AFRICAN GOLD GROUP

Consolidated Financial Statements

For years ended December 31, 2018 and 2017

Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
222 Bay Street
Suite 2200, PO Box 131
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Shareholders of African Gold Group, Inc.

Opinion

We have audited the consolidated financial statements of African Gold Group, Inc. (the Company), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of operations and comprehensive loss, equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company reported a net loss of $951,600 and a cash outflow from operations of $1,077,403 for the year ended December 31, 2018 and the Company has a working capital deficiency of $1,470,863 as at December 31, 2018. As stated in Note 2. these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the years ended December 31, 2018 and 2017

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.

We obtained the Management's Discussion and Analysis for the years ended December 31, 2018 and 2017 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

April 23, 2019
Toronto, Ontario

African Gold Group, Inc.
Consolidated Statements of Financial Position
(Expressed in U.S. Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	**$ 31,191**	$ 2,017,361
Receivables	**43,189**	168,716
Prepaid expenses	**3,403**	2,467
Total current assets	**77,783**	2,188,544
Exploration and evaluation assets (Note 5)	**23,624,076**	24,447,056
Total assets	**$ 23,701,859**	$ 26,635,600
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	**$ 1,548,646**	$ 1,174,736
Total liabilities	**1,548,646**	1,174,736
SHAREHOLDERS' EQUITY		
Share capital (Note 7(b))	**57,485,752**	57,485,752
Reserve - share based payments (Note 7(c))	**503,328**	653,767
Accumulated other comprehensive income	**(7,464,066)**	(5,108,015)
Accumulated deficit	**(28,371,801)**	(27,570,640)
Total shareholders' equity	**22,153,213**	25,460,864
Total liabilities and shareholders' equity	**$ 23,701,859**	$ 26,635,600

Going Concern (Note 2)
Contingencies and Commitments (Note 9)
Subsequent Events (Note 14)

Approved on behalf of the Directors:

"John Begeman"	***"Stan Bharti"***
Director	**Director**

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

African Gold Group, Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars)

		Year ended December 31, 2018		Year ended December 31, 2017
Interest Income	**$**	**-**	$	231
Expenses				
Administrative and general	**$**	**453,457**	$	423,798
Consulting and personnel costs		**1,036,180**		1,548,904
Amortization expense		**-**		5,790
Foreign exchange (gain) / loss		**(2,316,350)**		1,820,302
Share based payments		**-**		333,283
Net gain (loss) before the undernoted	**$**	**826,713**	$	(4,131,846)
Other items				
Impairment of exploration and evaluation assets (Note 5)		**1,778,313**		-
Net (loss) for the year	**$**	**(951,600)**	$	(4,131,846)
Foreign currency translation differences		**(2,356,051)**		2,050,962
Comprehensive (loss) for the year	**$**	**(3,307,651)**	$	(2,080,884)
Average weighted shares outstanding		**47,944,356**		42,726,240
Basic and diluted income (loss) from continuing operations per share	**$**	**(0.02)**	$	(0.10)

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

African Gold Group, Inc.
Consolidated Statements of Equity
(Expressed in U.S. Dollars)

	Common Shares		Share Based Payments	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity
	#	$	$	$	$	$
Balance, December 31, 2016	33,503,547	51,165,490	1,017,893	(7,158,977)	(24,136,203)	20,888,203
Private Placement (Note 7(b), 14)	9,976,958	4,594,564	-	-	-	4,594,564
Grant of warrants (Note 7(d), 14)	-	86,193	-	-	-	86,193
Exercise of stock options (Note 7(c), 14)	19,407	6,488	-	-	-	6,488
Grant of stock options (Note 7(c), 14)	-	-	333,283	-	-	333,283
Expiry of stock options (Note 7(c), 14)	-	-	(697,409)	-	697,409	-
Acquisition of exploration asset (Note 5, 14)	4,444,444	1,633,017	-	-	-	1,633,017
Foreign currency translation differences	-	-	-	2,050,962	-	2,050,962
Net (loss) for the period	-	-	-	-	(4,131,846)	(4,131,846)
Balance, December 31, 2017	47,944,356	57,485,752	653,767	(5,108,015)	(27,570,640)	25,460,864
Expiry of stock options (Note 7(b), 14)	-	-	(150,439)	-	150,439	-
Foreign currency translation differences	-	-	-	(2,356,051)	-	(2,356,051)
Net (loss) for the period	-	-	-	-	(951,600)	(951,600)
Balance, December 31, 2018	**47,944,356**	**57,485,752**	**503,328**	**(7,464,066)**	**(28,371,801)**	**22,153,213**

