



**Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2020 and 2019**

(Expressed in United States Dollars)

**(Unaudited)**



**AFRICAN GOLD GROUP, INC.  
NOTICE TO SHAREHOLDERS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019**

**Responsibility for Consolidated Financial Statements**

The accompanying condensed interim consolidated financial statements for African Gold Group, Inc. for the three and nine months ended September 30, 2020 and 2019 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial reporting (see note 1 to the condensed interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the condensed interim consolidated financial statements, management is satisfied that these condensed interim consolidated financial statements have been fairly presented.

**Auditors Involvement**

McGovern Hurley LLP, Chartered Accountants, the external auditors of African Gold Group, Inc., have not audited or performed review procedures applicable to auditor review of condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019.

# African Gold Group Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in U.S. Dollars)

As at:	September 30, 2020	December 31, 2019
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,556,772	\$ 543,452
Receivables	254,128	40,038
Prepaid expenses	628,245	54,332
Total current assets	3,439,145	637,822
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 4)	30,018,662	27,476,812
Property and equipment (Note 5)	290,211	247,846
Total assets	\$ 33,748,018	\$ 28,362,480
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 1,930,829	\$ 4,542,294
Total liabilities	1,930,829	4,542,294
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Notes 8(a) and (b))	65,353,623	57,159,199
Reserve - share based payments (Note 8(c))	2,211,633	488,775
Warrants (Note 8(d))	5,745,999	4,136,743
Accumulated other comprehensive loss	(6,577,145)	(6,157,052)
Accumulated deficit	(34,916,921)	(31,807,479)
Total shareholders' equity	31,817,189	23,820,186
Total liabilities and shareholders' equity	\$ 33,748,018	\$ 28,362,480

Going concern (Note 2)

Contingencies and commitments (Note 9)

Approved on behalf of the Directors:

"John Begeman"

Director

"Daniel Callow"

Director

The accompanying summary of significant accounting policies and notes are an integral part of the condensed interim consolidated financial statements.

## African Gold Group Inc.

### Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars)

(Unaudited)

	<b>Three months ended</b>	Three months ended	<b>Nine months ended</b>	Nine months ended
	<b>September 30, 2020</b>	September 30, 2019	<b>September 30, 2020</b>	September 30, 2019
<b>Expenses</b>				
Administrative and general	\$ 306,585	213,891	\$ 897,528	\$ 391,590
Consulting and personnel costs (Note 7)	1,306,855	1,134,619	2,336,671	1,641,881
Amortization (Note 5)	6,566	1,546	18,209	1,546
Foreign exchange (gain) loss	(38,294)	(326,207)	89,867	818,994
Share based payments (Notes 7, 8(c))	1,370,862	131,043	1,829,696	350,417
Net (loss) for the period	(2,952,574)	\$ (1,154,892)	(5,171,971)	\$ (3,204,428)
Foreign currency translation differences	(594,290)	(545,716)	(420,093)	542,827
Comprehensive (loss) for the period	\$ (3,546,864)	\$ (1,700,608)	\$ (5,592,064)	\$ (2,661,601)
Average weighted shares outstanding - basic and diluted	132,120,046	67,473,189	105,817,519	54,742,336
Basic and diluted (loss) per share	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.06)

*The accompanying summary of significant accounting policies and notes are an integral part of the condensed interim consolidated financial statements.*

# African Gold Group Inc.

## Condensed Interim Consolidated Statements of Equity

(Expressed in U.S. Dollars)

(Unaudited)

	Common Shares		Share Based	Warrants	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Equity
	#	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2018</b>	47,944,342	54,608,270	503,328	2,130,420	(7,464,066)	(27,624,739)	22,153,213
Shares for debt settlement (Note 8(b))	266,666	30,054	-	-	-	-	30,054
Private placement (Note 8(b))	28,240,222	2,539,076	-	1,961,276	-	-	4,500,352
Share issuance costs	-	(304,471)	-	-	-	-	(304,471)
Cancellation of stock options	-	-	(449,025)	-	-	449,025	-
Expiry of stock options	-	-	(54,303)	-	-	54,303	-
Grant of options	-	-	347,180	-	-	-	347,180
Broker warrants	-	-	-	235,967	-	-	235,967
Other comprehensive income	-	-	-	-	542,827	-	542,827
Net (loss) for the period	-	-	-	-	-	(3,204,428)	(3,204,428)
<b>Balance, September 30, 2019</b>	76,451,230	56,872,929	347,180	4,327,663	(6,921,239)	(30,325,839)	24,300,694
<b>Balance, December 31, 2019</b>	78,177,898	57,159,199	488,775	4,136,743	(6,157,052)	(31,807,479)	23,820,186
Private placement (Note 8(b))	70,257,050	8,708,938	-	3,341,594	-	-	12,050,532
Share issuance costs (Note 8(b))	-	(385,880)	-	-	-	-	(385,880)
Broker warrants (Note 8(d))	-	(322,606)	-	322,606	-	-	-
Option exercise	500,000	177,803	(88,538)	-	-	-	89,265
Warrant exercise	35,000	16,169	-	(10,715)	-	-	5,454
Share based payments (Note 8(c))	-	-	1,829,696	-	-	-	1,829,696
Expiry of stock options (Note 8(c))	-	-	(18,300)	(2,044,229)	-	2,062,529	-
Other comprehensive loss	-	-	-	-	(420,093)	-	(420,093)
Net (loss) for the period	-	-	-	-	-	(5,171,971)	(5,171,971)
<b>Balance, September 30, 2020</b>	148,969,948	65,353,623	2,211,633	5,745,999	(6,577,145)	(34,916,921)	31,817,189

