equivalents	7	61,878	41,780
Taxes recoverable and other receivables	8	28,249	18,490
Prepaid expenses and deposits		3,551	2,444
Inventory	9	20,683	9,567
		114,361	72,281
Non-current assets			
Inventory	9	7,082	12,634
Property, plant and equipment	11	217,224	202,286
Restricted cash	16	2,056	1,551
Deferred tax asset	20	2,824	2,931
Total assets		**343,547**	**291,683**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		44,855	39,922
Contract liability		1,860	-
Current portion of lease obligations	13	5,161	7,845
Current portion of long-term debt	14	15,862	15,750
Current portion of derivative financial instruments	15	3,230	7,164
Current income tax liability		11,331	5,795
		82,299	76,476
Non-current liabilities			
Long-term debt	14	18,748	8,959
Derivative financial instruments	15	-	2,043
Asset retirement obligations	16	3,155	3,263
Lease obligations	13	10,960	-
Deferred share units' liability	17	2,039	812
Deferred income tax liability	20	16,128	18,699
Total liabilities		**133,329**	**110,252**
Equity			
Share capital	17	211,343	208,491
Reserves	17	24,713	24,360
Accumulated other comprehensive income		13,810	13,116
Deficit		(59,208)	(78,061)
Equity attributable to Roxgold shareholders		190,658	167,906
Equity attributable to non-controlling interest		19,560	13,525
Total equity		**210,218**	**181,431**
Total liabilities and equity		**343,547**	**291,683**
Commitments	22		

Roxgold Inc.
Consolidated Statements of Equity
(Audited)
(Expressed in thousands of U.S. Dollars)

For the years ended December 31,	2020	2019
Share capital		
Balance – Beginning of year	208,491	208,940
Shares issued for exercise of share awards	2,852	2,044
Share repurchase	-	(2,493)
Balance – End of year	**211,343**	**208,491**
Warrants[1]		
Balance – Beginning of year	4,676	4,676
Balance – End of year	**4,676**	**4,676**
Options		
Balance – Beginning of year	12,307	12,838
Shares issued for exercise of options	(675)	(610)
Share buyback	(409)	-
Share-based payments	29	79
Balance – End of year	**11,252**	**12,307**
Restricted, performance and deferred share units		
Balance – Beginning of year	7,377	6,232
Restricted, performance and deferred share units	2,006	1,862
Settlement of restricted share units	(598)	(717)
Balance – End of year	**8,785**	**7,377**
Accumulated other comprehensive income		
Balance – Beginning of year	13,116	12,475
Other comprehensive income	694	641
Balance – End of year	**13,810**	**13,116**
Deficit		
Balance – Beginning of year	(78,061)	(79,608)
Share repurchase	(13)	(636)
Income attributable to Roxgold shareholders	18,866	2,183
Balance – End of year	**(59,208)**	**(78,061)**
Total equity attributable to Roxgold shareholders	**190,658**	**167,906**
Total equity attributable to non-controlling interests		
Balance – Beginning of year	13,525	10,045
Income attributable to non-controlling interest	6,035	3,480
Balance – End of year	**19,560**	**13,525**
Total Equity	**210,218**	**181,431**

Refer to Note 17 for further information on changes to equity.

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

[1] This balance relates to warrants that have expired and were not exercised. There are no warrants outstanding as at December 31, 2020.

Roxgold Inc.
Consolidated Statements of Cash Flow
(Audited)
(Expressed in thousands of U.S. Dollars)

For the years ended December 31,	**Notes**	**2020**	**2019**
Operating activities			
Net Income (loss)		**24,901**	**5,663**
Adjustments for operating activities:			
Depreciation	11	55,833	52,186
Share-based payments	17	3,497	2,501
Change in fair value of derivative financial instruments	15	4,998	5,974
Change in asset retirement obligation	16	(617)	(324)
Asset retirement obligation accretion	16	333	302
Long-term debt accretion	14	732	1,259
Gain on modification of debt	14	(749)	-
Financing costs	14	856	-
Current income tax expense		14,005	5,511
Deferred income tax expense		(2,688)	2,914
Settlement of hedge contract	15	(9,951)	(4,665)
Payment of income tax		(8,296)	-
Unrealized foreign exchange (loss) gain		(4,567)	288
		78,287	**71,609**
Changes in non-cash working capital	21	(9,241)	15,867
		69,046	**87,476**
Financing activities			
Repayment of long-term debt	14	(5,082)	(12,750)
Proceeds of revolving credit facility	14	15,000	-
Financing costs	14	(856)	-
Payments of lease obligations	13	(6,740)	(6,407)
Share unit cash settlement	17	-	(127)
Proceeds from stock option exercise	17	1,254	844
NCIB share buyback	17	-	(3,127)
		3,576	**(21,567)**
Investing activities			
Asset Acquisition - Séguéla gold project		-	(21,380)
Asset Acquisition – cash acquired		-	221
Transaction costs		-	(453)
Additions to property, plant and equipment	11	(53,947)	(64,684)
Repurchase of NSR - Séguéla gold project	11	(775)	-
Restricted cash		(505)	(517)
Bagassi South pre-commercial production revenue	11	-	14,173
Bagassi South pre-commercial production expenses	11	-	(10,879)
		(55,227)	**(83,519)**
Net increase (decrease) in cash		**17,395**	**(17,610)**
Effect of foreign exchange rates on cash		2,703	(443)
Cash and cash equivalents, beginning of year		**41,780**	**59,833**
Cash and cash equivalents, end of year		**61,878**	**41,780**
Interest paid		1,664	2,105

Refer to note 21 for supplemental cash flow information

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

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

1. Nature of operations

Roxgold Inc. (the "Company") is a Canadian-based gold mining company with its key asset, the Yaramoko Gold Mine, located in the Houndé greenstone belt of Burkina Faso, West Africa and advancing the development and exploration of Séguéla Gold Project located in Côte d'Ivoire. The Yaramoko Gold Mine consists of two high-grade underground gold mines: the 55 Zone and Bagassi South. The Company is a reporting issuer in all provinces and territories of Canada other than Quebec and its common shares are listed on the Toronto Stock Exchange under the symbol "ROXG" and on the OTCQX Market under the symbol "ROGFF". The Company has its corporate head office located at 360 Bay Street, Suite 500, Toronto, Ontario, M5H 2V6.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic, which continues to remain in place. 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 led to an economic downturn. Whilst production has been maintained, a prolonged COVID-19 related interruption may have an impact on the Company's operations, financial position and liquidity.

2. Summary of significant accounting policies

A. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

B. Statement of compliance

The Company's audited consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements. The Board of Directors authorized the consolidated financial statements for publication on March 3, 2021.