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

African Gold Group, Inc.
Consolidated Statements of Cash Flows
(Expressed in US. Dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net income (loss) for period	**$ (951,600)**	$ (4,131,846)
Items not involving cash:		
Share-based compensation	**-**	333,283
Foreign exchange loss (gain)	**(2,402,617)**	2,037,807
Amortization	**-**	5,790
Impairment of exploration and evaluation asset	**1,778,313**	-
Interest income	**-**	(231)
	(1,575,904)	(1,755,197)
Net change in non-cash working capital	**498,501**	(636,060)
	(1,077,403)	(2,391,257)
FINANCING ACTIVITIES		
Proceeds on the exercise of options	**-**	6,488
Private placement (Note 7)	**-**	4,991,437
Share issue costs (Note 7)	**-**	(310,680)
	-	4,687,245
INVESTING ACTIVITIES		
Interest received	**-**	231
Investment in exploration and evaluation assets	**(955,333)**	(397,157)
	(955,333)	(396,926)
Effect of foreign currency transaction on cash	**46,566**	13,155
CHANGE IN CASH DURING THE PERIOD	**(1,986,170)**	1,912,217
CASH, beginning of the period	**2,017,361**	105,144
CASH, end of the period	**$ 31,191**	$ 2,017,361

SUPPLEMENTAL INFORMATION:		
Shares issued for exploration and evaluation asset (Note 5)	-	$ 1,633,017

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

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 and Burkina Faso, 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.

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee effective for the Company's reporting for the year ended December 31, 2018.

The consolidated financial statements were authorized for issue by the Board of Directors on April 23, 2018.

2. GOING CONCERN

These 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 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 $951,600 for the year ended December 31, 2018 and a cash outflow from operations of $1,077,403. At December 31, 2018, the Company has working capital deficiency of $1,470,863. 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. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in United States dollars unless otherwise indicated.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, AGG (Barbados) Limited (incorporated in Barbados), 2516232 Ontario Inc. (incorporated in Canada), AGG (Mali) S.A.R.L. and Kobada Development S.A.R.L (both incorporated in Mali, Africa), its 90% interest in Kobada S.A (incorporated in Mali) and its 95% interest in Foroko Explorations S.A.R.L. (incorporated in Mali, Africa). All inter-company transactions and resulting balances have been eliminated on consolidation.

Financial Instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value either through profit or loss (“FVPL”) or through fair value of other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations and comprehensive loss. The Company’s cash and cash equivalents and receivables are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss. The Company does not measure any financial assets at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement – Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – Financial liabilities at FVPL
Financial liabilities measured at FVPL include any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial a measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid high-interest savings accounts convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and Evaluation Assets

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, all direct costs related to exploration and evaluation of mineral properties, net of incidental revenues, are capitalized under exploration and evaluation assets. Exploration and evaluation expenditures include such costs as the acquisition of rights to explore; sampling and surveying costs; costs related to topography, geology, geochemistry and geophysical studies; drilling costs and costs in relation to technical feasibility and commercial feasibility of extracting a mineral resource. These costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves. The recorded amounts for exploration and evaluation assets represent actual expenditures incurred and are not intended to reflect present or future values. Costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed in the year in which they occur.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and on future profitable production or proceeds from the disposition thereof, all of which are uncertain.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to mines under development.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax on the profit or loss for the period 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 equity, in which case it is recognized in equity.