The accompanying summary of significant accounting policies and notes are an integral part of the condensed interim consolidated financial statements.

**Condensed Interim Consolidated Statement of Cash Flows**  
**(Expressed in U.S. Dollars)**  
(Unaudited)

	<b>Nine months ended September 30, 2020</b>	<b>Nine months ended September 30, 2019</b>
<b>CASH (USED IN) PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net (loss) for the period	\$ (5,171,971)	\$ (3,204,428)
Items not involving cash:		
Amortization (Note 5)	18,209	1,546
Share-based compensation (Note 8(c))	1,829,696	347,180
Foreign exchange (loss) gain	(420,093)	580,695
Shares issued for debt settlement	-	74,930
Grant of broker warrants	-	235,967
	<b>(3,744,159)</b>	<b>(1,964,110)</b>
Change in non-cash working capital items		
Receivables	35,910	(53,907)
Prepaid expenses	(376,318)	(82,424)
Accounts payable and accrued liabilities	(546,971)	598,920
	<b>(4,631,538)</b>	<b>(1,501,521)</b>
<b>FINANCING ACTIVITIES</b>		
Private placement (Note 8(b))	11,800,532	4,500,352
Share issue costs (Note 8(b))	(385,880)	(304,471)
Proceeds from exercise of options (Note 8(c))	89,265	-
Proceeds from exercise of warrants (Note 8(d))	5,454	-
	<b>11,509,371</b>	<b>4,195,881</b>
<b>INVESTING ACTIVITIES</b>		
Investment in property, plant & equipment	(121,228)	(13,745)
Investment in exploration and evaluation asset	(4,743,285)	(639,664)
	<b>(4,864,513)</b>	<b>(653,409)</b>
Effect of movement in exchange rates on cash held	-	(37,868)
<b>CHANGE IN CASH DURING THE PERIOD</b>	<b>2,013,320</b>	<b>2,003,083</b>
<b>CASH, beginning of the period</b>	<b>543,452</b>	<b>31,191</b>
<b>CASH, end of the period</b>	<b>\$ 2,556,772</b>	<b>\$ 2,034,274</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Issuance of broker warrants	322,606	235,967
Debt settled on issuance of shares	-	74,930

*The accompanying summary of significant accounting policies and notes are an integral part of the condensed interim consolidated financial statements.*

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2020 and 2019

(Expressed in U.S. Dollars)

(Unaudited)

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**1. NATURE OF BUSINESS**

African Gold Group, Inc. (the “Company” or “AGG”) was incorporated in Ontario, Canada on October 2, 2002, is a gold exploration and development company engaged in the exploration and development of properties located in West Africa. The Company’s assets include mining licenses located in Mali, West Africa. The Company shares are listed on the TSX Venture Exchange trading under the symbol “AGG”. The address of the Company’s head office is 65 Queen Street West, Suite 805, Toronto, Ontario, Canada M5H 2M5.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

**2. GOING CONCERN**

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, the condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and meet its liabilities and commitments in other than the normal course of business and at amounts different from those in the consolidated financial statements.

The Company reported a net loss of \$5,171,971 for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - \$3,204,428) and a cashflow used in operations of \$4,631,538 (nine months ended September 30, 2019 – \$1,501,521). At September 30, 2020, the Company has working capital of \$1,508,316 (December 31, 2019 – deficit of \$3,904,472). At present, the Company has no producing properties and consequently has no current operating income or cash flows.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company’s continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. The Company believes that it will be able to access funds from certain shareholders or potential investors in order to ensure that the Company can continue to fund on-going administrative expenses; however, the receipt of such funds remains uncertain. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms (Note 8). These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate, material adjustments may be needed to these consolidated financial statements.

