AXMIN Inc.

Consolidated Financial Statements
Years ended December 31, 2017 and 2016

(Expressed in United States dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of AXMIN Inc.:

We have audited the consolidated financial statements of AXMIN Inc. and its subsidiaries (the “Company”) which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, the consolidated statements of operations and comprehensive income (loss), changes in shareholders’ equity (deficit), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

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

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which discloses matters and conditions that indicate the existence of a material uncertainty which that may cast significant doubt about the Company’s ability to continue as a going concern.

MNP LLP

April 25, 2018
Vancouver, BC

Chartered Professional Accountants

Consolidated Statements of Financial Position

(Expressed in United States dollars)

	As at December 31, 2017	As at December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**1,115,331**	370,238
Receivables *(note 4)*	**610,477**	133,799
Prepaid expenses and deposits	**12,934**	12,084
Total Assets	**1,738,742**	516,121
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**2,440,820**	2,448,203
Amounts due to related parties *(note 7)*	**190,355**	180,979
Liabilities of discontinued operations *(note 5)*	**323,103**	323,103
Total Liabilities	**2,954,278**	2,952,285
Commitments and contingencies *(note 5 and 8)*		
Shareholders' Deficit *(note 6)*		
Share capital	**139,494,998**	139,494,998
Warrants reserve	**7,868,733**	7,868,733
Stock options reserve	**8,908,683**	8,829,807
Deficit	**(158,882,728)**	(160,113,658)
Accumulated other comprehensive income	**1,394,778**	1,483,956
Total Shareholders' Deficit	**(1,215,536)**	(2,436,164)
Total Liabilities and Shareholders' Deficit	**1,738,742**	516,121

(Nature of operations and going concern – Note 1)
See accompanying notes to the consolidated financial statements

On Behalf of the Board of Directors

"Signed"

Lucy Yan, CEO and Director

"Signed"

David de Jongh Weill, Independent Lead Director

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in United States dollars except share and per share data)

For the years ended December 31,	**2017**	2016
Revenue		
Royalty income *(note 5)*	**1,585,578**	980,380
	1,585,578	980,380
Expenses		
Consulting fees	**106,268**	117,678
Director fee	**30,802**	33,024
General admin expenses	**23,086**	23,178
IR expenses	**23,339**	18,563
Professional fees	**26,052**	28,943
Project costs *(note 5)*	**11,288**	1,014,562
Rental expenses	**22,161**	22,182
Salaries and wages	**55,808**	41,525
Share-based compensation (*note 6*)	**78,876**	9,218
Travel expenses	**10,588**	1,510
	388,268	1,310,383
Income (loss) from continuing operations	**1,197,310**	(330,003)
Other income (expenses)		
Reversal of accrued liabilities (*note 12*)	**-**	81,924
Gain on foreign exchange	**30,657**	8,345
Interest and Bank Charges	**(1,327)**	(8,074)
Interest income	**4,290**	1,050
	33,620	83,245
Net Income (loss)	**1,230,930**	(246,758)
Other comprehensive loss		
Foreign currency translation	**(89,178)**	(25,538)
Other comprehensive loss	**(89,178)**	(25,538)
Total Comprehensive income (loss)	**1,141,752**	(272,296)
Net Income (loss) per common share (basic and diluted)	**0.009**	(0.002)
Weighted average number of common shares outstanding	**130,497,381**	130,497,381

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in United States Dollars except share data)

For the years ended December 31,		**2017**		2016
	Number	**Amount ($)**	Number	Amount ($)
Share Capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of year	**130,497,381**	**139,494,998**	130,497,381	139,494,998
Shares issued during the year *(note 6)*	**-**	**-**	-	-
Balance, end of year	**130,497,381**	**139,494,998**	130,497,381	139,494,998
Warrants Reserve				
Balance, beginning of year		**7,868,733**		7,868,733
Warrants expired *(note 6)*		**-**		-
Balance, end of year		**7,868,733**		7,868,733
Stock Options Reserve				
Balance, beginning of year		**8,829,807**		8,820,589
Share-based compensation *(note 6)*		**78,876**		9,218
Balance, end of year		**8,908,683**		8,829,807
Deficit				
Balance, beginning of year		**(160,113,658)**		(159,866,900)
Net income (loss) for the year		**1,230,930**		(246,758)
Balance, end of year		**(158,882,728)**		(160,113,658)
Accumulated other comprehensive income, net of tax				
Balance, beginning of year		**1,483,956**		1,509,494
Other comprehensive loss		**(89,178)**		(25,538)
Balance, end of year		**1,394,778**		1,483,956
Shareholders' deficit, end of year		**(1,215,536)**		(2,436,164)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in United States Dollars)