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 taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 financial position 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. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on grant date.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of operations and comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in Reserve - share based payments, until exercised or expired. Upon exercise, the shares are issued and the amount reflected in Reserve - share based payments is credited to share capital for any consideration paid. Upon expiry, the reserve of share-based payments and the deficit is reduced by the value of the options expired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Income (Loss)

Comprehensive income includes net earnings (loss) and other comprehensive income (loss). Other comprehensive income includes holding gains on investments that are FVOCI, gains and losses on certain derivative instruments and currency gains and losses relating to the translating financial statements of foreign operations.

Foreign Currency Transactions and Translation

The presentation currency is the U.S. dollar. African Gold Group Inc.'s functional currency is the Canadian dollar. The functional currency of the Company's subsidiaries, AGG (Barbados) Limited, AGG (Mali) S.A.R.L., Kobada Development S.A.R.L., Kobada S.A and Foroko Exploration S.A.R.L. and AGG (Ghana) is the U.S. dollar. References to CDN$ represent Canadian dollars.

Accordingly, the accounts of the Company are translated to U.S. dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the consolidated statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

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

Loss per Share

Basic loss per share is calculated by dividing net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments are converted during the year.

Share Capital

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

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

Critical Accounting Estimates and Judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Going Concern

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. The factors considered by management are disclosed in Note 2.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Functional Currency

The determination of an entity's functional currency is a key judgment based on the primary economy environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment

Assets, including property and equipment, and exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates the higher of fair value less costs to sell and value in use. Determining the recoverable amount of property and equipment and exploration and evaluation assets requires management to make assumptions about future events and circumstances and cash flows. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Provisions and Contingencies

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company’s assets when the amounts are determined or additional information is acquired.

Recent Accounting Pronouncements not yet adopted

IFRS 16, Leases (“IFRS 16”) was issued by the IASB in January 2016 and will replace IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The mandatory effective date is for annual periods beginning on or after January 1, 2019. The company is still assessing the adoption of this standard and does not expect any material impact on the financial statements.

New accounting standards

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, the Company adopted this standard retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018. There were no effects on opening balances at January 1, 2018 with respect to the adoption of this policy.

IFRS 9, Financial Instruments

IFRS 9 replaces International Accounting Standard (“IAS”) 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) FVPL or through FVOCI; establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale and loans and receivable categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets.

(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9, Financial Instruments (continued)

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at banks and on hand earn interest at floating interest rates based on daily deposit rates. The Company had in cash $31,191 as at December 31, 2018 and $2,017,361 at December 31, 2017. The Company had no cash equivalents at December 31, 2018 or 2017.

5. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2018, the exploration and evaluation assets were $23,624,076 (December 31, 2017 – 24,447,056). The Mali concessions for Kobada were $23,624,076 (December 31, 2017 – $22,767,183) and the Burkina Faso claims for Madougou were $Nil (December 31, 2017 - $1,679,873).

Mali Concessions

On June 28, 2005, the Company entered into an agreement with Compagnie Miniere d'Or ('Cominor') SA of France to acquire a 100% interest in three exploration permits for three separate mineral concessions located in the Republic of Mali, West Africa. The purchase price paid for these three concessions was 750,000 Euros.

The three exploration permits consist of:

(i) The Bagoe-West Concession, which comprises 183 sq. km of land located in the Sikasso Region,
(ii) The Bagoe-East Concession, which comprises 183 sq. km of land located in the Sikasso Region, and
(iii) The Kobada Concession, comprising 41 sq. km of land located in the Kangaba Region.

Included in the purchase price are data-based reference material gathered from exploration and development activities performed by Cominor on each of the concessions, and a variety of ground transportation and exploration equipment.

In January 2008, the Company received notification from the Government of Mali Mines, Energy and Water Department that the application to explore the Foroko and Acoma concessions had been approved. The properties, representing approximately 216 square kilometres, are adjacent to the Kobada concession. The mining permit covers an area of approximately 135.7 km^2. The mining permit was granted for a period of 30 years, to be renewed every ten years. On August 9, 2012, the remaining area of the Company's concessions covered by the original exploration permit was consolidated into one mining permit under the existing Acoma permit.