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES****Statement of Compliance**

These condensed interim consolidated financial statements, have been prepared in US dollars, in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at June 30, 2020. The policies as set out in the Company’s Annual Consolidated Financial Statements for the twelve months ended December 31, 2019 were consistently applied to all periods.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 12, 2020.

**New accounting standards**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of IAS 1 on January 1, 2020 did not have a material impact on the Company’s condensed interim consolidated financial statements.

**4. EXPLORATION AND EVALUATION ASSETS****Mali Concessions**

AGG holds certain exploration and operating permits for gold and other minerals in Mali, Africa. These permits are subject to renewal processes in 2021 and 2023 and expire in 2025.

<b>Kobada</b>	<b>September 30, 2020</b>		<b>December 31, 2019</b>	
Opening balance	\$	27,476,812	\$	23,624,076
Drilling and feasibility study		402,051		2,415,528
Project management/ engineering		1,387,493		744,276
Site development and maintenance		189,444		273,166
Camp		296,650		211,599
Geologists		-		2,625
Assays and sampling		121,926		38,896
Vehicle rent and maintenance		51,782		42,733
Travel		7,034		94,091
Security		85,470		830
Permits		-		28,992
Ending balance	\$	<b>30,018,662</b>	\$	27,476,812



**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**5. PROPERTY AND EQUIPMENT**

During the last quarter of 2019 and the nine months ended September 30, 2020, the Company was building a camp dormitory for all the workers to reside at the Kobada mine site. Furniture and equipment was also purchased for the camp.

<b>Cost</b>	<b>Equipment</b>	<b>Furniture and fixture</b>	<b>Computer equipment</b>	<b>Building</b>	<b>Total</b>
Cost at December 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	47,370	17,118	-	194,859	259,347
Cost at December 31, 2019	\$ 47,370	\$ 17,118	\$ -	\$ 194,859	\$ 259,347
Additions	-	-	1,689	58,885	60,574
Cost at September 30, 2020	\$ 47,370	\$ 17,118	\$ 1,689	\$ 253,744	\$ 319,921
<b>Accumulated Amortization</b>					
Balance at December 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	7,106	1,712	-	2,683	11,501
Balance at December 31, 2019	\$ 7,106	\$ 1,712	\$ -	\$ 2,683	\$ 11,501
Additions	9,060	2,311	190	6,648	18,209
Balance at September 30, 2020	\$ 16,166	\$ 4,023	\$ 190	\$ 9,331	\$ 29,710
Net book value at December 31, 2019	\$ 40,264	\$ 15,406	\$ -	\$ 192,176	\$ 247,846
<b>Net book value at September 30, 2020</b>	<b>\$ 31,204</b>	<b>\$ 13,095</b>	<b>\$ 1,499</b>	<b>\$ 244,413</b>	<b>\$ 290,211</b>

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>September 30, 2020</b>	December 31, 2019
Exploration and development suppliers and contractors	\$ 364,594	\$ 2,392,363
Corporate payables	892,598	1,451,844
Mali VAT	673,637	673,637
Licence fee	-	24,450
<b>Total accounts payable</b>	<b>\$ 1,930,829</b>	<b>\$ 4,542,294</b>

**7. RELATED PARTY TRANSACTIONS**

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Related party transactions are in the normal course of business and are recorded at the amount agreed to between the parties.

Stan Bharti, former CEO and Chairman of the Company, is the Executive Chairman of Forbes & Manhattan, Inc. ("F&M"), a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. F&M charges a monthly consulting fee of CDN\$25,000 (\$18,462) totaling CDN\$225,000 (\$166,162) for the nine months ended September 30, 2020 (September 30, 2019 - CDN\$225,000 (\$168,728)). During the nine months ended September 30, 2020 F&M was paid a bonus of \$nil (September 30, 2019 - CDN\$200,000 (\$150,466) in addition to the consulting fee. As of September 30, 2020, CDN\$25,000 (\$18,742) (December 31, 2019 - CDN\$113,000 (\$87,000)) was owed to F&M. The amount owing is unsecured, non-interest bearing and due on demand. Included in accounts payable as at September 30, 2020 is CDN\$99,976 (\$74,950) (December 31, 2019 - CDN\$215,000 (\$165,529)) owed to other key management personnel.

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2020 and 2019

(Expressed in U.S. Dollars)

(Unaudited)

**7. RELATED PARTY TRANSACTIONS (continued)**

During the nine months ended September 30, 2020, the Company issued a total of 6,100,000 stock options to directors and officers of the Company (September 30, 2019 – 4,110,000) and recorded \$1,550,407 in share-based payments (September 30, 2019 - \$155,385) in relation to the amortization of the estimated fair value of options granted during the year ended December 31, 2019 and the nine months ended September 30, 2020 (see note 8(c)).

