OREZONE

OREZONE GOLD CORPORATION

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in United States dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates, and choices of accounting principles. Management maintains a system of internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial information reported is accurate and reliable.

The Board of Directors approves the consolidated financial statement and ensures that management discharges its financial reporting responsibilities principally through oversight by the Audit Committee of the Board. The Audit Committee has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, Deloitte LLP, have conducted an audit in accordance with generally accepted auditing standards, and their report follows.

/s/ Patrick Downey

Patrick Downey
Chief Executive Officer

April 17, 2019

/s/ Peter Tam

Peter Tam
Chief Financial Officer

April 17, 2019

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Orezone Gold Corporation

Opinion

We have audited the consolidated financial statements of Orezone Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, December 31, 2017 and January 1, 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 Eric Leopold.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
April 17, 2019

Orezone Gold Corporation
Consolidated Statements of Financial Position
(Expressed in United States dollars)

As at	**December 31, 2018**	December 31, 2017 (Restated – see Note 18)	January 1, 2017 (Restated – see Note 18)
ASSETS			
Current assets			
Cash and cash equivalents	**$31,453,567**	$11,148,801	$22,099,768
Trade and other receivables	**125,745**	47,809	98,867
Inventories	**380,885**	354,874	316,908
Prepaid expenses and deposits	**721,915**	229,571	108,298
Total current assets	**32,682,112**	11,781,055	22,623,841
Non-current assets			
Mineral properties, plant and equipment (Note 5)	**2,184,853**	1,999,549	2,224,746
Marketable securities (Note 6)	**316,669**	897,075	-
Total assets	**$35,183,634**	$14,677,679	$24,848,587
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**$3,011,672**	$610,466	$805,489
Non-current liabilities			
Royalty-based obligation (Note 7)	**-**	-	3,600,000
Total liabilities	**3,011,672**	610,466	4,405,489
Equity			
Share capital (Note 8)	**196,711,419**	161,497,821	161,396,693
Reserves	**18,270,665**	19,919,753	16,931,440
Accumulated deficit	**(176,315,027)**	(161,340,213)	(152,836,947)
Equity attributable to shareholders	**38,667,057**	20,077,361	25,491,186
Non-controlling interest	**(6,495,095)**	(6,010,148)	(5,048,088)
Total equity	**32,171,962**	14,067,213	20,443,098
Total liabilities and equity	**$35,183,634**	$14,677,679	$24,848,587

Commitments (Note 15)
Subsequent Event (Note 17)

The accompany notes form an integral part of these consolidated financial statements.

These annual consolidated financial statements were approved by the Board of Directors of Orezone Gold Corporation on April 17, 2019:

/s/ Patrick Downey

Patrick Downey
Director

/s/ Ronald Batt

Ronald Batt
Director

Orezone Gold Corporation
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2018 and 2017
(Expressed in United States dollars, except for number of share amounts)

	2018	2017 (Restated – Note 18)
Expenses		
Exploration and evaluation costs (Note 9)	**$9,393,373**	$4,487,292
General and administrative costs (Note 9)	**4,432,402**	3,759,412
Share-based compensation (Note 8(b))	**1,619,609**	1,117,489
Depreciation and amortization (Note 5)	**342,184**	340,176
	15,787,568	9,704,369
Other (loss) income		
Gain on Sale of Bondi project (Note 6)	**-**	1,445,588
Foreign exchange (loss) gain	**(45,656)**	64,176
Finance income	**602,723**	151,368
Bank charges	**(7,965)**	(7,236)
Other income	**-**	20,355
Fair value loss on marketable securities (Note 6)	**(534,648)**	-
Impairment of available-for-sale marketable securities (Note 6)	**-**	(738,490)
Other income	**14,454**	935,761
Net loss before tax	**(15,773,114)**	(8,768,608)
Income tax expense (Note 10)	**-**	-
Net loss for the year	**(15,773,114)**	(8,768,608)
Net loss attributable to:		
Shareholders	**(14,974,814)**	(8,503,266)
Non-controlling interest	**(798,300)**	(265,342)
Net loss for the year	**(15,773,114)**	(8,768,608)
Other comprehensive (loss) income		
Foreign currency translation (loss) gain	**(2,955,344)**	1,208,065
Total other comprehensive (loss) income	**(2,955,344)**	1,208,065
Comprehensive loss for the year	**(18,728,458)**	(7,560,543)
Comprehensive loss attributable to:		
Shareholders	**(18,243,511)**	(6,598,483)
Non-controlling interest	**(484,947)**	(962,060)
Comprehensive loss for the year	**($18,728,458)**	($7,560,543)
Net loss per common share attributable to the shareholders of the Company, basic and diluted	**($0.08)**	($0.06)
Weighted-average number of common shares outstanding, basic and diluted	**195,001,802**	154,073,679

The accompany notes form an integral part of these consolidated financial statements.