(Expressed in U.S. Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Kobada		**December 31, 2018**		December 31, 2017
Opening balance	**$**	**22,767,183**	$	22,416,882
Drilling and feasibility study		**293,055**		70,530
Site maintenance		**65,034**		11,160
Camp		**145,660**		112,830
Assays and sampling		**60,765**		72,864
Technical report		**105,335**		-
Taxes and other		**-**		82,918
Permits		**187,044**		-
Ending balance	**$**	**23,624,076**	$	22,767,183

Madougou Project

On June 20, 2017, the Company completed the acquisition of all the issued and outstanding shares of 2516232 Ontario Inc. ("PrivateCo") which owns an option to acquire the Madougou gold project in Burkina Faso Africa. On June 20, 2017, AGG issued 4,444,444 common shares at CDN$0.49 per share for a total acquisition price of CDN$2,166,667 or $1,633,017. PrivateCo is party to an option agreement with TEMFOR s.a.r.l. ("TEMFOR") to acquire from TEMFOR the Madougou Project. Pursuant to the option agreement, PrivateCo can exercise the option as follows:

In order to acquire an initial 10% interest in the Madougou Project, PrivateCo must pay $80,000 to TEMFOR on or before such date that the exploration permit for the Madougou Project is transferred to a newly incorporated Burkina Faso company (the "First Option"); the exploration permit needs to be transferred to a newly incorporated Burkino Faso company;

In order to acquire an additional 41% interest in the Madougou Project, PrivateCo must (i) pay $300,000 to TEMFOR, and (ii) complete a National Instrument 43-101 ("NI 43-101") compliant technical report that contains an inferred mineral resource, within 12 months of the exercise of the First Option (the "Second Option");

In order to acquire an additional 24% interest in the Madougou Project, PrivateCo must (i) pay $300,000 to TEMFOR, and (ii) complete a NI 43-101 compliant technical report that contains an indicated mineral resource, within 12 months of the exercise of the Second Option;

In order to acquire the remaining 25% interest in the Madougou Project, PrivateCo must (i) fund any and all expenditures related to the Madougou Project, and (ii) complete a NI 43-101 compliant feasibility study which could reasonably serve as the basis for a final decision by an internationally recognized financial institution to finance the development of a mining project (the "Fourth Option").

If PrivateCo exercises the Fourth Option and acquires a 100% interest in the Madougou Project, PrivateCo shall grant to TEMFOR a 1% net smelter returns royalty over production from the Madougou Project.

(Expressed in U.S. Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Purchase price consideration

The acquisition was treated as an asset acquisition for accounting purposes as 2516232 Ontario Inc. did not meet the definition of a business, as defined in IFRS 3, Business Combinations.

	Fair Value
Cash	$ 38,298
Exploration and evaluation asset	1,594,719
	$ 1,633,017
Consideration:	
Share consideration	$ 1,633,017
	$ 1,633,017

On July 3, 2018 the Company gave notice of force majeure to TEMFOR as the team in Burkina Faso advised that they have not been able to carry out scheduled exploration activities due to the deteriorating security situation and increases in kidnapping and terrorism. The risk of kidnapping and terrorism, is outside the Company's control and have not been able to proceed with the exploration activities in accordance with the option agreement. As a result, the time limits to complete the obligations under the option agreement have been suspended and extended until the security situation improves in Burkina Faso and at the Madougou Project until the team can safely continue with their planned exploration activities. Therefore, the Company has decided to impair the full value of the asset.

For the year ended December 31, 2018, a total of $98,440 was spent on the project but $Nil (December 31, 2017 - $85,154) was capitalized on exploration and evaluation asset for the Madougou project.

Madougou	**December 31, 2018**	December 31, 2017
Opening balance	**$ 1,679,873**	$ -
Acquisition	**-**	1,594,719
Field Study	**-**	52,525
Travel	**4,612**	16,373
Technical report	**-**	16,256
Geological model	**26,328**	-
Permits	**67,500**	-
Impairment	**(1,778,313)**	
Ending balance	**$ -**	$ 1,679,873

6. RELATED PARTY TRANSACTONS

Related party transactions are in the normal course of business and are recorded at the amount agreed to between the parties.

a) Stan Bharti, a director 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 totaling CDN$300,000 for the year ended December 31, 2018 (December 31, 2017 - CDN$200,000). As of December 31, 2018, $50,000 (December 31, 2017 - $Nil) was owed to F&M.

b) As at December 31, 2018, consulting services of $120,000 (December 31, 2017 - $80,000) were provided to the Company by a company owned by a director. Unpaid fees of $170,000 (December 31, 2017 - $50,000) were included in accounts payable and accrued liabilities.