On January 31, 2020, Stan Bharti, former CEO and Chairman of the Company subscribed for 179,500 units of the Company (see Note 8(b)). On April 23, 2020, F&M, a company for which Stan Bharti is Executive Chairman, subscribed for 1,400,000 units of the Company and other key management personnel subscribed for 150,000 units of the Company (see Note 8(b)). On July 29, 2020, key management personnel subscribed for 500,000 units of the Company (see Note 8(b)). On August 10, 2020, key management personnel subscribed for 2,410,000 units of the Company. On July 29, 2020, Sulliden Mining Capital Inc., a company for which Stan Bharti is interim CEO and Ryan Ptolemy is CFO, acquired a total of 4,000,000 units of the Company (see Note 8(b)).

The remuneration of directors and key management of the Company was as follows:

	<b>Three months ended September 30, 2020</b>	Three months ended September 30, 2019	<b>Nine months ended September 30, 2020</b>	Nine months ended September 30, 2019
Remuneration	\$ 814,607	\$ 322,070	\$ 1,175,626	\$ 658,350
Share-based payments	1,288,581	16,250	1,550,407	155,385
Short term employee benefits	\$ 2,103,189	\$ 338,320	\$ 2,726,033	\$ 813,735

**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS****a) Shares authorized**

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. One new common share of the Company was issued for up to every 7.5 previously existing common share of the Company. The principal effects of the consolidation was that the number of shares of the Company issued and outstanding was consolidated from 361,582,671 existing common shares prior to consolidation to 48,211,008 new common shares after consolidation. The consolidation of common shares, options, warrants and related share amounts have been reflected retrospectively in these condensed interim consolidated financial statements.

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2020 and 2019

(Expressed in U.S. Dollars)

(Unaudited)

**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****b) Share transactions**

	Number of shares	\$
Balance as of December 31, 2018	47,944,342	54,608,270
Shares for debt	266,666	30,054
Private placement	28,240,222	2,539,076
Share issuance costs	-	(304,471)
Broker warrants issued	-	(235,967)
Exercise of options	226,668	75,689
Exercise of warrants	1,500,000	446,548
Balance as of December 31, 2019	78,177,898	57,159,199
Private placement	70,257,050	8,708,938
Share issuance costs	-	(322,606)
Broker warrants issued	-	(385,880)
Exercise of options	500,000	177,803
Exercise of warrants	35,000	16,169
Balance as of September 30, 2020	148,969,948	65,353,623

On March 5, 2019, pursuant to an engagement agreement entered into with an arm's length service provider, the Company issued 266,666 common shares of the Company at a deemed price of CDN\$0.375 per common share in full and final settlement of the CDN\$100,000 (\$74,930) owing to a service provider. The common shares were subject to a statutory hold period of four months and one day from the date of issuance.

On June 28, 2019, the Company closed a non-brokered private placement for 13,999,191 units at a price of CDN\$0.21 per unit for gross proceeds of CDN\$2,939,830 (\$2,246,324). Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional regular common share at an exercise price of CDN\$0.30 for a period of 24 months from issuance. In connection with the offering, the Company paid finder's fees of \$179,474 in cash and issued 166,110 non-transferable finder's warrants. Each finder's warrant will entitle the holder thereof to acquire one common share at a price of CDN\$0.30 at any time prior to June 28, 2021. The issue date fair value of the warrants and finder's warrants were estimated at \$977,408 and \$22,681 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 203%; risk-free interest rate of 1.44% and an expected life of 2 years. Directors, officers and related companies participated and acquired a total of 10,626,191 units of this private placement for gross proceeds of CDN\$2,231,500 (\$1,705,089).

On August 27, 2019, the Company closed a non-brokered private placement for 14,241,031 units at a price of CDN\$0.21 per unit for gross proceeds of CDN\$2,990,617 (\$2,254,028). Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional regular common share at an exercise price of CDN\$0.30 for a period of 24 months from issuance. In connection with the offering, the Company paid finder's fees of \$124,997 in cash and issued 696,723 non-transferable finder's warrants. Each finder's warrant will entitle the holder thereof to acquire one common share at a price of CDN\$0.30 at any time prior to August 27, 2021. The issue date fair value of the warrants and finder's warrants were estimated at \$983,869 and \$213,286 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 204%; risk-free interest rate of 1.39% and an expected life of 2 years. Directors, officers and related companies participated and acquired a total of 200,000 units of this private placement for gross proceeds of CDN\$42,000 (\$31,655).

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2020 and 2019

(Expressed in U.S. Dollars)

(Unaudited)

**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****b) Share transactions (continued)**

On December 12, 2019, 226,668 shares were issued as a result of exercise of stock options at CDN\$0.225 per common share. On December 20, 2019, 1,500,000 shares were issued as a result of exercise of stock warrants at CDN\$0.30 per common share.