Orezone Gold Corporation
Consolidated Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in United States dollars, except for number of share amounts)

	Share capital		Reserves						
	Shares #	**Amount** $	**Share-based payments** (Note 8) $	**Foreign currency translation** $	**Contributed Surplus** $	**Accumulated deficit** $	**Equity attributable to shareholders** $	**Non-controlling interest** $	**Total Equity** $
Balance, January 1, 2018	154,235,364	161,497,821	13,736,887	1,134,778	5,048,088	(161,340,213)	**20,077,361**	(6,010,148)	**14,067,213**
Shares issued (Note 8)	56,150,000	35,599,100	-	-	-	-	**35,599,100**	-	**35,599,100**
Share issuance costs (Note 8)	-	(385,502)	-	-	-	-	**(385,502)**	-	**(385,502)**
Share-based compensation	-	-	1,619,609	-	-	-	**1,619,609**	-	**1,619,609**
Foreign currency translation	-	-	-	(3,268,697)	-	-	**(3,268,697)**	313,353	**(2,955,344)**
Net loss for the year	-	-	-	-	-	(14,974,814)	**(14,974,814)**	(798,300)	**(15,773,114)**
Balance, December 31, 2018	**210,385,364**	**196,711,419**	**15,356,496**	**(2,133,919)**	**5,048,088**	**(176,315,027)**	**38,667,057**	**(6,495,095)**	**32,171,962**

	Share capital		Reserves						
(Restated – Note 18)	**Shares** #	**Amount** $	**Share-based payments** (Note 8) $	**Foreign currency translation** (Restated – Note 18) $	**Contributed Surplus** (Restated – Note 18) $	**Accumulated deficit** (Restated – Note 18) $	**Equity attributable to shareholders** (Restated – Note 18) $	**Non-controlling interest** (Restated – Note 18) $	**Total Equity** (Restated – Note 18) $
Balance, January 1, 2017	154,050,364	161,396,693	12,653,357	(770,005)	5,048,088	(152,836,947)	**25,491,186**	(5,048,088)	**20,443,098**
Stock options exercised	185,000	101,128	(33,959)	-	-	-	**67,169**	-	**67,169**
Share-based compensation	-	-	1,117,489	-	-	-	**1,117,489**	-	**1,117,489**
Foreign currency translation	-	-	-	1,904,783	-	-	**1,904,783**	(696,718)	**1,208,065**
Net loss for the year	-	-	-	-	-	(8,503,266)	**(8,503,266)**	(265,342)	**(8,768,608)**
Balance, December 31, 2017	**154,235,364**	**161,497,821**	**13,736,887**	**1,134,778**	**5,048,088**	**(161,340,213)**	**20,077,361**	**(6,010,148)**	**14,067,213**

The accompany notes form an integral part of these consolidated financial statements.

Orezone Gold Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in United States dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**($15,773,114)**	($8,768,608)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization (Note 5)	**342,184**	340,176
Share-based compensation (Note 8(b))	**1,619,609**	1,117,489
Finance income	**(602,723)**	(151,368)
Gain on sale of Bondi project (Note 6)	**-**	(1,445,588)
Gain on sale of interests in exploration properties	**-**	(2,001)
Unrealized foreign exchange loss (gain)	**45,656**	(64,176)
Fair value loss on marketable securities	**534,648**	-
Impairment of available-for-sale marketable securities (Note 6)	**-**	738,490
Changes in non-cash operating working capital (Note 11)	**1,890,055**	(308,592)
Total cash outflows used in operating activities	**(11,943,685)**	(8,544,178)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 5)	**(688,436)**	(50,070)
Proceeds on sale of property, plant and equipment (Note 5)	**1,845**	2,361
Interest received	**552,241**	155,933
Total cash (outflows) inflows from investing activities	**(134,350)**	108,224
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of royalty-based obligation (Note 7)	**-**	(3,600,000)
Proceeds from private placement of common shares (Note 8(a))	**35,599,100**	-
Share issue costs (Note 8(a))	**(385,502)**	-
Proceeds from exercise of stock options	**-**	67,169
Total cash inflows (outflows) from financing activities	**35,213,598**	(3,532,831)
Effect of foreign currency translation on cash	**(2,830,797)**	1,017,818
Increase (decrease) in cash	**20,304,766**	(10,950,967)
Cash and cash equivalents, beginning of year	**11,148,801**	22,099,768
Cash and cash equivalents, end of year	**$31,453,567**	$11,148,801