(Expressed in U.S. Dollars)

6. RELATED PARTY TRANSACTONS (continued)

c) During the year ended December 31, 2018, the Company was reimbursed for expenses of $677,256 incurred on behalf of F&M Gold Resources Inc. Stan Bharti, a director, and Stephan Theron, an officer, of the Company, are directors of F&M Gold Resources Inc.

d) 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.

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

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and short-term employee benefits	**$ 745,541**	$ 1,426,293
Share-based payments	-	219,360
	$ 745,541	$ 1,645,653

On April 24, 2017 Mr. David Brown, Mr. A.J Nikiforuk, Dr. Anthony Harwood and Mr. Pierre Lalande stepped down from the board of directors. A total compensation of $1,433,657 was paid to management and directors for accrued fees, termination and change in control commitments during the year ended December 31, 2017.

In relation to the acquisition of 2516232 Ontario Inc. on June 21, 2017, 980,952 common shares of the Company were issued to certain directors and key management of the Company in consideration for the acquisition of 2516232 Ontario Inc., (see Note 5).

7. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS

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. Each new common shares of the Company for every 7.5 existing common shares of the Company. The consolidation of common shares have been reflected retrospectively in these consolidated financial statements (Note 14).

b) Transactions

On April 24, 2017, the Company closed a private placement of 9,976,958 units at a unit price of CDN$0.68 per unit for aggregate gross proceeds of CDN$6,734,447. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CDN$0.90 per share for a period of thirty-six months from the closing date. The Company paid a cash fee of CDN$302,268 and issued 454,222 compensation warrants for financial advisory services completed in connection with the offering. Each compensation warrant entitles the holder to acquire one unit at CDN$0.68 for a period of twenty-four months from the date of closing, with each unit being issued on the same terms as under the offering. Three officers and directors of the company purchased an aggregate of 24% of the securities issued pursuant to the offering.

(Expressed in U.S. Dollars)

7. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)

On June 21, 2017, the Company acquired all of the issued and outstanding securities of 2516232 Ontario Inc. by issuing 4,444,444 common shares of the Company at a price of CDN$0.49 per share for a total acquisition price of CDN$2,166,667. The Company and the private Company are at arm's length to each other. No finder's fees were paid in connection to the acquisition. 980,952 common shares of the Company were issued to certain directors and key management of the Company in consideration for the acquisition of 2516232 Ontario Inc.

On May 24, 2017, 19,407 options were exercised into shares.

	Number of shares	$
Balance as of December 31, 2016	33,503,547	51,165,490
Private placement	9,976,958	4,680,757
Acquisition of exploration asset	4,444,444	1,633,017
Exercise of options	19,407	6,488
Balance as of December 31, 2017 and December 31, 2018	47,944,356	57,485,752

c) Stock Options

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. Each new common shares of the Company for every 7.5 existing common shares of the Company. The consolidation of options have been reflected retrospectively in these consolidated financial statements (Note 14).

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 4,794,435 (December 31, 2017 - 4,794,435) 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.

During May 2017, 19,407 options were exercised.

On August 10, 2017, the Company granted a total of 1,636,667 stock options to certain officers, directors and consultants of the company pursuant to the company's stock option plan. The stock options vest immediately and may be exercised at a price of CAD$0.45 per option for a period of five years from the date of grant. The fair market value of the options was estimated to be $333,283 using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.52%, expected volatility of 68.80%, based on the weighted average volatility of comparable companies, an estimated life of 5 years and an expected dividend yield of 0%.

(Expressed in U.S. Dollars)

7. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)

On November 27, 2017, 1,573,927 options expired.