On January 31, 2020, the Company closed a non-brokered private placement of common shares for gross proceeds of CDN\$1,500,000 (\$1,133,530). The Company issued 7,500,000 units ("Unit") at a price of CDN\$0.20 per Unit. Each Unit consists of one common share of the Company and one half of a common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until January 31, 2022. In connection with the closing of the non-brokered private placement, the Company has paid aggregate finder's fees of CDN\$37,150 (\$28,074) in cash and 182,275 finder's warrants ("Finder's Warrants") to certain finders. Each Finder Warrant will entitle the holder thereof to purchase one Common Share at a price of CDN\$0.25 for a period of 24 months from the date of the closing. The issue date fair value of the warrants and finder's warrants were estimated at \$322,524 and \$20,131 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 198%; risk-free interest rate of 1.43% and an expected life of 2 years. The Company incurred additional costs of issue of CDN\$28,467 (\$21,600). A director of the Company participated and acquired a total of 179,500 units of this private placement for gross proceeds of CDN\$35,900 (\$27,130).

On March 10, 2020, the Company closed the second and final tranche of the previously announced CDN\$2 million non-brokered private placement financing of common shares for gross proceeds of CDN\$684,210 (\$498,310). Together with the closing of the first tranche of the offering, the Company raised gross proceeds of CDN\$2,184,210 (\$1,631,480). Pursuant to the final tranche, the Company issued 3,421,050 units of the Company at a price of CDN\$0.20 for gross proceeds of CDN\$684,210 (\$498,310). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until March 9, 2022. In connection with the closing of the final tranche, the Company has paid aggregate finders' fees of CDN\$27,500 (\$20,028) in cash. The issue date fair value of the warrants was estimated at \$140,303 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 194%; risk-free interest rate of 0.53% and an expected life of 2 years.

On March 17, 2020, the Company closed the first tranche of an announced non-brokered private placement financing of common shares for gross proceeds of CDN\$250,000 (\$176,375). Pursuant to the first tranche, the Company issued 1.25 million units of the Company at a price of CDN\$0.20 per unit for gross proceeds of CDN\$250,000 (\$176,375). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until March 17, 2022. In connection with the closing of the first tranche, the company has paid aggregate finders' fees of CDN\$12,500 (\$8,819) in cash. The issue date fair value of the warrants was estimated at \$49,773 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 195%; risk-free interest rate of 0.63% and an expected life of 2 years.

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****b) Share transactions (continued)**

On April 23, 2020, the Company closed the second and final tranche of a non-brokered private placement financing of common shares for gross proceeds of CDN\$2,750,000 (\$1,948,284). Pursuant to the final tranche, the Company issued 13,750,000 units of the Company. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until April 23, 2022. In connection with the closing of the final tranche, the company has paid aggregate finders' fees of CDN\$34,000 (\$24,087) in cash and issued 140,000 finders warrants (the "Finders Warrants") to certain finders. Each Finder Warrant will entitle the holder to purchase one common share of the Company at a price of CDN\$0.25 at any time prior to April 23, 2022. The issue date fair value of the warrants and finder's warrants were estimated at \$555,675 and \$28,706 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 199%; risk-free interest rate of 0.33% and an expected life of 2 years. The Company incurred additional costs of issue of CDN\$34,000 (\$24,087). A company for which a director of the Company is executive chairman participated and acquired a total of 1,400,000 units of this private placement for gross proceeds of CDN\$280,000 (\$198,371). Other key management subscribed for 150,000 units of the Company for gross proceeds of CDN\$30,000 (\$21,254).

On July 29, 2020, the Company closed the first tranche of a non-brokered private placement financing issuing 22,360,000 units of the Company at a price of CDN\$0.25 per unit for gross proceeds of CDN\$5,590,000 (\$4,184,417). Each unit consists of one common share of the Company and one half of one common share purchase warrant with each full warrant entitling the holder to acquire one additional share of the Company at an exercise price of CDN\$0.40 for a period of 24 months from the date of issue. In connection with the closing of the First Tranche, the Company has paid aggregate finder's fees of \$110,975 in cash and issued 510,000 finders warrants with exercise prices of CDN\$0.25 and 83,000 finders warrants with exercise prices of CDN\$0.40 to certain finders. The issue date fair value of the warrants and finder's warrants were estimated at \$1,146,375 and \$109,281 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 200%; risk-free interest rate of 0.26% and an expected life of 2 years. Directors of the Company participated and acquired a total of 500,000 units of this private placement for gross proceeds of CDN\$125,000. In addition, Sulliden Mining Capital Inc., a company for which Stan Bharti is interim CEO and Ryan Ptolemy is CFO, acquired a total of 4,000,000 units of the Company in this private placement for gross proceeds of CDN\$1,000,000 (see Note 7).