C. Consolidation, functional and presentation currency

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

Name of Subsidiary	Place of Incorporation	Beneficial Common Share Ownership Interest	Principal Activity	Functional Currency
Roxgold SANU S.A.	Burkina Faso	90%	Mining	USD
Roxgold Burkina Faso S.A.R.L.	Burkina Faso	100%	Exploration	USD
Roxgold Exploration S.A.R.L.	Burkina Faso	100%	Exploration	USD
FR Mining Limited	British Virgin Islands	100%	Holding	USD
FR Gold Limited	British Virgin Islands	100%	Holding	USD
Roxgold CI Limited	Cayman Islands	100%	Holding	USD
FR Gold Mining Ltd.	Canada	100%	Holding	CAD
Roxgold Resources Pty Ltd	Australia	100%	Corporate	AUD
LGL Exploration Côte d'Ivoire SA	Côte d'Ivoire	100%	Exploration	XOF
LGL Resources Côte d'Ivoire SA	Côte d'Ivoire	100%	Exploration	XOF

The functional currency for each entity consolidated within the Company's financial statements is determined by the currency of the primary economic environment in which it operates. The functional currency for the Company is the Canadian dollar and the functional currencies of its subsidiaries are noted in the table above. The consolidated financial statements are presented in United States dollars which is the presentation currency for the Company.

Assets and liabilities of the subsidiaries that have a functional currency other than the Canadian dollar are translated into U.S. dollars at the exchange rate in effect on the consolidated statement of financial position date and revenues and expenses are translated at the average rate over the reporting period. Gains and losses from these translations are recognized in other comprehensive income.

2. Summary of significant accounting policies (continued)

D. Segment reporting

The Company currently has three reportable segments: mining operations, exploration and evaluation of mineral properties located in Burkina Faso and exploration and evaluation of mineral properties located Côte d'Ivoire. Corporate includes the activities from the head office, which is located in Toronto and the subsidiaries in Australia, British Virgin Islands and Cayman Islands. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who is responsible for allocating resources and assessing the performance of the operating segments, and which has been identified as the management team that makes strategic decisions.

E. Property, plant and equipment

Property, plant and equipment ("PP&E") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PP&E consists of the purchase price, applicable borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statement of income (loss) during the period in which they are incurred unless the PP&E are used in mineral properties under development for which the costs are capitalized in the mineral properties under development assets.

Certain costs associated with the development of the underground mine incurred during the production phase, drilling costs associated with converting resources to reserves, and drilling cost likely to expand the existing resource body or an area of interest are considered underground capital development and are capitalized if they are expected to bring future economic benefits to the Company.

Depreciation is recognized based on the cost of an item of PP&E, less its estimated residual value, over its expected useful life:

	Useful life (years)
Furniture, mining vehicles, and computer equipment	Straight line over 2-3 years
Processing plant	Units of production over life of mine ("LOM")
Underground mine	Units of production over the component's life
Camp	Straight line over LOM
Acquisition costs, infrastructure, and other development costs	Units of production over LOM

Depreciation is capitalized to mineral properties under development when related to a specific development project.

The residual value, useful life and depreciation method for PP&E are reviewed, and adjusted if appropriate, on an annual basis.

An item of PP&E is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net proceeds on disposal and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of income.

Where an item of PP&E consists of major components with different useful lives, the components are accounted for as separate items of PP&E. Expenditures incurred to replace a component of an item of PP&E that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the time at which the related mining property has reached a pre-determined level of operating capacity intended by management. Costs incurred prior to this point, including depreciation of related PP&E, are capitalized and proceeds from sales during this period are offset against capitalized costs. Upon completion of construction, mining properties under development are amortized on a unit of production basis according to the portion of the mine's economically recoverable and proven ore reserves produced during the period.

2. Summary of significant accounting policies (continued)

F. Commercial production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of mineral properties under development within property, plant and equipment, and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. Management considered several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- when the mine is substantially complete and ready for its intended use;
- the mine has the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of pre-determined percentage of design capacity;
- mineral recoveries are at or near the expected production level, and;
- a reasonable period of testing of the mine plant and equipment has been completed.

G. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for mineral sales in the normal course of business. Revenue from the sale of gold is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product. Until such time when commercial production was reached, pre-commercial production revenue is accounted for as a reduction of mineral properties under development within property, plant and equipment ("PPE").

H. Inventories

Inventories currently include stockpiled ore, gold-in-circuit ("GIC"), gold doré, and consumables inventory. The value of all production inventories includes direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate head office are excluded from any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

Stockpiled ore represents unprocessed ore that has been mined and is available for future processing. Stockpiled ore is measured by estimating the number of tonnes added to or removed from the stockpile, the number of contained ounces and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

GIC inventory represents ore that is being treated in the processing plant to extract the contained gold and to convert it to a saleable form. The amount of gold in the GIC inventory is determined by assay values and by measures of the various gold bearing materials in the recovery process. The GIC inventory is valued at the average cost of the beginning inventory and the cost of material fed into the processing plant plus in-circuit conversion costs including applicable mine-site overheads, and depreciation.

Gold doré inventory is gold in the form of saleable doré bars that have been poured. The valuation of gold doré inventory includes the direct costs of mining and processing operations as well as direct mine site overheads, and depreciation.

Ore stockpile inventory is segregated between current and non-current inventory based on its expected processing date.

I. Exploration and evaluation expenses

Exploration and evaluation ("E&E") expenditures for each separate area of interest are expensed and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

Acquisition costs related to a mineral property are capitalized to exploration and evaluation assets until technical feasibility and commercial viability is reached at which time it is subsequently transferred to PP&E. These include rights to mining properties paid or acquired through a business combination or an acquisition of assets. Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production and after they are transferred to PP&E.

2. Summary of significant accounting policies (continued)

I. Exploration and evaluation expenses (continued)

E&E expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- early economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping studies.

E&E expenditures include overhead expenses directly attributable to the related activities. E&E expenditures excluding acquisition costs are expensed, until technical feasibility and commercial viability has been reached, at which point E&E expenditures are capitalized under mineral properties under development within PP&E.

When a mineral property moves into the development stage, mineral property acquisition costs are tested for impairment prior to the reclassification to mineral properties under development.

J. Provisions

i) *General*

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

ii) *Rehabilitation provision*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, evaluation, development or ongoing production at a mineral property. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted each period for the unwinding of the discount rate, and if required, for changes to the current market-based discount rate, amount and timing of the underlying cash flows needed to settle the obligation. The Company also records a corresponding asset amount which is amortized over the remaining service life of the asset.

K. Impairment of non-financial assets

PP&E and E&E assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is recognized immediately as an impairment loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined had no impairment been previously recognized. The previously recognized impairment loss is reversed during the period in profit or loss.

2. Summary of significant accounting policies (continued)

L. Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized in equity as a deduction from the proceeds in the period in which the transaction occurs.