Supplemental cash flow information is provided in Note 11.

The accompany notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is listed as a Tier 1 listed company on the TSX Venture Exchange (TSXV) under the symbol ORE. The Company is engaged in the exploration and development of gold properties in Burkina Faso, West Africa and has recently completed an updated optimized definitive feasibility study for its permitted 90%-owned Bomboré Gold Project ("Bomboré"). The Company is focussed on increasing shareholder value through the advancement of Bomboré into a commercially viable gold mining operation.

The address of the Company's principal office is 1111 Melville Street, Suite 910, Vancouver, British Columbia, Canada V6E 3V6.

References to "$" or "US$" are to United States dollars, references to "C$" are to Canadian dollars, references to "EUR" are to Euro and references to "CFA" or "XOF" are to Communauté Financière Africaine francs.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accountings Standards Board ("IASB"). The significant accounting policies followed in the preparation of these financial statements are presented in Note 3 and have been consistently applied in each of the years presented, except as it relates to the adoption of IFRS 9, Financial Instruments, on January 1, 2018 as disclosed in note 3(p).

Description on certain comparative amounts have been restated to conform to the current year's presentation.

These financial statements were authorized for issue by the Board of Directors on April 17, 2019.

(b) BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value as disclosed elsewhere in the notes to the financial statements.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that may have a significant impact to the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgments and estimates are presented in Note 4.

These financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Management has not yet determined if the necessary financing for the construction of Bomboré can be obtained on terms and timeframe acceptable to the Company. Management has budgeted its cash requirements for the 2019 year and believes its existing cash resources will be sufficient to fund its project and corporate activities for the upcoming year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by consolidating the financial statements of Orezone Gold Corporation and its subsidiaries as defined in IFRS 10 *Consolidated Financial Statements*. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity so as to obtain benefits from the entity's activities, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interest even if it results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The subsidiaries of the Company and their principal activities as at December 31, 2018 were as follows:

Name of subsidiary	**Place of incorporation**	**Ownership interest as at**		**Principal activity**
		December 31, 2018	December 31, 2017	
Orezone Inc.	British Virgin Islands	100%	100%	Exploration & Development
Orezone Inc. SARL	Burkina Faso	100%	100%	Exploration & Development
Orezone Bomboré SA	Burkina Faso	90%[1]	90%[1]	Exploration & Development
Burkina Resources Inc.	British Virgin Islands	100%	100%	Inactive

[1] *In accordance with the mining laws of Burkina Faso, the Government of Burkina Faso will have a 10% carried equity interest in the company holding the mining permit for any producing mineral project of the Company in Burkina Faso.*

(b) FOREIGN, FUNCTIONAL AND PRESENTATION CURRENCIES

The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar while the functional currency of its Burkina Faso subsidiaries is the CFA. The presentation currency of these financial statements is the US dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Company's operations are first expressed in the Company's Canadian dollar functional currency using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences are recognized in other comprehensive loss and recorded in the "foreign currency translation reserve" included in equity.

For the purpose of presenting the consolidated financial statements in US dollars, assets and liabilities of the Company are translated into US dollars at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average rate over the reporting period. Translation differences are also recognized in other comprehensive loss and recorded in the "foreign currency translation reserve" included in equity.

(c) FINANCIAL INSTRUMENTS

On January 1, 2018, the Company adopted IFRS 9 *Financials Instruments* ("IFRS 9"), which replaced IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The effects of the transition from IAS 39 to IFRS 9 are described in Note 3(p).