On Aug 10, 2020, the Company closed, the second and final tranche of its non-brokered private placement financing issuing 21,976,000 units of the Company for gross proceeds of CDN\$5,494,000 (\$4,109,616). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.40 until Aug. 10, 2022. In connection with the closing of the final tranche, the Company has paid aggregate finders' fees of \$172,297 in cash and issued 818,600 finders' warrants with exercise prices of CDN\$0.25 and 107,750 finders warrants with exercise prices of CDN\$0.40 to certain finders. The issue date fair value of the warrants and finder's warrants were estimated at \$1,126,944 and \$164,488 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 200%; risk-free interest rate of 0.27% and an expected life of 2 years. Certain directors and officers of the Company purchased or acquired direction and control over a total of 2,410,000 units of the Company under the final tranche for gross proceeds of \$602,500 (see Note 7).

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)**

**c) Stock options**

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. One new common share of the Company was issued for every 7.5 previously existing common share of the Company. The consolidation of options has been reflected retrospectively in these consolidated financial statements.

The Company has a Stock Option Plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 14,986,995 (December 31, 2019 – 7,817,789) common shares, representing approximately 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

For options issued to employees, directors and officers, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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

On June 3, 2019, the Company granted 2,690,002 options to directors, officers and consultants of the Company with an exercise price of CDN\$0.225 per share. Half of the options vested immediately while the other half of the options vested on June 3, 2020. The fair market value of the options vested was estimated to be CDN\$491,550 (\$364,527) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.29%, expected volatility of 170%, an estimated life of 5 years and an expected dividend yield of 0%.

On June 14, 2019, 1,716,666 options were cancelled.

On June 24, 2019, 266,667 options expired, unexercised.

On August 7, 2019, the Company granted 800,000 options to directors, officers and consultants of the Company with an exercise price of CDN\$0.25 per common share. The options vested immediately. The fair market value of the options vested was estimated to be CDN\$188,731 (\$141,661) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.21%, expected volatility of 170%, an estimated life of 5 years and an expected dividend yield of 0%.

On August 13, 2019, the Company granted 2,000,000 options to an officer of the Company with an exercise price of CDN\$0.25 per common share. The options vest as follows: 25% vest upon the completion of bankable feasibility study, 25% vest upon approval of the EIA and permits, 25% vest upon the start of construction and 25% vest upon the completion of construction. The fair market value of the options vested was estimated to be CDN\$407,091 (\$305,562) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.24%, expected volatility of 170%, an estimated life of 5 years and an expected dividend yield of 0%.

On October 10, 2019, 101,667 options were cancelled.

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****c) Stock options (continued)**

On December 12, 2019, 226,667 options were exercised at CDN\$0.225 per common share.

On March 2, 2020, the Company granted a total of 1.2 million stock options to certain consultants of the Company pursuant to the Company's stock option plan. Half of the stock options vest immediately and the remainder vest on the first anniversary of the grant. Each stock option may be exercised at a price of CDN\$0.20 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CDN\$177,813 (\$133,129) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.07%, expected volatility of 165%, an estimated life of 5 years and an expected dividend yield of 0%.

On April 21, 2020, the Company granted a total of 100,000 stock options to certain consultants of the Company pursuant to the Company's stock option plan. Half of the stock options vest immediately and the remainder vest on the first anniversary of the grant. Each stock option may be exercised at a price of CDN\$0.24 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CDN\$16,269 (\$11,463) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.41%, expected volatility of 167%, an estimated life of 5 years and an expected dividend yield of 0%.

On May 8, 2020 and May 14, 2020, 250,000 and 250,000, respectively, options were exercised at CDN\$0.25 per common share.

On August 10, 2020, the Company granted a total of 6,375,000 stock options to certain directors, officers and consultants of the Company pursuant to the company's stock option plan. All options vest immediately, and each stock option may be exercised at a price of CDN\$0.28 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CDN\$1,666,764 (\$1,246,771) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.33%, expected volatility of 164%, an estimated life of 5 years and an expected dividend yield of 0%.

On August 19, 2020, the Company granted a total of 250,000 a consultant of the Company pursuant to the company's stock option plan. All options vest immediately, and each stock option may be exercised at a price of CDN\$0.28 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CDN\$62,897 (\$47,750) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.39%, expected volatility of 163%, an estimated life of 5 years and an expected dividend yield of 0%.