For the years ended December 31,	**2017**	2016
Operating Activities		
Net income (loss)	**1,230,930**	(246,758)
Reversal of accrued liabilities	**-**	(81,924)
Foreign exchange gain	**(30,657)**	(8,345)
Share-based compensation	**78,876**	9,218
	1,279,149	(327,809)
Changes in non-cash working capital		
Receivables	**(534,858)**	121,970
Prepaid expenditures	**(954)**	(9,563)
Accounts payable and accrued liabilities	**(8,284)**	846,189
Amounts due to related parties	**10,520**	(144,548)
Net cash inflow (outflow) from operating activities	**(533,576)**	486,238
Investing Activities		
Redemption of GIC	**-**	72,254
Net cash inflow (outflow) from investing activities	**-**	72,254
Financing Activities		
Repayment of shareholder loans *(note 8)*	**-**	(206,257)
Net cash outflow from financing activities	**-**	(206,257)
Effect of exchange rate changes	**(480)**	3,964
Change in cash and cash equivalent during the year	**745,093**	356,199
Cash and cash equivalent, beginning of year	**370,238**	14,039
Cash and cash equivalent, end of year	**1,115,331**	370,238
Supplemental Cash Flow Information		
Interest paid	**-**	35,766
Interest received	**-**	**-**
Income taxes paid	**-**	-

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

AXMIN Inc. ("AXMIN" or the "Company") is incorporated under the Canada Business Company Act and is an international mineral exploration company with an exploration portfolio in central and West Africa. A major portion of the Company's exploration and development costs relate to its Passendro gold project (the "Project" or "Passendro") situated on a portion of the Bambari property in the Central African Republic ("CAR"). The Company holds its interest in this property through its wholly owned CAR registered subsidiaries, Aurafrique SARL ("Aurafrique"), which holds prospecting and exploration permits for the property, and SOMIO Toungou SA, which holds the mining permit for the Passendro project. The corporate office is located in Vancouver at 1111 Alberni Street, Suite 2209, Vancouver, BC, V6E 4V2, Canada.

The Company is in the development stage. Aside from the properties that comprise of the Passendro project, it has not yet determined whether other properties in its exploration portfolio contain resources that are economically recoverable. The recoverability of the amounts shown for mineral properties costs is dependent upon the ability of the Company to secure adequate financing to meet the capital required to successfully complete the exploration and development of the project, the political risk relating to obtaining all necessary permits and maintaining the licences in good standing, the future profitable production or proceeds from the disposition of such properties and its ability to continue as a going concern. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may not uphold the Company's 25-year Mining Permit and the associated contractual agreements, as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment. The Company determined the Passendro project is impaired in its entirety in 2013.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2017, the Company had negative working capital of $1,215,536, and did not have sufficient cash to fund the development of the Passendro Project and its other properties. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

To date, the Company has raised funds principally through the Gora royalty income, the issuance of shares and sale of assets. In the foreseeable future, the Company will likely remain dependent on the royalty income, issuance of shares, and the availability of project financing. Management expects that it will be able to fund its immediate cash requirements and will require additional funding to allow the Company to continue future exploration and development activities. However, there can be no assurances that the Company's financing activities will be successful or that sufficient funds can be raised in a timely manner or on terms satisfactory to the Company.

These consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities, that might be necessary and material should the Company not be able to continue as a going concern.

2. Basis of preparation – statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective for the year ended December 31, 2017.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions

Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. The Company's accounting policies have been applied consistently in preparing these consolidated annual financial statements. These consolidated financial statements of the Company were authorized for issuance by the Board of Directors on April 25, 2018**.**

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2017.

Control is achieved when the Company has (i) power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power to affects it returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of three elements of control previously mentioned.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases control of the subsidiary.

All Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

The consolidated financial statements include the accounts of the Company and its subsidiaries, as follows:

AXMIN Limited (BVI)	*100% owned*
Aurafrique SARL (CAR)	*100% owned*
SOMIO Toungou SA (CAR)	*100% owned*
AXMIN RCA SARL (CAR) - inactive	*100% owned*
ToPex Limited (BVI) - inactive	*100% owned*

The Company does not have interests in any associated companies or in any joint arrangements with either joint control or significant influence.

The Company is a party to a joint arrangement without joint control or significant influence through its joint venture agreement with Sabodala Mining Company SARL ("SMC"), in Senegal. Although the Company has actual and potential royalty interests in the project, the Company has no power to direct relevant operational and financing activities such as operating policies, capital decisions, key management, appointments or project management, and thus has no joint control or significant influence. The joint venture agreement and royalty interests are described in note 5(b).