Under IFRS 9, on initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification of financial assets is made in accordance with their contractual cash flow characteristics and the business models under which they are held.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit and loss. Gains or losses on equity financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial assets are cash, trade and other receivables, deposits, and marketable securities.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity dates.

Financial assets at FVTPL

Financial assets at FVTPL are initially recognized at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also recognized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investment in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment.

Financial Liabilities

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provision of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are its accounts payable and accrued liabilities. Financial liabilities are classified as current or non-current based on their maturity dates.

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The Company does not currently have cash equivalents.

(e) INVENTORIES

Inventories are measured at the lower of cost and net realizable value and consist of materials and supplies to be consumed in exploration activities. The cost of inventories is based on weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(f) PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are measured at the lower of cost and net realizable value and consist of prepayments on service and rental contracts and short-term deposits on purchases of supplies and property, plant and equipment. Net realizable value is the estimated recovery value in the ordinary course of business less the costs necessary to recover the prepayment or deposit. Any initial deposits on property, plant and equipment are included in the acquisition cost of the asset when it is received.

(g) MINERAL PROPERTIES, PLANT AND EQUIPMENT

Pre-exploration expenditures

Costs during the pre-exploration phase are expensed as incurred in profit and loss.

Exploration and evaluation expenditures

Once the legal right to explore a mineral property has been acquired, costs directly related to the acquisition of the mineral property rights are capitalized and accounted for on either an individual property or area-of-interest basis. Subsequently, the mineral property rights are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale. Purchased mining properties are recognized as assets at their acquisition date fair value if purchased as part of a business combination. Exploration expenditures incurred during the exploration and evaluation phase are expensed as incurred in profit and loss.

Mine development costs

Once the technical feasibility and commercial viability of a mineral property has been established, the property is no longer in the exploration and evaluation phase and is considered to be a mine property under development. Thereafter, costs incurred directly related to mine development and construction are capitalized, including associated acquisition costs, directly attributable administrative or support costs and depreciation of related property, plant and equipment, and are accounted for on either an individual property or area-of-interest basis. Subsequently, the mine properties under development are carried at the aforementioned cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale.

Technical feasibility and commercial viability are established once all of the following conditions have been met:

- The Company has established a NI 43-101 compliant estimate of property resources and/or reserves;
- The Company has obtained a mining permit or otherwise has the right to extract the resource and/or reserves; and
- The Company has established that it is economically viable to mine the resource and/or reserves. This includes the completion of a NI 43-101 compliant study to a pre-feasibility level at a minimum.

As the Company currently has no operational income and is not capitalizing exploration expenditures during the exploration and evaluation phase, any incidental revenues earned in connection with the exploration activities, or government assistance or mining duty credits realized during this phase, are applied against the exploration costs in profit and loss.

Property, Plant and Equipment

Upon initial acquisition, property, plant and equipment including land are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. In subsequent periods, property, plant and equipment excluding land are stated at cost less accumulated depreciation and any impairment in value, while land is stated at cost less any impairment in value.

Property, plant and equipment unrelated to production are depreciated using the straight-line method over the estimated useful lives of the assets. Mineral properties are depleted on a unit-of-production basis over mineral reserves or the life of the mine. Land is not depreciated. Where significant components of assets have differing useful lives, depreciation is calculated on each separate component.

Estimates of remaining useful lives and residual values are reviewed annually, with any changes accounted for prospectively.

Depreciation and amortization are provided on a straight-line basis over the following estimated useful lives:

Buildings	10 – 20 years
Field equipment	2 – 10 years
Office equipment and furniture	2 – 4 years
Vehicles	4 years
Capital improvements	2 – 10 years

(h) LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at the inception date.

(1) Finance Leases

Leases which transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Company, as a lessee, are capitalized at the inception of the lease at fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between financing costs and the lease liability.

Capitalized lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the term of the lease.

(2) Operating Leases

Leases that do not transfer substantially all of the risks and rewards incidental to ownership to the Company as a lessee are classified as operating leases. Operating lease payments are recognized on a straight-line basis over the lease term as an expense in profit and loss or capitalized within mineral properties, plant and equipment if they meet the capitalization criteria.