M. Share-based payment transactions

i) *Stock options*

The fair value of stock options granted to employees is recognized as an expense, or capitalized to PP&E, over the vesting period with a corresponding increase in option reserves. 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, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the stock options vest. The fair value of 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 stock options that are expected to vest.

ii) *Deferred, performance and restricted share units*

Deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") are measured at fair value on the grant date. The expense for DSUs, PSUs and RSUs, to be redeemed in shares, is recognized over the vesting period, or using management's best estimate when contractual provisions restrict vesting until completion of certain performance conditions, with a corresponding charge as an expense or capitalized to PP&E. DSUs to be redeemed in cash are adjusted at each financial position reporting date for changes in fair value until such time when the directors retire from all positions with the Company.

N. Income taxes

Income tax on the profit or loss for the periods presented 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 other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognized where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not affect either accounting or taxable profit or loss, other than where the initial recognition of such an asset or liability arises in a business combination. 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 reporting date.

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.

Deferred income tax assets and liabilities are presented as non-current. Assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities or deferred tax assets against deferred tax liabilities and the respective assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

O. Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined using the treasury stock method to compute the dilutive effect of equity classified stock options, deferred, performance and restricted share units. Under this method it is assumed that an amount corresponding to the sum of the cash proceeds to be obtained upon exercise and the unrecorded share-based compensation of the potentially dilutive instruments would be used to repurchase common shares at the average market price during the year.

2. Summary of significant accounting policies (continued)

P. Non-Controlling interests

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity even if the results of the non-controlling interest have a deficit balance.

The Company recognises transactions with non-controlling interest as transactions with equity shareholders. Changes in the Company's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Q. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Financial assets
Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) FVTPL – financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the consolidated statement of income.

b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash and cash equivalents and other receivables are recorded at amortized cost.

<u>Financial liabilities</u>
Financial liabilities are classified and measured at amortized cost unless they are designated as financial liabilities at FVTPL. The Company's trade payables, interest payable and credit facilities are classified and measured at amortized cost.

Derivative financial instruments are financial assets or financial liabilities classified as FVTPL unless designated in a qualifying hedging relationship. Financial liabilities at FVTPL are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the statement of income.

<u>Impairment</u>
The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

R. Financing fees

Fees paid to establish credit facilities are recognized as transaction costs when it is likely that some or all of the credit facilities, to which the fees are related, will be drawn down. Transaction costs are deferred until the facility is arranged and draw-down occurs, at which time the deferred financing fees will be offset against the proceeds of the Credit Facility. If it becomes likely that the Credit Facility will not be completed, the deferred financing fees will be expensed.

2. Summary of significant accounting policies (continued)

S. Credit facilities and borrowing costs

Credit facilities are recognized initially at fair value, net of transaction costs incurred. Credit Facilities are subsequently carried at amortized cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time when the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

T. Leases

As a result of the adoption of IFRS 16, the accounting policy for leases applied starting from January 1, 2019 as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

I. the contract involves the use of an identified asset
II. the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
III. the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 month or less.

U. Financial instruments – Fair value

The fair value hierarchy under which the Company's financial instruments are valued is as follows:

- Level 1 includes unadjusted quote prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities; and
- Level 3 includes inputs for the assets or liabilities that are not based on observable market data.

3. Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

3. Critical accounting estimates and judgements (continued)

Significant estimates and judgements used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) *Impairment of non-financial assets*

Assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. This determination requires significant judgment. Factors that could trigger an impairment review of PP&E include, but are not limited to, significant negative industry or economic trends including the price of gold, decrease in market capitalization and/or deferral of capital investments.

The Company's recoverable amount measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amount. The recoverable amount is based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amount of non-financial assets to its carrying values. The Company's recoverable amount estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves and resources, capital and site restoration expenditures, and estimated future foreign exchange rates, and may differ from actual values. These differences may be significant and could have a material impact on the Company's financial position and results of operation. Mineral reserve and resource estimates are the most important variable in the Company's recoverable amount estimates. A decrease in the reserves or resources may result in an impairment charge.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Company's non-financial assets.

ii) *Ore reserves and mineral resource estimates*

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Yaramoko Gold Mine. The estimates of ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpretation of the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The estimates and reports of ore reserves under the principles contained within the National Instrument 43-101 ("NI 43-101") for the Standards of Disclosure for Mineral Projects in Canada. The NI 43-101 requires the use of reasonable investment assumptions – including:

(a) Future production estimates – which include proven and probable reserves, resource estimates and committed expansions;

(b) Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price; and

(c) Future cash costs of production, capital expenditure and rehabilitation obligations.

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain below long-term historical averages for an extended period, management may assume that lower prices will prevail in the future and as a result, those lower prices are used to estimate reserves under the NI 43-101. Lower price assumptions generally result in lower estimates of reserves.

3. Critical accounting estimates and judgements (continued)

iii) *Asset Retirement Obligations ("ARO")*

The Company has recorded an ARO which reflects the present value of the estimated amount of undiscounted cash flows required to satisfy the ARO.

Future remediation costs are accrued at the end of each period based on management's best estimate of the undiscounted cash costs required for future remediation activities. Changes in estimates are reflected in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs to be incurred to complete the reclamation and remediation work which is required to comply with existing laws, regulations and constructive obligation. Estimates for future remediation costs are dependent on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect a current market assessment of the time value of money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation, changes in the mine plan and newly discovered mineral reserves.

Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations and the Company's intent could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

The Company assesses the ARO at each consolidated statement of financial position date for changes in the estimated amount of the obligation, timing of future cash flows and changes in the discount rate.

iv) *Income Taxes*

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Periodically, judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the probability that the Company will generate taxable profits in future periods, in order to utilize deferred tax assets. Once the evaluation is completed, if the Company believes that it is probable that some portion of deferred tax assets will fail to be realized, deferred tax asset is derecognized. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit its ability to obtain tax deductions in future periods.

Management's judgment is required in determining whether a deferred tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in asserting management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Corporation and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

vi) *Uncertain tax provisions*

The estimates relating to the different tax assessments received from the countries in which the Company operates necessarily involves a degree of estimation and judgment with regard to certain items whose tax treatment cannot be finally determined until a resolution of an opposition process has been reached with the relevant taxation authority or, as appropriate, through a formal legal process. The Company expects to resolve these items without incurring any significant tax payable. The inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position, results of operations and cash flows.