Significant accounting judgments, estimates and assumptions

Significant judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effects on the amounts recognized in the Company's consolidated financial statements are as follows:

(a) Determination of economic viability
Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable except for those determined as impaired. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, life of mine plans and availability of funding.

(b) Going concern
The Company has determined it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations, thus it has the ability to continue as a going concern.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

(c) Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in both Canada and Africa, and sources of equity financing. The Company has determined the functional currency of the parent is the Canadian dollar and the functional currencies of the wholly owned subsidiaries are US dollars.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses and other income during the reporting periods. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experiences.

Significant estimates and assumptions used in the preparation of the consolidated financial statements include, but are not limited to:

(a) The recoverability of mineral property;
(b) Deferred income taxes; and
(c) Share based compensation valuation assumptions

While management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

(a) The recoverability of mineral property

Mineral properties have been evaluated using the discounted cash flow method, by taking into account year on year milled tonnages and grades for the ore and the associated recoveries, gold price (revenue), operating costs, bullion transport and refining charges, royalties and capital expenditure (both initial and sustaining). The calculation of the discounted cash flows could be impacted to the extent that actual production in the future is different from current forecast production. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

(b) Deferred taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized and recognized deferred tax assets.

(c)Share based compensation valuation assumptions

Note 6 outlines the significant assumptions with respect to share-based payment expense which include an estimate of the volatility of the Company's shares, the expected life of the options, and the number of options expected to vest which are subject to measurement uncertainty.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

Summary of significant accounting policies

Cash and cash equivalents

Cash and short term deposits in the consolidated statement of financial position comprise cash at banks and at hand and short-term deposits with a remaining maturity at the date of purchase of three months or less.

Foreign currency translation

The Company's functional currency is the Canadian dollar and that of all of its subsidiaries is the U.S. dollar. The Company's consolidated financial statements are reported in US dollars, which is the Company's presentation currency. The US dollar was selected as presentation currency in order to facilitate understanding by international users of these consolidated financial statements.

Transactions in currencies other than an entity's functional currency are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. All differences are recorded in net earnings or loss. Non-monetary items are translated using the historical exchange rates as at the dates of the initial transactions.

In translating the financial results of the parent company from its functional currency of Canadian dollars to the presentation currency of US dollars, the Company uses the following method: assets and liabilities are translated at the exchange rate in effect as at the date of the consolidated statement of financial position; revenues and expenses are translated at the rate effective at the time of the transaction or the average rate for the year; and shareholders' equity is translated at the rate effective at the time of the transaction. Unrealized gains and losses resulting from the translation to the US dollar presentation currency are included in other comprehensive income.

Financial instruments

Financial assets
Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end. The Company's financial assets include cash and cash equivalents and amounts receivable.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognized in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. The losses arising from impairment are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net earnings.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and other liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities, amounts due to related parties, due to shareholder loans, which are all classified as other liabilities measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Fair value hierarchy
The Company uses a three-level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 consists of financial instruments such as quoted share prices.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Revenue recognition

The Company recognizes revenue in accordance with *IAS 18 Revenue* and based upon amounts contractually due pursuant to the underlying royalty agreements. Specifically, royalty revenue is recognized in accordance with the terms of the underlying royalty agreements subject to (i) when persuasive evidence of an arrangement exists; (ii) the risks and rewards having been transferred; (iii) the royalty or stream being fixed or determinable; and (iv) the collectability of the royalty being reasonably assured. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Royalty revenue may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Adjustments to revenue from metal prices are recorded monthly and other adjustments are recorded on final settlement and are offset against revenue when incurred.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

Mineral properties

Exploration and evaluation assets
Exploration and evaluation costs, including the cost of acquiring licenses, are expensed as exploration costs in the consolidated statement of operations and comprehensive loss until the determination of the technical feasibility, commercial viability and the reasonable assurance of obtaining the exploitation license of the Project. Exploration costs include costs directly related to exploration and evaluation activities in the area of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when economically recoverable reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study.

Once the technical feasibility study is completed and there is reasonable assurance that the mining permit is obtained, subsequent exploration and development expenses are capitalized in mineral properties. Upon reaching commercial production, these capitalized costs will be transferred from development properties to producing properties on the consolidated statement of financial position and will be amortized using the unit-of-production method over the estimated period of economically recoverable reserves.

Development costs
Expenditure on the pre-construction work such as early on-site infrastructural upgrades is capitalized in mineral properties.