As at September 30, 2020, the Company had the following stock options outstanding:

<b>Date of grant</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Remaining life in years</b>
June 3, 2019	2,248,334	2,248,334	\$ 0.23	June 3, 2024	3.68
August 7, 2019	300,000	300,000	0.25	August 7, 2024	3.85
August 13, 2019	2,000,000	500,000	0.25	August 13, 2024	3.87
March 2, 2020	1,200,000	600,000	0.20	March 2, 2025	4.42
April 21, 2020	100,000	50,000	0.24	April 21, 2025	4.56
August 10, 2020	6,375,000	6,375,000	0.28	August 10, 2025	4.86
August 19, 2020	250,000	250,000	0.28	August 19, 2025	4.89
	<u>12,473,334</u>	<u>10,323,334</u>			<u>4.42</u>

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****c) Stock options (continued)**

A summary of the Company's stock option activity during the period is as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	5,161,668	\$ 0.24	1,983,333	\$ 0.53
Forfeited	(113,334)	0.23	(1,716,666)	0.56
Expired	-	-	(266,667)	0.45
Granted	7,925,000	0.27	5,490,002	0.24
Exercised	(500,000)	0.25	(226,667)	0.23
Cancelled	-	-	(101,667)	0.24
<b>Balance, end of period</b>	<b>12,473,334</b>	<b>\$ 0.26</b>	<b>5,161,668</b>	<b>\$ 0.24</b>

**d) Warrants**

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. One new common share of the Company was issued for every 7.5 previously existing common share of the Company. The consolidation of warrants has been reflected retrospectively in these consolidated financial statements.

The Company has warrants outstanding entitling the holder to purchase one common share with each warrant exercisable per the terms below:

Date of issuance	Warrants	Exercise Price (CDN\$)	Expiry Date	Estimated Fair Value at Grant Date	Remaining life in years
June 28, 2019	12,499,191	\$0.30	June 28, 2021	872,679	0.74
June 28, 2019	166,110	\$0.30	June 28, 2021	22,681	0.74
August 27, 2019	14,241,031	\$0.30	August 21, 2021	983,869	0.89
August 27, 2019	661,723	\$0.30	August 21, 2021	202,570	0.89
January 31, 2020	3,932,275	\$0.25	January 31, 2022	342,655	1.34
March 9, 2020	1,710,525	\$0.25	March 9, 2022	140,303	1.44
March 17, 2020	625,000	\$0.25	March 17, 2022	49,773	1.46
April 23, 2020	7,015,000	\$0.25	April 23, 2022	584,381	1.56
July 29, 2020	510,000	\$0.25	July 29, 2022	94,575	1.83
July 29, 2020	11,263,000	\$0.40	July 29, 2022	1,161,081	1.83
August 10, 2020	818,600	\$0.25	August 10, 2022	146,120	1.86
August 10, 2020	11,095,750	\$0.40	August 10, 2022	1,145,312	1.86
	<b>64,538,205</b>	<b>\$0.32</b>		<b>5,745,999</b>	

During the nine months ended September 30, 2020, 9,976,959 warrants expired on April 24, 2020. For the year ended December 31, 2019, 454,222 warrants expired on April 24, 2019.



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**8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)****d) Warrants (continued)**

On June 28, 2019, the Company closed a non-brokered private placement for 13,999,191 units. Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional regular common share at an exercise price of CDN\$0.30 for a period of 24 months from issuance. In connection with the financing, the Company issued 166,110 broker warrants with a grant date fair value of CDN\$29,683 (\$22,681), an exercise price of CDN\$0.30 and an expiry date of June 28, 2021.

On August 27, 2019, the Company closed a non-brokered private placement for 14,241,031 units. Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to acquire one additional regular common share at an exercise price of CDN\$0.30 for a period of 24 months from issuance. In connection with the financing, the Company issued 696,723 broker warrants with a grant date fair value of CDN\$282,985 (\$213,285), an exercise price of CDN\$0.30 and an expiry date of August 21, 2021.

On December 20, 2019, 1,500,000 warrants were exercised at CDN\$0.30 per common share.

On January 31, 2020, the Company closed a non-brokered private placement of 7,500,000 units. Each Unit consists of one common share of the Company and one half of a common share purchase warrant entitling the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until January 31, 2022. In connection with the closing of the non-brokered private placement, the Company issued 182,275 Finder's Warrants with a grant date fair value of CDN\$26,640 (\$20,131).

On March 10, 2020, the Company closed the second and final tranche of the previously announced \$2-million non-brokered private placement financing of common shares for gross proceeds of CDN\$684,210 (\$498,310). Pursuant to the final tranche, the Company issued 3,421,050 units of the Company. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until March 9, 2022.

On March 17, 2020, the Company closed the first tranche of an announced non-brokered private placement financing of common shares for gross proceeds of CDN\$250,000 (\$176,375). Pursuant to the first tranche, the Company issued 1.25 million units of the Company at a price of CDN\$0.20 per. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until March 17, 2022.