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

4. Mine operating expenses

A summary of mine operating expenses is presented below:

For the years ended December 31,	2020	2019
Mining contractor	50,140	36,279
Salaries and benefits	11,381	8,886
Operating supplies and parts	15,033	10,419
Energy	6,987	4,561
Inventory adjustment	(1,651)	(213)
	81,890	**59,932**

5. General and administrative expenses

A summary of general and administrative expenses is presented below:

For the years ended December 31,	2020	2019
Salaries and benefits	2,803	2,517
Directors' fees	399	544
Travel	75	485
Investor relations	594	302
Administration	812	848
Other	867	677
	5,550	**5,373**

6. Exploration and evaluation expenses

A summary of exploration and evaluation expenses is presented below:

For the years ended December 31,	2020	2019
Drilling	16,651	9,121
Geological work	2,754	2,023
Economic evaluations	3,833	806
G&A costs	6,379	4,196
	29,617	**16,146**

7. Cash and cash equivalents

As at December 31, 2020, cash on hand totalling $61,878,000 (2019: $41,780,000) consisted of cash in bank chequing accounts. The Company's cash balance is comprised of $18,959,000 US Dollars, CAD$3,850,000 ($3,130,000 US Dollars), and the West African Franc equivalent of €32,325,000 ($39,627,000 US Dollars).

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

8. Taxes recoverable and other receivables

As at December 31, 2020, receivables were mainly related to Value Added Tax ("VAT") receivable in Burkina Faso. They are non-interest bearing and generally settled within twelve months although they could be collected beyond the twelve-month period.

As at December 31,	2020	2019
VAT receivable	28,018	18,180
Other receivables	231	310
Ending balance	**28,249**	**18,490**

During the year ended December 31, 2020, the Company sold VAT receivables in the amount of $13,203,000 (2019: $27,378,000) at a factor rate of 5% and received reimbursements from the government in the amount of $1,714,000 (2019: $1,259,000).

9. Inventory

As at December 31,	2020	2019
Stockpiled ore	15,565	14,053
Gold-in-circuit	3,793	1,181
Doré bars	-	1,352
Consumables inventory	8,407	5,615
Total Inventory	**27,765**	**22,201**
Less: Current portion	(20,683)	(9,567)
Non-current Inventory	**7,082**	**12,634**

The amount of depreciation included within inventory at December 31, 2020 is $5,286,000 (2019: $4,066,000). For year ended December 31, 2020, the Company recognised a net realizable value adjustment on low grade stockpiled ore of Nil (2019: $117,000).

The long-term inventory represents low grade stockpiled ore which the Company does not expect to process within the next twelve months.

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

10. Acquisition

On April 18, 2019, the Company acquired a portfolio of 11 exploration permits in Côte d'Ivoire ('the Tenements") which includes the Séguéla gold project ("Séguéla") through the acquisition of LGL Resources SA and LGL Exploration SA ("the Transaction"). The Company has accounted for the acquisition as a purchase of assets and assumption of liabilities. The transaction did not qualify as a business combination under IFRS 3, *Business Combinations*, as significant inputs and processes that together constitute a business were not identified, given the early stage of exploration and evaluation of the Tenements. Therefore, the purchase price of $21,380,000 was allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of the acquisition. Transactions costs of $453,000 were capitalized as part of the cost of assets acquired.

A further cash payment of $10 million is payable upon first gold production from any of the tenements. The outcome of this event is not determinable at this time and no provision has been recorded as at December 31, 2020. Any provision will be recognized by the Company once it is probable that an outflow of funds will occur. The consideration and allocation of purchased price to assets acquired and liabilities assumed are as follows:

Purchase consideration	**Total**
Cash consideration	20,000
Pre-acquisition expenditures assumed by the Company	1,380
Acquisition costs	453
Less: Cash acquired	(221)
	21,612

Net identifiable assets	
Exploration and evaluation assets	21,417
Other non-current assets	763
Current assets	57
Current liabilities	(625)
	21,612

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

11. Property, plant and equipment

COST	Furniture, mining vehicles, and computer equipment	Processing plant	Underground mine	Acquisition, infrastructure, and other development costs	Mineral properties under development	E&E Asset	TOTAL
As at December 31, 2018	**27,786**	**39,689**	**88,571**	**69,092**	**25,267**	**-**	**250,405**
Additions	1,805	1,202	30,360	7,411	22,925	-	63,703
Séguéla acquisition	448	-	-	316	-	21,417	22,181
Addition as at January 1, 2019 from transition to IFRS 16	4,227	-	-	-	-	-	4,227
Transfer	1,471	10,912	28,780	3,735	(44,898)	-	-
Pre-production revenue	-	-	-	-	(14,173)	-	(14,173)
Pre-production expenses	-	-	-	-	10,879	-	10,879
Retirement of assets	(2,558)	-	-	-	-	-	(2,558)
Foreign exchange	37	-	-	194	-	33	264
As at December 31, 2019	**33,216**	**51,803**	**147,711**	**80,748**	**-**	**21,450**	**334,928**
Additions	15,446	32	37,691	15,449	-	785	69,403
Transfer	-	3,289	-	(3,289)	-	-	-
Foreign exchange	242	-	-	(106)	-	2,264	2,400
As at December 31, 2020	**48,904**	**55,124**	**185,402**	**92,802**	**-**	**24,499**	**406,731**
ACCUMULATED DEPRECIATION							
As at December 31, 2018	**(12,765)**	**(14,228)**	**(31,438)**	**(21,954)**	**-**	**-**	**(80,385)**
Additions	(8,601)	(8,177)	(26,323)	(11,607)	-	-	(54,708)
Retirement of assets	2,558	-	-	-	-	-	2,558
Foreign exchange	(32)	-	-	(75)	-	-	(107)
As at December 31, 2019	**(18,840)**	**(22,405)**	**(57,761)**	**(33,636)**	**-**	**-**	**(132,642)**
Additions	(8,298)	(6,526)	(32,646)	(9,374)	-	-	(56,844)
Foreign exchange	(24)	-	-	3	-	-	(21)
As at December 31, 2020	**(27,162)**	**(28,931)**	**(90,407)**	**(43,007)**	**-**	**-**	**(189,507)**
NET BOOK VALUE							
Net book value as at December 31, 2019	**14,376**	**29,398**	**89,950**	**47,112**	**-**	**21,450**	**202,286**
Net book value as at December 31, 2020	**21,742**	**26,193**	**94,995**	**49,795**	**-**	**24,499**	**217,224**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

11. Property, plant and equipment (continued)

The net book value of the assets held in Canada, Burkina Faso and Côte D'Ivoire totalled $656,000, $190,999,000 and $25,569,000 respectively, as at December 31, 2020 (2019: $243,000, $179,790,000 and $22,253,000 respectively). Included under mining equipment are right-of-use assets at a net book value of $19,626,000 (2019: $9,926,000).

In November 2020, the Company exercised its buy back rights and repurchased a 0.3% Net Smelter Royalty (the "NSR") from an original property owner with respect to the Company's Séguéla Gold Project. The Company exercised its rights under the royalty agreement which include a right of first offer, a right to match and a buyback right on a decision to mine, to pre-empt an arms-length acquisition between the original property owner and an international royalty company. After close of the transaction, Séguéla continues to have a 1.2% NSR held by another original property owner under similar terms. The Company repurchased the NSR for a consideration of $0.7 million.