Carried interest and farm-in arrangements
The Company recognizes its expenditures under a farm-in or carried interest arrangement for exploration and evaluation assets in respect of its interest and that retained by the other party, as and when the costs are incurred. Such expenditures are recognized in the same way as the Company's directly incurred exploration and evaluation expenditures.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation of property, plant and equipment used for exploration and development is capitalized to mineral properties. Depreciation is recorded using the straight-line method based on an estimated useful life of 5 years for vehicles, 10 years for equipment and 25 years for building. Leasehold improvements are amortized on a straight-line basis over the term of the respective lease.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on detailed budgets and forecast calculations that include commodity pricing, availability of financing, and various other factors, which are prepared separately for each of the Company's cash generating units to which the individual assets are allocated. When the determination of fair value based on cash flow projections are deemed difficult or impossible, management utilizes other methods such as cost per oz compared to peers, cost per oz of net exploration kilometre and recent market transactions. Impairment losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Cash generating units with goodwill are tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of Financial Assets

Financial assets not carried at fair value through profit or loss are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income and presented in accumulated other comprehensive income in equity, to net income (loss). The cumulative loss that is removed from other comprehensive income and recognized in net income (loss) is the difference between the acquisition costs, net of any principal repayment and amortization, and the current fair value less any impairment loss previously recognized in net loss. If subsequently the fair value of any impaired available-for sale security increases, then the impairment loss is reversed with the amount of the reversal recognized in net income (loss).

Business combinations and goodwill

On the acquisition of a business, the acquisition method of accounting is used whereby the purchase consideration transferred is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If an excess remains after reassessment, the Company recognizes the resulting gain in profit or loss on the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Share based payments

The Company grants stock options to directors, officers and employees of the Company under its incentive stock option plan.

The fair value of the instruments granted is measured using Black-Scholes option pricing model, taking into account the terms and conditions upon which the instruments are granted and are expensed over their vesting period. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

Share based payments *(continued)*

The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is recognized over the vesting period using an accelerated method of amortization. At

each reporting period date, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Share-based compensation relating to share options is charged to the consolidated statement of income (loss) and comprehensive income (loss).

Warrants

The warrants are valued based on allocating the proceeds of the issuance between the common share and the common share purchase warrant components by fair valuing each component separately and determining the proceeds to be allocated based on a pro-rata basis. The fair value of warrants is calculated using the Black-Scholes option pricing model and is recognized as warrants.

Warrants whose exercise price is denominated in Canadian currency are fair valued and carried in the Shareholders' Equity section of the consolidated statement of financial position. Warrants that are denominated in a currency other than the Company's functional currency are fair valued and classified as derivatives in the current liabilities section of the consolidated statements of financial position.

Loss per share

Loss per common share has been calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted per share amounts are calculated using the treasury stock method whereby proceeds deemed to be received on the exercise of options and warrants in the per share calculation are assumed to be used to acquire common shares at the average market price during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions *(continued)*

New IFRS standards and amendments adopted

The Company did not adopt any new accounting standard changes or amendments effective January 1, 2017 that had a material impact on these interim condensed consolidated financial statements.

Standards issued but not yet effective

Standards issued but not yet effective as at the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

- **Hedge accounting**. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning on January 1, 2018. The Company does not expect the standards to have a material impact on its financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2017; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. The Company does not expect the standards to have a material impact on its financial statements.

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

4. Receivables

The Company's receivables arise from royalty receivable related to Senegal Project (Note 5), goods and services tax and harmonized sales taxes receivable from government taxation authorities as follows:

December 31	**2017**	2016
Royalty income receivable	**604,723**	125,063
Refundable taxes	**5,754**	8,736
	610,477	133,799

Royalty income receivable in the amount of $604,723 has been received subsequent to the year ended December 31, 2017.

5. Exploration and evaluation assets

a) *Mineral properties*

Central African Republic
AXMIN holds a 100% interest in the Bambari properties which consist of a 25-year Mining Licence (355 sq km), granted in August 2010 and two Exploration Licences, Bambari 1 and 2 (1,240 sq km), also granted in August 2010. The Bambari properties had been the subject of substantial exploration by AXMIN since the discovery of the Passendro project. The Passendro project is situated in the centre of the Mining Licence which is ring-fenced by the two Bambari Exploration Licences.

On October 15, 2013, the Government of the CAR signed the Decree No. 13.412, stating that the duration of the validity of the Bambari 1 and 2 Exploration Licences held by Aurafrique SARL, a wholly owned CAR registered subsidiary of the Company, were extended for a period of one year from August 7, 2013 to August 6, 2014.

On October 15, 2013, the Government of the CAR granted SOMIO Toungou SA, a wholly-owned subsidiary of the Company, a one-year extension of the exemption from starting the development and pre-production work at the Passendro Gold Project. The period of the extension of the exemption is valid from January 11, 2014 to January 10, 2015.