On February 20, 2018, 166,667 options expired and on October 22, 2018 66,667 options expired.

As at December 31, 2018, the Company had the following stock options outstanding:

Date of Grant	Stock Options (#)	Exercise Price (CDN$)	Expiry Date
July 17, 2014	200,000	1.13	July 17, 2019
February 29, 2016	146,666	0.45	February 28, 2021
August 10, 2017	1,636,667	0.45	August 9, 2022
	1,983,333		

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

	Weighted Average Options	Weighted Average Exercise Price (CDN$)
Outstanding - December 31, 2016	2,173,334	0.90
Granted	1,636,667	0.45
Exercised	(19,407)	0.45
Expired	(260,000)	1.50
Expired	(160,000)	0.90
Expired	(386,667)	1.13
Expired	(200,000)	0.56
Expired	(567,260)	0.45
Outstanding - December 31, 2017	2,216,667	0.60
Expired	(166,667)	1.50
Expired	(66,667)	0.90
Outstanding - December 31, 2018	1,983,333	0.53
Vested - December 31, 2018	1,983,333	

For the year ended December 31, 2018, 233,334 options expired. For the year ended December 31, 2017, 1,573,927 options expired, 19,407 options were exercised for cash consideration of $6,488. On August 10, 2017, 1,636,667 options were granted.

d) Warrants

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. Each new common shares of the Company for every 7.5 existing common shares of the Company. The consolidation of warrants have been reflected retrospectively in these consolidated financial statements (Note 14).

(Expressed in U.S. Dollars)

7. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)

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

Date of issuance	Warrants	Exercise Price (CDN$)		Expiry Date
Jan 14/15	2,211,000	$	0.75	Jan 14/18
Jan 22/15	470,000	$	0.75	Jan 22/18
Sept 3/15	3,283,124	$	0.45	Sept 3/18
Apr 24/17	9,976,959	$	0.90	24-Apr-20
Apr 24/17	454,222	$	0.68	24-Apr-19
Balance December 31, 2017	**16,395,305**			
Jan 14/15	(2,211,000)	$	0.75	Jan 14/18
Jan 22/15	(470,000)	$	0.75	Jan 22/18
Sept 3/15	(3,283,124)	$	0.45	Sept 3/18
Balance December 31, 2018	**10,431,181**			

For the year ended December 31, 2018, 2,211,000 warrants expired on January 14, 2018, 470,000 warrants expired on January 22, 2018 and 3,283,124 warrants expired on September 3, 2018. A total of 4,482,033 warrants expired during the year ended December 31, 2017.

On April 24, 2017, the Company closed a private placement of 9,976,959 units. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CDN$0.90 per share for a period of thirty-six months from the closing date.

The Company issued 454,222 compensation warrants for financial advisory services completed in connection with the offering. Each compensation warrant entitles the holder to acquire one unit at CDN$0.68 for a period of twenty-four months from the date of closing, with each unit being issued on the same terms as under the offering.

8. BASIC AND DILUTED LOSS PER SHARE

Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of outstanding stock options is the same as basic loss per share. For the 2018 and 2017 periods presented, the conversion of stock options was not included in the calculation because the calculation would be anti-dilutive The potentially dilutive shares excluded from the loss per share calculation due to anti-dilution are as follows:

	December 31, 2018	December 31, 2017
Options	**1,983,333**	2,216,667
Share purchase warrants	**10,431,181**	16,395,305
	12,414,514	18,611,972

9. CONTINGENCIES AND COMMITMENTS

Management Commitments

The Company is party to certain management contracts. These contracts require payments of approximately CDN$2,146,000 (December 31, 2017 – CDN$1,176,000) to be made upon the occurrence of a change of control to the officers of the Company. The Company is also committed to payments upon termination of approximately CDN$1,368,000 (December 31, 2017 - $1,220,000) pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these consolidated financial statements.

(Expressed in U.S. Dollars)

10. INCOME TAXES

The following table summarizes the differences from the Canadian statutory rate of approximately 26.5% (2017 – 26.5%), the primary area of taxation for the entity, to the Company's current tax provision recorded.