12. Accounts payable and accrued liabilities

A summary of accounts payable and accrued liabilities is presented below:

As at December 31,	2020	2019
Accounts payable	21,605	15,869
Royalties payable	2,974	1,879
Accrued liabilities	20,276	22,174
	44,855	**39,922**

13. Lease obligations

The Company has a Mining Service Contract with African Underground Mining Services ("AUMS") and it was determined that based on the substance of the Mining Service Contract at the inception date, it contained leases with respect to the mining fleet to be provided by AUMS.

On August 1, 2020, the Company extended the mining contract ("Amended Contract") for Zone 55 and Bagassi South to AUMS which for accounting purposes is treated as a lease modification under IFRS 16 – Leases. This requires the Company to remeasure the existing lease obligation and adjust the right of use asset under the amended contract terms increasing the lease obligation by $14,889,000.

The Amended Contract has a term of 41 months. The imputed financing costs on the liability were determined based on the Company's incremental borrowing rate and similar finance leases to mining companies, which has been estimated at 6.5%.

As at December 31,	2020	2019
Opening balance	7,845	9,931
Add: remeasurement of lease obligation	15,016	758
Add: IFRS 16 impact	-	4,227
Deduct: repayments	(6,740)	(7,071)
Total lease obligations	**16,121**	**7,845**
Less: current portion	(5,161)	(7,845)
Non-current obligations	**10,960**	**-**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

14. Long-term debt

As at December 31,	**2020**	**2019**
Opening balance	24,709	36,200
Add: drawdown on revolving credit facility	15,000	-
Deduct: debt repayment	(5,082)	(12,750)
Gain on modification of debt	(749)	-
Add: accretion	732	1,259
Ending balance	**34,610**	**24,709**
Less: current portion	(15,862)	(15,750)
Non-current portion	**18,748**	**8,959**

The facility includes covenants customary for a transaction of this nature. As at December 31, 2020, the Company has maintained all covenants. In the twelve-month period ended December 31, 2020, the Company has made principal repayments totalling $5,082,000 and interest and accretion totalling $2,396,000 (December 31, 2019 - $3,420,000) which were expensed in the Company's consolidated statement of income.

On March 31, 2020, the Company completed the drawdown of $15,000,000 from its revolving credit facility.

On June 29, 2020, the Company completed the refinancing of its existing credit facility (the "Amended Facility") by consolidating the outstanding principal amount of the original credit facility as well as the revolving credit facility into a single credit facility with an outstanding principal balance of $37,050,000. The Amended Facility is subject to a quarterly repayment schedule commencing in Q4 2020, with an interest rate of LIBOR plus 4.00% and a final maturity date at the end of Q4 2022. The Company paid an arrangement fee of $856,000 on refinancing, and this was included as financing costs expense in the Company's consolidated statement of income.

The Amended Facility includes the following financial and operational covenants (all maintained as of December 31, 2020):

i) Maintaining a loan life ratio of at least 175%; and
ii) Maintaining credit equal to or greater than $10 million in the project accounts.

As the change in future payment terms expected was determined not to be substantial, the amendment was recorded as a debt modification. In accordance with IFRS 9, the effective interest rate on the Credit Facility was recalculated at the amendment date based on the carrying value of the Amendment Facility, and its expected future payment terms, and a gain was recorded in the Company's consolidated statement of income.

The revised repayment schedule is based on a percentage of the Amended Facility as follows:

Repayment dates	**% of total Amended Facility**
December 31, 2020	4%
March 31, 2021	10%
June 30, 2021	11%
September 30, 2021	11%
December 31, 2021	12%
March 31, 2022	13%
June 30, 2022	13%
September 30, 2022	13%
December 30, 2022	13%

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

15. Derivative financial instruments

The execution of a hedging program was completed in July 2016 as a condition precedent to the drawdown of the Credit Facility (note 14). The hedging program comprised of the forward sale of 65,000 ounces of gold, at an average price of US$1,052 per ounce, which is to be settled on a monthly basis from January 2017 to March 2021.

During the year ended December 31, 2020, the Company recognized a change in the fair value of derivative financial instruments of $4,998,000 loss (2019: $5,974,000 loss) in its consolidated statement of income. During the year ended December 31, 2020, the Company redeemed hedging contracts totalling $10,975,000 (2019: $5,208,000) of which $9,951,000 (2019: $4,665,000) were cash settled. The cash settlement is completed on the first business day of the following month. During the year ended December 31, 2020, the Company has settled 15,288 ounces and as at December 31, 2020, 3,848 ounces are outstanding.

The fair value of instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at December 31, 2020, the derivative financial instruments have been classified as Level 2 financial instruments according to the Company's fair value hierarchy. The fair value of these instruments is determined using discounted future cash flows based on the forward gold curve. There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2020 and 2019.

For the years ended December 31,	**2020**	**2019**
Opening balance	9,207	8,441
Change in fair value of derivatives	4,998	5,974
Settlement of derivative financial instruments	(10,975)	(5,208)
Ending balance	**3,230**	**9,207**
Less: current portion	(3,230)	(7,164)
Non-current portion	**-**	**2,043**

16. Asset retirement obligations

The Company recognizes a provision related to its constructive and legal obligations in Burkina Faso to restore its Yaramoko property. The cost of these obligations is determined based on the expected future level of activity and costs related to decommissioning the mines and restoring the property. As at December 31, 2020, the Company has a provision for mine rehabilitation of $3,155,000 (2019: $3,263,000). A related accretion expense of $333,000 (2019: $302,000) was recorded in the consolidated statement of income. The provision is calculated at the net present value of the estimated future undiscounted cash flows using a discount rate of 10.50% (2019: 10.25%), a remaining mine life of approximately five years based on reserves only and estimated future undiscounted liability of $4,709,000.

The Company has a bank account in Burkina Faso which is restricted solely for the purpose of future restoration costs of its Yaramoko property. At December 31, 2020, the restricted cash balance was $2,056,000 (2019: $1,551,000).

For the years ended December 31,	**2020**	**2019**
Opening balance	3,263	2,791
Additions	176	494
Change in asset retirement obligations	(617)	(324)
Add: accretion	333	302
Ending balance	**3,155**	**3,263**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

17. Share capital and reserves

For the years ended December 31,	2020	2019
Number of shares		
Balance – Beginning of year	371,562,306	374,380,796
Shares issued for exercise of share awards	3,222,073	2,130,510
Shares repurchased and cancelled	-	(4,949,000)
Balance – End of year	**374,784,379**	**371,562,306**

A. Authorized

The authorized share capital of the Company is comprised of an unlimited number of voting common shares.