On October 18, 2013, the Government has certified that the Mining Licence held by SOMIO Toungou, which was originally granted to the Company on August 5, 2010, remains valid for a period of twenty-five years from the date of the grant.

On November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued Ministerial Order No 245/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year to start the development and pre-production work at the Passendro Gold Project to SOMIO Toungou SA, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within a duration of one (1) year starting from November 28, 2016 to November 27, 2017. Subsequent to the year end, the Minister of Mining and Geology issued an executive order No 031/18/MMG/DIRCAB/DGM to grant SOMIO Toungou an extension period of exemption from the development work and productions of the Passendro gold mine for one (1) year, running from March 22, 2018 to March 21, 2019.

Also on November 28, 2016, the Minister of Mines, Energy and Hydraulics of the CAR issued the Ministerial Order No 246/16/MMEH/DIRCAB/DGMD, giving an Exemption Certificate of one (1) year for exploration and research of the primary layer of gold and others related to substances of Licenses of BAMBARI 1 and 2 to Aurafrique SARL, a wholly-owned subsidiary of the Company. The period of the Exemption is valid within duration of one year from November 28, 2016 to November 27, 2017. In 2016, the Company incurred $1,000,000 for the extension of the licenses of BAMBARI 1 and 2, which is included in accounts payable and accrued liabilities in consolidated statements of financial position as of December 31, 2017. Subsequent to the year end, the Minister of Mining and Geology issued an executive order No 032/18/MMG/DIRCAB/DGM to grant Aurafrique SARL an extension period of exemption from exploration and research for one (1) year, running from March 22, 2018 to March 21, 2019.

Force Majeure
In 2012, AXMIN announced that it officially notified the Minister of Mines and Minister of Defence of the Central African Republic, as per its 2006 Mining Convention, of the existence of Force Majeure factors arising from the widely reported rebel activity in the country at that time

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

5. Exploration and evaluation assets *(continued)*

AXMIN's operating camp based in close proximity to Ndassima Village was temporarily occupied on December 21, 2012 by rebels apparently en route to the major town of Bambari. In April 2013, AXMIN has received confirmed reports that all facilities, tools, equipment and vehicles on site were stolen or destroyed by the rebels or by the locals.

As a result of this rebel activity, camp operations in CAR have been suspended and have been limited to administrative office activity in Bangui only.

On October 15, 2013, the Government of the CAR ("Government") officially acknowledged the considerable monetary losses the Company sustained, which was estimated to be approximately US$38 million, at its operations in the capital city of Bangui and at its Ndassima camp located 60 km north of the town of Bambari. In response to those losses, the Government has consented to a compensation of 50 percent of all taxes, rights and taxations, but did not specify the applicable time period. Given the uncertainty of the Government compensation, the Company has not accrued any compensation.

Impairment charges on mineral properties
Impairment in the amount of $37,346,576 was recognized as at December 31, 2013 on the Bambari properties to reflect the decrease in their recoverable value as the result of the current political turmoil in CAR. The new government of the CAR might adopt different policies respecting foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting mining policies, ownership of mineral assets and might extend to expropriation of mineral assets. The recoverable amount of the Company's Bambari properties is $nil based on management's estimate of the asset's fair value less costs to sell ("FVLCD").

As at December 31, 2017, there has been no significant change in the assumptions used to determine the FVLCD since the impairment loss was recognized in 2013.

(b) Other exploration, evaluation and development costs disposed or expensed

<u>*Mali – discontinued operation*</u>

On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") (AVR-TSX) entered into an agreement for the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali. The total sales proceeds for the nine permits consist of C$500,000 cash and 4,500,000 common shares of Avion. As of December 31, 2017, eight of the nine permits met the conditions for closing. The consideration for the eight permits represents 95% of the total sale proceeds.

In 2014, management has determined that it is unlikely that the ninth permit could be transferred to Avion, and the Company is not able to receive the remaining consideration. Therefore, the assets of discontinued operation have been written off in 2014. There is no change in the assessment in fiscal 2017.

The liabilities of Mali have been separately reported as discontinued operations in the consolidated statements of financial position and the consolidated statements of income (loss) and comprehensive income (loss).

The liabilities of discontinued operations as at December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Accounts payable and accrued liabilities	**323,103**	323,103
Liabilities of discontinued operations	**323,103**	323,103

There were no other costs and loss from discontinued operations incurred for the year ended December 31, 2017 and 2016.