On April 23, 2020, the Company closed the second tranche of a non-brokered private placement financing of common shares for gross proceeds of CDN\$2,750,000 (\$1,948,284). Pursuant to the second tranche, the Company issued 13,750,000 units of the Company at a price of CDN\$0.20 per unit. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until April 23, 2022. In connection with the financing, the Company issued 140,000 broker warrants with a grant date fair value of CDN\$40,518 (\$28,706), an exercise price of CDN\$0.25 and an expiry date of April 23, 2022.

On July 29, 2020, the Company closed the first tranche of a non-brokered private placement financing issuing 22,360,000 units of the Company at a price of CDN\$0.25 per unit for gross proceeds of CDN\$5,590,000 (\$4,184,417). Each unit consists of one common share of the Company and one half of one common share purchase warrant with each full warrant entitling the holder to acquire one additional share of the Company at an exercise price of CDN\$0.40 for a period of 24 months from the date of issue. In connection with the closing of the First Tranche, the Company issued 510,000 finders warrants with exercise prices of CDN\$0.25 and 83,000 finders warrants with exercise prices of CDN\$0.40 to certain finders.

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**8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)****d) Warrants (continued)**

On Aug 10, 2020, the Company closed, the second and final tranche of its non-brokered private placement financing issuing 21,976,000 units of the Company for gross proceeds of CDN\$5,494,000 (\$4,109,616). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.40 until Aug. 10, 2022. In connection with the closing of the final tranche, the Company issued 818,600 finders' warrants with exercise prices of \$0.25 and 107,750 finders warrants with exercise prices of \$0.40 to certain finders.

**9. CONTINGENCIES AND COMMITMENTS****Management Commitments**

The Company is party to certain management contracts. As at September 30, 2020, these contracts require payments of approximately CDN\$3,274,600 (\$2,454,900) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately CDN\$1,667,700 (\$1,250,300) pursuant to the terms of these contracts as at September 30, 2020. As a triggering event has not taken place, these amounts have not been recorded in these condensed interim consolidated financial statements.

The Company is party to a contract with Senet to deliver an updated definitive feasibility study for the Kobada project. As at September 30, 2020, the remaining amount owed under the contract is approximately \$195,000.

**Environmental**

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

**10. CAPITAL MANAGEMENT**

AGG manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties to which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. AGG will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the nine months ended September 30, 2020 or the year ended December 31, 2019. Neither AGG nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of nine months. As at September 30, 2020, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

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**10. CAPITAL MANAGEMENT (continued)**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt other than its accounts payable and accrued liabilities and is dependent on the capital markets to finance exploration and development activities.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in the note.

**General Objectives, Policies and Processes:**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and commodity price risk.

*Foreign Currency Risk*

Given the global nature of the Company's business, the Company's operating businesses, financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations. For the nine months ended September 30, 2020, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar and Mali CFA, assuming all other variables remained constant, the net loss would have increased or decreased by approximately \$101,000. Included in cash and cash equivalents is \$2,537,000 (December 31, 2019 - \$620,000), receivables is \$254,000 (December 31, 2019 - \$52,000), and accounts payable and accrued liabilities is \$793,000 (December 31, 2019 - \$1,690,000) denominated in Canadian dollars.

*Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates could impact any renewals or extensions of term deposits which would have no significant impact on the net loss due to the immateriality of the interest earned.

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Market Risk (continued)**

*Commodity Price Risk*

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is remote as the Company is not a producing entity.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

At September 30, 2020, AGG had a cash balance of \$2,556,772 (December 31, 2019 - \$543,452) and current liabilities of \$1,930,829 (December 31, 2019 - \$4,542,294). As outlined in Note 2, the Company may be required to obtain additional financing for working capital and continued exploration and development of its properties.

**Novel Coronavirus ("COVID-19")**

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The Government of Mali implemented enhanced screening and quarantine measures to reduce the spread of COVID-19 and, on March 20, 2020, prohibited flights coming from countries with confirmed cases of COVID-19. Effective July 25, 2020, the government announced the resumption of commercial air travel and the re-opening of land borders on July 31, 2020. Certain restrictions, screening and quarantine measures remain in place.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash and cash equivalents and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash and cash equivalents is minimized by depositing with only reputable financial institutions. Management has reviewed the receivable balances and determined that the balances are collectible as they are Harmonized Sales Tax (HST) rebates from the Government of Canada; accordingly, there have been no allowance for doubtful accounts recorded.

**AFRICAN GOLD GROUP, INC.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2020 and 2019

(Expressed in U.S. Dollars)

(Unaudited)

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Determination of Fair Value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The condensed interim consolidated statements of financial position carrying amounts for cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate fair value due to their short-term nature.