B. Share issuances

During the year ended December 31, 2020, the Company issued 428,922 shares pursuant to the Company's deferred share units plan for total net impact of $312,000 (C$420,000), 566,484 shares pursuant to the restricted share units plan for a total net impact of $598,000 (C$801,000) and 2,226,667 options were exercised at a weighted average price of $0.73 per share, for total proceeds of $1,254,000 (C$1,630,000). At the time the options were exercised the weighted average share price was C$1.64.

During the year ended December 31, 2019, the Company issued 525,511 shares pursuant to the Company's restricted share units plan for total net impact of $590,000 (C$784,000) and 1,604,999 exercise of stock options with a weighted average exercise price of C$0.63 per share, for total net proceeds of $844,000 (C$1,127,000). At the time the options were exercised the weighted average share price was C$1.16.

C. Share cancellations

During the year ended December 31, 2020, the Company did not repurchase and cancel any shares under the NCIB. During the year ended December 31, 2019, the Company repurchased and cancelled 4,949,000 shares at an average price of C$0.84/share, for a total cost of $3,130,000 (C$4,157,000). To date, the Company has not purchased any common shares under the renewed NCIB.

On June 16, 2020, the Company announced that a notice of intention to renew a Normal Course Issuer Bid ("NCIB") was filed and accepted by the TSX. The NCIB commenced on June 19, 2020 and will terminate on the earlier of i) June 17, 2021; and ii) the date in which the maximum number of Common Shares that can be acquired pursuant to the NCIB are purchased. The Company may purchase up to 10 million common shares under NCIB.

D. Share-based payments

A summary of the share-based payment expenses is detailed as follows:

For the years ended December 31,	2020	2019
Stock options costs	65	66
Deferred unit costs – expensed	1,118	608
Performance share unit costs – expensed	602	362
Restricted share unit costs - expensed	1,712	1,465
Total share-based payments expensed	**3,497**	**2,501**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

17. Share capital and reserves (continued)

E. Stock options

A summary of the Company's stock option activities for the year ended December 31, 2020 and December 31, 2019 is presented below:

	Number of stock options	Weighted average exercise price $ (CAD)
Balance as at December 31, 2018	**7,683,055**	**0.87**
Granted	450,000	0.91
Exercised	(1,604,999)	0.62
Forfeited/Expired	(1,269,445)	1.19
Balance as at December 31, 2019	**5,258,611**	**0.88**
Granted	-	-
Exercised	(2,226,667)	0.73
Forfeited/Expired	(1,500,000)	0.69
Balance as at December 31, 2020	**1,531,944**	**1.27**

During the year ended December 31, 2020, the Company did not grant options that were specifically linked to performance-based metrics (2019: 450,000).

The following assumptions were used for the Black-Scholes valuation of stock options granted during December 31, 2019. There were no stock options granted in 2020.

For the year ended December 31,	**2019**
Dividend rate	0%
Expected annualized volatility	52.8%
Risk free interest rate	1.51%
Expected life of stock options (years)	5
Weighted average fair value of options granted	C$0.42

Expected annualized volatility was based on the Company's historical volatility.

As at December 31, 2020, the Company had the following stock options outstanding:

Expiry date	Number of stock options outstanding	Number of stock options vested	Exercise price $CAD	Weighted average number of years to expiry
January 4, 2021	100,000	100,000	0.69	0.01
June 9, 2021	100,000	100,000	1.41	0.44
January 19, 2022	881,944	881,944	1.50	1.05
March 31, 2024	450,000	150,000	0.91	3.25
	1,531,944	**1,231,944**	**1.27**	**1.59**

F. Deferred share units

The following table reflects the movement in deferred share units:

	Number of instruments
Balance as at December 31, 2018	**4,876,816**
Granted	688,751
Balance as at December 31, 2019	**5,565,567**
Granted	598,068
Settled	(428,922)
Balance as at December 31, 2020	**5,734,713**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

17. Share capital and reserves (continued)

As at December 31, 2020, all DSUs have vested and 4,122,183 units had a dilutive impact as the remaining DSUs totalling 1,612,530 units are to be settled in cash and included as a liability on the Company's consolidated statement of financial position. The total intrinsic value of deferred share units for which the counterparty's right to cash had vested amounted to $2,039,000.

G. Restricted share units

The following table reflects the movement in restricted share units:

	Number of instruments
Balance as at December 31, 2018	**2,706,467**
Granted	3,586,966
Forfeited	(750,187)
Settled	(75,904)
Balance as at December 31, 2019	**5,467,342**
Granted	3,241,579
Forfeited	(337,849)
Settled	(566,484)
Balance as at December 31, 2020	**7,804,588**

Expiry date	Number of instruments	Number of instruments vested	Weighted average number of years to expiry
December 1, 2021	1,736,697	1,191,883	0.92
December 1, 2022	2,938,672	1,040,412	1.92
January 1, 2023	112,360	-	2.00
December 1, 2023	3,016,859	-	2.92
Balance as at December 31, 2020	**7,804,588**	**2,232,295**	**2.10**

H. Performance share units

The following table reflects the movement in performance share units:

	Number of instruments
Balance as at December 31, 2018	**1,017,927**
Granted	1,949,405
Forfeited	(403,676)
Balance as at December 31, 2019	**2,563,656**
Granted	2,117,979
Forfeited/Expired	(300,000)
Balance as at December 31, 2020	**4,381,635**

Expiry date	Number of instruments	Weighted average number of years to expiry
February 1, 2021	567,227	0.09
January 1, 2022	1,696,429	1.00
January 23, 2023	2,117,979	2.06
Balance as at December 31, 2020	**4,381,635**	**1.40**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

18. Capital management

The Company considers the items included in long-term debt and equity attributable to Roxgold shareholders as capital, which at December 31, 2020 totalled $225,268,000 (2019: $192,742,000). Refer to consolidated statement of equity and note 14 for explanations regarding changes to capital and long-term debt between December 31, 2020 and 2019.

The Company's capital management objectives are as follows:

- Ensure sufficient financial flexibility to achieve short and long-term business objectives including funding of future growth and development and exploration opportunities.
- Maintain an optimal capital structure to enhance shareholder value in the long-term and reduce the cost of capital at an acceptable risk;
- Safeguard the Company's ability to continue as a going concern;

The Company manages its capital structure and adjusts when necessary in accordance with its objectives and changes in economic conditions including a $15 million tranche of the Facility arranged as a revolving credit facility to provide further financial flexibility.