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

5. Exploration and evaluation assets *(continued)*

Senegal

In July 2011, through its wholly-owned subsidiary SMC, Teranga Gold Company ("Teranga") earned 80% interest in Sounkounkou, Heremokono and Sabodala NW exploration licences (the "Senegal Project") located in the Birimian belt of eastern Senegal, by spending $6 million on exploration. AXMIN has retained a 20% interest in the Project.

On February 28, 2012, as a result of Teranga advancing the Gora deposit towards development, AXMIN and its joint venture partner SMC had agreed to amend the original 2008 joint venture agreement to more adequately represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. As per the Agreement, AXMIN had a free-carried interest of $2.5 million, with respect to the Target Areas work costs starting from October 1, 2011, after which both parties are to jointly fund Target Area work costs on a pro-rata basis. As of December 31, 2016, the free-carried interest balance is $nil.

The Agreement also stipulates that AXMIN can make an election to convert its 20% interest in Target Area into a Royalty interest (a "Royalty Election"). If a Royalty Election is made, then SMC must pay to AXMIN a Royalty interest of 1.5% of Net Smelter Returns ("1.5% NSR") from the sale or disposition of Minerals produced in the specified Target Area. SMC will solely fund all finance work costs for each of the Royalty Target Areas (being Target Areas have been made Royalty Election on). As of February 28, 2012, AXMIN elected to take a 1.5% NSR Royalty Interest in the Gora Deposit, located on the Sounkounkou permit.

On June 18, 2015, in addition to its royalty interest of 1.5% NSR in the Gora Target Area, AXMIN has elected to convert its 20% interests in another 15 Target Areas into a 1.5% NSR Royalty interest from each Target Area under the Agreement. On January 12, 2016, AXMIN elected to convert its 20% interest in one new Target area into a 1.5% NSR. On January 12, 2016, after this Royalty Election, AXMIN holds a 1.5% NSR on 17 Royalty Target Areas in total and maintains 20% interests of Remainder Areas within the Senegal Project.

Gora Deposit began production in the third quarter of fiscal 2015. Royalty income in the amount of $1,585,578 has been recognized in the year ended December 31, 2017 (December 31, 2016 - $980,380).

6. Share capital

The Company is authorized to issue an unlimited number of common shares with one vote per share and no par value per share.

Share capital outstanding at December 31, 2017 was 130,497,381 (December 31, 2016: 130,497,381 common shares).

Warrants

There were no common share purchase warrants outstanding, issued or exercised during the years ended December 31, 2017 and 2016.

Stock Options

A summary of the changes in options is presented below:

	Number of options	Weighted Average Exercise Price – C$(dollars)
Balance at December 31, 2015	**4,000,000**	**0.032**
Options cancelled	(850,000)	0.025
Balance at December 31, 2016	**3,150,000**	**0.034**
Options expired on March 9, 2017	(50,000)	0.60
Options granted on September 25, 2017	5,140,000	0.05
Balance at December 31, 2017	**8,240,000**	**0.04**

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

6. Share capital *(continued)*

The Incentive Stock Option Plan (the "Plan") authorizes the Directors to grant options to purchase shares of the Company to directors, officers, employees and consultants. All options granted vest over 18 months from the date of grant and expire five years from the date of issuance. The Plan allows for the maximum number of common shares issuable under the Plan to equal 10% of the issued and outstanding common shares of the Company at any point in time.

On September 18, 2015, the Company granted an aggregate of 3,950,000 options, exercisable at C$0.025 each and expiring five years from the date of issue. 850,000 of the total 3,950,000 options have been forfeited due to the resignations of a director and an employee.

On September 25, 2017, the Company granted an aggregate of 5,140,000 options, exercisable at C$0.05 each and expiring five years from the date of issue.

All of the options were vested equally over an 18 month period from the date of the grant (25% on the date of grant and 25% on each of the 6 (six) month, 12 (twelve) month and 18 (eighteen) month from the date of grant) and are exercisable in accordance with the terms of the Company's Stock Option Plan. Share-based compensation expense (recovery) amounted to $78,876 for the year ended December 31, 2017 (2016 - $9,218). No share-based compensation amount was capitalized in 2017 and 2016.

The Company used the Black Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

	December 31, 2017
Assumptions	
Weighted average risk-free interest rate	**1.80%**
Expected stock price annual volatility	**229%**
Weighted average expected life in years	**5 years**
Expected dividend yield	**0.0%**
Weighted average fair value cost per option	**C$0.04**

As at December 31, 2017, 4.81 million (December 31, 2016 – 9.90 million on a post-consolidation basis) options are available for future issuance under the plan.