	2018	2017
Net income (loss) before income taxes	$ (951,600)	$ (4,131,846)
Expected income (loss) tax recovery based on statutory rate	(252,170)	(1,094,940)
Adjustments resulting from:		
Permanent differences and other	249,178	186,663
Differences in tax rates	(191,202)	287,825
Losses expired/changes	48,225	766,157
Foreign currency differences	485,900	(362,215)
Change in unrecognized deferred tax asset	(339,931)	216,510
Provision for income taxes	$ -	$ -

The nature and effect of the temporary differences giving rise to the deferred income tax assets at December 31, 2018 and December 31, 2017 are as follows:

	2018	2017
Property and equipment	$ 3,490	$ 3,092
Share issuance costs	56,884	94,140
Non-capital losses carried forward	4,847,035	4,871,877
Exploration and evaluation assets	1,389,705	1,511,233
Unrealized foreign exchange	(561,699)	(405,699)
	5,735,415	6,075,346
Unrecognized deferred tax asset	(5,735,415)	(6,075,346)
Deferred tax asset	$ -	$ -

(Expressed in U.S. Dollars)

10. INCOME TAXES (continued)

As at December 31, 2018, the Company has non-capital losses of approximately $18,374,000 that may be carried forward to reduce taxable income derived in future years. The tax losses will expire as follows:

Year Expires	Losses
2019	$ 170,000
2020	127,000
2021	103,000
2022	117,000
2023	217,000
2024	10,000
2026	1,221,000
2027	1,557,000
2028	816,000
2029	1,376,000
2030	2,050,000
2031	1,122,000
2032	1,559,000
2033	588,000
2034	1,439,000
2035	1,196,000
2036	1,281,000
2037	1,961,000
2038	1,464,000
	$ 18,374,000

11. 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 year ended December 31, 2018. Neither AGG nor its subsidiaries are subject to externally imposed capital requirements.

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 and is dependent on the capital markets to finance exploration and development activities.

12. 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 2018, 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 $161,927 (2017 - $231,194). Included in cash and cash equivalents is $2,395 (2017 - $201,167), receivables is $3,811 (2017 - $16,364), and accounts payable and accrued liabilities is $57,083 (2017 - $25,491) 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.

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.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 December 31, 2018, AGG had a cash balance of $31,191 and current liabilities of $1,548,646. 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.

	Due within				
	1 Year	2 Years	3 Years	Over 4 Years	Total
Accounts payable and accrued liabilities	$ 1,548,646	$ -	$ -	$ -	$ 1,548,646

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.

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 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. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

(Expressed in U.S. Dollars)

13. SEGMENTED INFORMATION

The Company operates where its head office is located and Mali and Burkina Faso where its exploration and evaluation assets are located. Information about the Company's assets by geographical location is detailed below.

	December 31, 2017			
	Canada	Burkina Faso	Mali	Total
Exploration and evaluation assets	$ -	$ 1,679,873	$ 22,767,183	$ 24,447,056
Total	$ -	$ 1,679,873	$ 22,767,183	$ 24,447,056

	December 31, 2018			
	Canada	Burkina Faso	Mali	Total
Exploration and evaluation assets	$ -	$ -	$ 23,624,077	$ 23,624,077
Total	$ -	$ -	$ 23,624,077	$ 23,624,077

14. SUBSEQUENT EVENTS

On March 5, 2019, pursuant to an engagement agreement entered into with an arm's length service provider, the Company issued 266,667 common shares of the Company at a deemed price of $0.375 per common share in full and final settlement of the $100,000 owing to the service provider. The common shares will be subject to a statutory hold period of four months and one day from the date of issuance.

On April 4, 2019, the Company received a $240,000 loan from 2227929 Ontario Inc.

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. Each new common shares of the Company for up to every 7.5 existing common shares of the Company. The principal effects of the consolidation is that the number of shares of the Company issued and outstanding is reduced from 361,582,671 existing common shares as of the date hereof to approximately 48,211,022 new common shares. The consolidation of common shares, options and warrants have been reflected retrospectively in these consolidated financial statements.