19. Key management compensation

The Company paid or accrued the following compensation to key management which consists of the Company's directors and named executive officers during the years ended December 31, 2020 and 2019, respectively:

For the years ended December 31,	**2020**	**2019**
Salaries, benefits and directors' fees	3,758	2,701
Share-based payments	1,311	1,720
Total compensation	**5,068**	**4,421**

Termination and Change of Control Provisions

Certain employment agreements between the key management and the Company contain termination without cause and change of control provisions. Assuming that all members of key management had been terminated without cause on December 31, 2020, the total amounts payable to key management in respect of severance would have totaled $3,147,000 (2019: $2,249,000). If a change of control had occurred on December 31, 2020, resulting in the termination of the executive team, the total amounts payable to the executive team in respect of severance, if elected by each key management member would have totaled $13,837,000 (2019: $6,902,000).

20. Income taxes

For the years ended December 31,	**2020**	**2019**
Current income tax	14,005	5,511
Deferred income tax	(2,688)	2,914
Total income taxes	**11,317**	**8,425**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

20. Income taxes (continued)

The following table reconciles the expected income taxes expense at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss for the years ended December 31, 2020 and 2019:

For the years ended December 31,	**2020**	**2019**
Income before income taxes	36,218	14,088
Statutory income tax rate	26.5%	26.5%
Expected income tax expense	9,598	3,733
Differences resulting from:		
Difference in tax rate of foreign subsidiary	(4,078)	(72)
Expenses not deductible for tax purposes	2,194	1,799
Prior period adjustment	(400)	337
Effect of currency translation on tax base	(1,683)	(875)
Unrecorded tax benefit	6,525	3,352
Other	(839)	151
Total income taxes	**11,317**	**8,425**

The other tax included an amount of $86,145 (2019: $164,000) for the 6.25% withholding tax levied in Burkina Faso on interest payments.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available to realize them. In making this assessment, consideration is given to available positive and negative evidence and relevant assumptions, including, historical financial results, and expectations relating to future taxable income, the overall business environment, and industry-wide trends.

Deferred tax assets at December 31, 2020 and 2019 are comprised of the following:

For the years ended December 31,	**2020**	**2019**
Non-capital losses carried forward	2,200	2,379
Property, plant and equipment	(25)	7
Exploration and evaluation assets	103	117
Deferred share units	540	211
Debt issuance costs	3	66
Other	3	151
Total	**2,824**	**2,931**

Deferred tax liabilities at December 31, 2020 and 2019 are comprised of the following:

For the years ended December 31,	**2020**	**2019**
Property, plant and equipment	(16,099)	(20,194)
Unrealized foreign exchange loss	510	1,411
Non-deductible reserves	(371)	158
Withholding taxes on interest	-	(1,956)
Debt issuance costs	(168)	1,882
Total	**(16,128)**	**(18,699)**

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

20. Income taxes (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred income tax liabilities as at December 31, 2020 and 2019 are comprised of the following:

	For the year ended December 31 2018	Consolidated statement of income	Exchange differences	For the year ended December 31 2019
Non-capital loss carryforwards	2,661	(113)	(169)	2,379
PP&E	(16,558)	(3,629)	-	(20,187)
Exploration and evaluation asset	202	(85)	-	117
Unrealized foreign exchange loss	833	578	-	1,411
Non-deductible reserves	(127)	285	-	158
Deferred share units	48	163	-	211
Withholding tax on interest	(1,792)	(164)	-	(1,956)
Debt issuance costs	1,728	220	-	1,948
Other	2	149	-	151
Net deferred tax liability	**(13,003)**	**(2,596)**	**(169)**	**(15,768)**

	For the year ended December 31 2019	Consolidated statement of income	Exchange differences	For the year ended December 31 2020
Non-capital loss carryforwards	2,379	(37)	(142)	2,200
PP&E	(20,187)	4,063	-	(16,124)
Exploration and evaluation asset	117	(14)	-	103
Unrealized foreign exchange loss	1,411	(901)	-	510
Non-deductible reserves	158	(529)	-	(371)
Deferred share units	211	329	-	540
Withholding tax on interest	(1,956)	1,956	-	-
Debt issuance costs	1,948	(2,112)	-	(164)
Other	151	(67)	(82)	2
Net deferred tax liability	**(15,768)**	**2,688**	**(224)**	**(13,304)**

As at December 31, 2020, the following are the federal non-capital tax losses, subject to the final determination by taxation authorities, expiry dates:

For the years ended December 31,	**2020**	**2019**
2032	1,638	3,056
2033	3,508	4,467
2034	2,626	3,343
2035	-	-
2036	-	347
2037	530	674
Total	**8,302**	**11,887**

The Company considers its foreign earnings to be permanently invested. Accordingly, the Company does not currently provide for the additional Burkina Faso taxes that would become payable upon remittance of undistributed earnings of foreign subsidiaries. The cumulative undistributed earnings of these subsidiaries as of December 31, 2020 is approximately C$216,503,000 (December 31, 2019 - C$136,398,000). It is not practicable to estimate the income tax liability that might be incurred if such earnings were remitted to Canada.

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

21. Supplementary cash flow information

For the years ended December 31,	**2020**	**2019**
Property, plant and equipment (PP&E) included in accounts payable and accrued liabilities	7,298	7,563
Depreciation included in Inventory	5,286	4,066
IFRS 16 - right of use asset addition to PP&E	15,016	-

Changes in non-cash working capital	**2020**	**2019**
Taxes recoverable and other receivables	(7,883)	7,308
Prepaid expenses and deposits	(1,107)	(1,101)
Inventory	(4,344)	(1,441)
Accounts payable and accrued liabilities	2,233	5,590
Current income tax liability	-	5,511
Contract liability	1,860	-
	(9,241)	15,867

22. Commitments

The Company's financial commitments consist of contracts with service providers and consultants.

For the years ending December 31,	**2021**	**2022**	**2023**	**2024+**
Lease agreements	103	13	-	-
Service agreements	4,003	-	-	-
	4,106	**13**	**-**	**-**

The Company entered into an agreement with a service provider wherein the Company could be subject to an early termination payment, which is reduced monthly over 30 months and, in certain conditions, could be subject to other payments that will be negotiated between the Company and the service provider. If the Company had terminated the agreement at December 31, 2020, it would have been subject to an early termination payment of $17,596,000 (2019: $5,978,000).

The government of Burkina Faso retains a 10% carried interest in Roxgold SANU S.A. In Burkina Faso, all shipments with gold spot prices lower or equal to $1,000 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between $1,000 and $1,300 per ounce, and a 5% royalty rate is applied to all shipments with a gold spot price greater than $1,300 per ounce. During the year ended December 31, 2020, the Company was subject to royalty rates of 5%. For the year ended December 31, 2020, government royalties amounting to $11,995,000 (2019: $9,808,000) were incurred with the Government of Burkina Faso. The Company is also subject to a 1% contribution to a Mining fund for local development. This amounted to $2,397,000 for the year ended December 31, 2020.