As at December 31, 2017, common share stock options held by directors, officers and employees and activity are as follows:

	Outstanding			**Exercisable**	
Range of exercise prices -C$ (dollars)	Number of options	Weighted average exercise price - C$ (dollars)	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price - C$ (dollars)
0.025	3,100,000	0.025	2.72	3,100,000	0.025
0.05	5,140,000	0.05	4.73	1,285,000	0.05
	8,240,000	0.04	3.97	4,385,000	0.032

7. Related party transactions

Related party balances

	December 31, 2017	December 31, 2016
	$	$
Kin Foon (Joe) Tai (a)	**15,943**	**14,895**
Bright Chiu (a)	**27,900**	**26,068**
David Weill (a)	**15,943**	**14,895**
Lucy Yan (b)	**130,569**	**125,121**
Total due to related parties	**190,355**	**180,979**

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

7. Related party transactions *(continued)*

Related parties in the consolidated statements of financial position:

(a) Balances consist of director fees due to the current directors, which have been included in amounts due to related parties in the consolidated statements of financial position.

(b) Balance consists of consulting fees due to the current CEO, which has been included in amounts due to related parties in the consolidated statements of financial position.

(c) As of December 31, 2017, the Company's significant shareholder, Dickson Resources Limited ("Dickson"), held 45,000,000 common shares (December 31, 2016 – 45,000,000) representing approximately 35% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

In 2014, Dickson provided the Company with a revolving loan for a total amount of C$250,000. The loan bears interest calculated monthly at 10% per annum. On May 31, 2016, the loan balances, including principal in the amount of $201,159 (C$250,000) and accrued interest of $35,766 (C$44,570), were paid back in full amount. The loan balance as of December 31, 2017 and 2016 was $nil.

(d) As of December 31, 2017, the Company's other significant shareholder, Shanghai Shenglin Trading Co., Ltd., held 20,000,000 common shares (2016–20,000,000 common shares) representing approximately 15% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

As of December 31, 2017, the Company's other significant shareholder, AOG Holdings BV ("AOG"), a wholly-owned subsidiary of the Addax and Oryx Group Limited, held 15,001,938 common shares (December 31, 2016 - 15,301,938 common shares) representing approximately 12% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

Related party transactions

a) Compensation of key management personnel

The Company has identified its directors and senior officers as its key management personnel. The remuneration of directors and senior officers during the year was as follows:

	2017	2016
	$	$
Share-based payments	78,876	9,218
Consulting fees	106,268	102,770
Director fees	30,802	32,581
	215,946	144,569

b) During the year ended December 31, 2017, the Company incurred $nil (2016 - $6,695) in interest expenses from the shareholder loan provided by Dickson.

These transactions were entered into in the normal course of operations and were recorded at the exchange amount established and agreed to between the related parties.

8. Commitments and contingencies

In the ordinary course of business activities, the Company is subject to various claims, including those related to income and other taxes of its foreign subsidiaries. Management believes that adequate provisions are recorded in the accounts where required and where estimable. However, there can be no assurance that the Company will not incur additional expenses.

The Company engaged a consulting company to assist the Company to obtain compensation for its mining properties damage or loss resulted from the civil war in CAR, which amounts to around XAF 18,000,000,000 ($29.0 million) from the government of CAR. In the event that the compensation from the government is received by the Company, the consulting company will be entitled to receive 15% of the total compensation.

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

9. Segmented information

The Company has one reportable operating segment: mineral exploration and development. There were no exploration activities in CAR due to the force majeure mentioned in Note 5a.

The Company's comprehensive income (loss) by geographic locations for the years ended December 31, 2017 and 2016 are as foll

Net Income (loss)		Year ended December 31, 2017		Year ended December 31, 2016
Canada	$	1,323,338	$	- 218,747
Central African Republic		- 92,408		- 28,011
Total	$	1,230,930	$	- 246,758

The Company's total assets by geographic locations for the years ended December 31, 2017 and 2016 are as follows:

Total Assets		December 31, 2017		December 31, 2016
Canada	$	1,731,640	$	511,619
Central African Republic		7,102		4,502
Total	$	1,738,742	$	516,121

10. Capital management

The Company manages its cash and cash equivalents, common shares, stock options, and warrants as capital. The policy of the board of directors of the Company is to maintain a strong capital base so as to sustain future development of the business and maintain investor, creditor and market confidence. To meet these objectives the Company monitors its financial position on an ongoing basis.

As at December 31, 2017, the Company’s capital primarily consisted of cash and cash equivalents in the amount of $1,115,331 and amounts receivable in the amount of $610,477. The Company’s primary objectives when managing capital are to safeguard the Company’s ability to meet its immediate cash requirements, and to perform exploration and development on its properties as well as maintain market confidence.