23. Non-Controlling interest

For the year ended December 31, 2020, the non-controlling interest of the Government of Burkina Faso, which represents 10% in Roxgold SANU S.A. totalled $19,560,000 (2019: $3,480,000). The income attributable to the NCI for the year ended December 31, 2020, totalling $6,035,000 is based on the net income for Roxgold SANU SA, as determined using IFRS. This excludes all items within their expenses and Financial expenses on the Company's consolidated statement of income, except for sustainability and other in-country costs, interest expense, other expenses and any related foreign exchange gain (loss).

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

24. Segmented Reporting

The Company is conducting exploration and evaluation and mining operations activities in Burkina Faso and Côte d'Ivoire. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

For the year ended December 31, 2020	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Exploration and evaluation, Côte D'Ivoire	Corporate	Total
Revenue	239,686	-	-	-	239,686
Total mine operating expenses	(151,305)	-	-	-	(151,305)
Mine operating profit	**88,381**	**-**	**-**	**-**	**88,381**
General administrative expenses	-	-	-	(5,550)	(5,550)
Sustainability and other in-country costs	(1,568)	-	-	-	(1,568)
Exploration and evaluation	-	(8,180)	(21,437)	-	(29,617)
Depreciation	-	-	(286)	(524)	(810)
Share-based payments	-	-	-	(3,497)	(3,497)
Operating profit (loss)	**86,813**	**(8,180)**	**(21,723)**	**(9,571)**	**47,339**
Non-Operating expenses	(25,344)	(731)	(70)	3,707	(22,438)
Income (loss) for the year	**61,469**	**(8,911)**	**(21,793)**	**(5,864)**	**24,901**
Segmented total assets	**283,604**	**3,815**	**27,975**	**28,153**	**343,547**
Segmented total liabilities	**115,283**	**3,266**	**3,856**	**10,924**	**133,329**
Segmented capital expenditures	**66,039**	**398**	**1,528**	**1,438**	**69,403**

For the year ended December 31, 2019	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Exploration and evaluation, Côte D'Ivoire	Corporate	Total
Revenue	181,978	-	-	-	181,978
Total mine operating expenses	(121,058)	-	-	-	(121,058)
Mine operating profit	**60,920**	**-**	**-**	**-**	**60,920**
General administrative expenses	-	-	-	(5,373)	(5,373)
Sustainability and other in-country costs	(3,017)	-	-	-	(3,017)
Exploration and evaluation	(416)	(7,091)	(8,639)	-	(16,146)
Depreciation	-	(143)	(252)	(655)	(1,050)
Share-based payments	-	-	-	(2,501)	(2,501)
Operating profit (loss)	**57,487**	**(7,234)**	**(8,891)**	**(8,529)**	**32,833**
Non-Operating expenses	(19,926)	(77)	47	(7,214)	(27,170)
Income (loss) for the year	**37,561**	**(7,311)**	**(8,844)**	**(15,743)**	**5,663**
Segmented total assets	**252,424**	**2,030**	**22,964**	**14,245**	**291,683**
Segmented total liabilities	**(93,715)**	**(1,733)**	**(2,197)**	**(12,607)**	**(110,252)**
Segmented capital expenditures	**67,328**	**24**	**22,368**	**393**	**90,113**

The Company's revenue is derived from one major customer. The Company is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

25. Earnings per Share

A summary of earnings per share is presented below:

For the years ended December 31,	**2020**	**2019**
Net income for the year attributable to equity shareholders	18,866	2,183
Average weighted number of outstanding common shares – basic	372,561,341	371,608,565
Adjustments for calculation of diluted earnings per share:		
Options	1,531,944	4,101,667
PSUs	4,381,635	2,563,656
DSUs	4,122,183	4,551,106
RSUs	7,804,588	5,467,342
Weighted average number of outstanding common shares – diluted	390,401,691	388,292,336
Earnings per share – Basic	$0.05	$0.01
Earnings per share – Diluted	$0.05	$0.01

26. Financial risk factors and financial instruments

The Company’s risk exposure and impact on the Company’s financial instruments are summarized below.

A. Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by depositing its cash with Canadian financial institutions with high credit rating. In Burkina Faso and Cote D’Ivoire, cash is held at the local branch of one of the same institutions with which the Company has a Credit Facility.

B. Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The following are the contractual maturities of financial liabilities as at December 31, 2020:

	Between 0 and 12 months	**Between 12 and 24 months**
Accounts payable and accrued liabilities	44,855	-
Long-term debt	16,302	19,266
Interest on long-term debt	1,189	482
Lease obligations	5,161	5,297
Derivative financial instruments	3,230	-
	70,737	**25,045**

The Company’s growth is financed through a combination of cash on hand, cash flow from operations, the issuance of equity, long-term debt and lease obligation. The Company's trades and other payables generally have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company regularly evaluates its cash position to ensure preservation and security of capital and to maintain liquidity.

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

26. Financial risk factors and financial instruments (continued)

C. Market risk

i) *Interest rate risk*

Interest rate risk is the risk that the value of assets and liabilities will change when the related interest rates change.

The Company's interest-bearing assets are cash, accounts payable and accrued liabilities are non-interest bearing. The Company's exposure to interest rate risk is primarily on its Credit Facility, the Company's rate is LIBOR plus 4.0%. Based on the Credit Facility outstanding as at December 31, 2020, 1% increase or decrease in LIBOR would have a $0.07 million negative or positive impact on the Company's consolidated net income over a 12-month horizon.

ii) *Foreign exchange risk*

As at December 31, 2020, a portion of the Company's transactions are denominated in US dollars ("USD"), Canadian dollars ("CAD"), and Euro to the extent such currencies are different from the relevant group entities' functional currency. The CFA currency is fixed against the Euro currency. The balances in Euro include the CFA balances as the foreign exchange risk of both currencies is managed simultaneously. The following table indicates the foreign currency exchange risk on net working capital as at December 31, 2020.

	Euro	**CAD**
Cash and cash equivalents	32,325	3,850
Accounts receivable	94	-
Accounts payable and accrued liabilities	(15,948)	(198)
Total foreign currency financial assets and financial liabilities	16,471	3,652
Foreign exchange rate at December 31, 2020	1.2259	0.7854
Total foreign currency net assets and liabilities in USD	20,192	2,868
Impact of a 10% strengthening of the USD on net income	(2,019)	(287)

D. Fair value

The carrying values of the Company's financial assets and liabilities approximate their fair values due to their nature and their short term to maturity except for the long-term debt described below:

The following table presents a comparison of the carrying value and estimated fair value for the long-term debt.

For the years ended December 31,	**2020**		**2019**	
Other Financial Liabilities	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt (note 14) (level 2)	34,610	35,568	24,709	25,650
Lease obligations	16,121	16,121	7,845	7,845

27. Subsequent event

On January 12, 2021, the Company granted 2,171,145 RSUs to employees and 1,392,617 PSUs to senior management and executives, all of which are subjected to certain vesting conditions.