As at December 31, 2017, the Company had negative working capital of $1,215,536. The Company will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the Company’s size. The Company is not subject to other externally imposed capital requirements.

11. Financial instruments and risk management

The recorded amounts for cash and cash equivalents, receivable excluding the GST receivable (2017 - $5,754; 2016 - $8,736), accounts payable and accrued liabilities and amounts due to related parties approximate fair values based on the short-term nature of those instruments. The Company has classified its financial instruments as follows: cash and cash equivalents as held-for-trading; receivables as loans and receivables; accounts payable and accrued liabilities; amounts due to related parties as other financial liabilities and liabilities of discontinued operation.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the following:

(i) Cash

The Company minimizes its exposure to credit risk by keeping the majority of its cash as cash on deposit with a major Canadian chartered bank. Management expects the credit risk to be minimal.

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

11. Financial instruments and risk management *(continued)*

(ii) Receivables

Management does not expect these counterparties to fail to meet their obligations. The Company does not have receivables that it considers impaired or otherwise uncollectible.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of December 31, 2017, the Company had cash and cash equivalents of $1,115,331 (December 31, 2016: $370,238), and the Company did not have sufficient cash on hand to discharge its current liabilities. As of December 31, 2017, the Company had negative working capital of $1,215,536 (December 31, 2016 - $2,436,164 negative working capital).

(c) Market risk

Market risk consists of currency risk, interest rate risk, and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Foreign currency risk

The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is the United States dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company's main source of funds are denominated in the Canadian dollar and the Company has monetary assets and liabilities denominated in the Canadian dollar, UK pound sterling, United States dollar and the CFA franc. A significant change in the currency exchange rates between the US dollar and foreign currencies could have an effect on the Company's total comprehensive loss.

The Company maintains certain of its cash and cash equivalents in the US dollar, and CFA franc and is thus susceptible to market volatility as cash balances are revalued to the functional currency of the Company. The rate published by the Bank of Canada at the close of December 31, 2017 was 1.2545 Canadian dollars to 1 US dollar. Based on the balances at December 31, 2017, income will increase or decrease by $68,630 given a 5% increase or decrease in the US dollar to Canadian dollar. The total amount of cash and cash equivalents held in foreign currency at December 31, 2017 is $1,094,146 in USD and 3,506,556 in CFA franc.

(ii) Interest rate risk
The Company has no short-term investments or loans that has variable interest rate, and therefore not subject to interest rate risk fluctuation.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2017:

	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	1,115,331	1,115,331	-	-

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

12. Reversal of accrued liabilities

For the year ended December 31, 2017, the Company reversed accrued withholding tax of $nil (2016 - $81,924) related to its expatriate employee worked in CAR in 2013. The Ministry of Finances in CAR has granted tax credit to offset any future tax liabilities since 2013 and the assessment period for withholding tax under CAR's tax regulation is three years.

13. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2017 and 2016:

	2017	2016
Net income (loss) before tax from continuing operations	**$ 1,230,930**	$ (246,758)
Statutory tax rate	**26.00%**	26.00%
Expected income tax (recovery)	**320,042**	(64,157)
Non-deductible items	**20,790**	2,991
Change in deferred tax assets not recognized	**(340,832)**	61,166
Total tax expense	**-**	-

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences at December 31, 2017 and 2016 are comprised of the following:

	2017	2016
Tax loss carry-forwards – Canada	**$ 15,510,461**	$ 15,629,558
Tax loss carry-forwards – Foreign Jurisdictions	**120,397**	43,773
Exploration and development – Canada	**1,566,938**	1,521,456
Exploration and development – Foreign Jurisdictions	**101,774,677**	101,774,677
Share issue costs – Canada	**-**	108,656
Property plant and equipment – Canada	**66,146**	68,130
Unrecognized deductible temporary difference	**$ 119,038,619**	$ 119,146,250

(All amounts expressed in United States dollars, except otherwise stated and per unit basis)

13. Income Taxes *(continued)*

The Company has non-capital loss carryforwards of approximately $15,510,000 (2016: $15,630,000) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry date	Amount
2027	**$ 222,000**
2028	**1,428,000**
2029	**2,052,000**
2030	**1,510,000**
2031	**2,193,000**
2032	**2,667,000**
2033	**3,360,000**
2034	**812,000**
2035	**674,000**
2036	**592,000**
	$15,510,000

The Company has net operating loss carryforwards of approximately $120,397 (2016 - $43,773) expiring in 2018 to 2020, which may be carried forward to apply against future income for Central African Republic tax purposes, subject to the final determination by taxation authorities.

Expiry date	Amount
2019	**$ 28,010**
2020	**92,387**
	$ 120,397