(i) REHABILITATION LIABILITIES

The Company is subject to various government laws and regulations and constructive obligations related to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred, including estimated costs of restoration, reclamation and re-vegetation of the affected exploration sites. When the liability is recognized at the present value of the estimated costs, the carrying amount of the capitalized related mining assets is correspondingly increased. Subsequently, the liability is adjusted for changes in the present value based on current market discount rates and liability-specific risks.

The Company does not currently have any rehabilitation liabilities.

(j) IMPAIRMENTS

(1) Financial assets at amortized cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk that would provide objective evidence that a financial asset at amortized cost is impaired. The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

(2) Non-financial assets

At each reporting date, the Company reviews its mineral properties and plant and equipment at the cash generating unit ("CGU") level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company's principal CGU is Bomboré.

Impairment of a CGU is assessed when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For fair value less costs to sell, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Discounted cash flow techniques require management to make estimates and assumptions concerning future production revenues and expenses. The determination of discounted cash flows is dependent on many factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures and site rehabilitation costs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there had been a change in the estimates used to determine the recoverable amount. If an impairment is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Capitalized mineral property rights are tested for impairment before the assets are transferred to the mineral property costs upon achieving technical and commercial feasibility.

(k) PROVISIONS

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events for which it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the present value of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(l) INCOME TAXES

Income tax expense consists of current and deferred income taxes and includes all domestic and foreign taxes based on taxable profits. Current and deferred income taxes are included in profit and loss except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income (loss) for the current period and any adjustment to income taxes payable or receivable in previous periods. Current income taxes are determined based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income taxes are determined using the liability method where there are differences between the carrying amounts and tax bases of assets and liabilities, and unused tax losses and credits. Deferred tax liabilities and assets are measured by applying tax rates that are expected to apply when the amounts are realized or settled respectively, based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. 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 realized and is later reduced if the Company determines it is no longer probable to be realized. The Company has not currently recognized any deferred tax assets or liabilities. In particular, no deferred tax asset has been recognized in respect of tax loss carry-forwards or deductible temporary differences as it is not probable at the end of the financial reporting year that future taxable profits will be available such that a tax asset can be realized.

(m) SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the "Plan") described in Note 8. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period in profit and loss, with a corresponding increase to reserves. Upon exercise, common shares are issued from treasury and the amount reflected in reserves is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model incorporates highly subjective assumptions, including volatility and expected time until exercise, which affect the calculated values. At the end of each reporting period, the Company reviews the option pricing model and updates model inputs for any changes for the purposes of determining the fair value of new grants and reflects the impact of changes to non-market inputs, like forfeitures, for previous grants in profit and loss, with a corresponding adjustment to reserves.

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

(n) SHARE CAPITAL

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction from the proceeds of issuance.

(o) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted-average number of outstanding common shares for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted-average number of outstanding common shares for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The weighted average number of common shares used to calculate the dilutive effect assumes that the proceeds that could be obtained upon exercise of stock options would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options would be anti-dilutive.

NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS

(p) <u>IFRS 9 *Financial Instruments*</u>

On January 1, 2018, the Company adopted IFRS 9 *Financials Instruments*, which replaced IAS 39 *Financial Instruments: Recognition and Measurement*, on a retrospective basis using certain available transitional provisions. In accordance with the transitional provisions, the comparative information for prior periods have not been restated and the information presented for 2017 reflects the requirements of IAS 39 rather than IFRS 9.

IFRS 9 details new requirements for classifying and measuring financial assets. The new standard introduces changes to the guidance in IAS 39 on the classification and measurement of financial assets and introduces a single, forward-looking "expected credit loss" impairment model. IFRS 9 also provides new guidance on the application of hedge accounting. The standard became effective for annual periods beginning on or after January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities so the Company's accounting policy with respect to financial liabilities is substantially unchanged.

The Company completed an assessment of its financial instruments as at January 1, 2018. The following tables shows the previous classification under IAS 39 and the new classification under IFRS 9:

(Expressed in United States dollars)

Financial Instrument	IAS 39 Classification	IFRS 9 Classification
Cash and cash equivalents	Loans and receivables – amortized cost	Amortized cost
Trade and other receivables	Loans and receivables – amortized cost	Amortized cost
Deposits	Loans and receivables – amortized cost	Amortized cost
Marketable securities	Available for sale – FVTOCI	FVTPL
Accounts payable and accrued liabilities	Financial Liabilities – amortized cost	Amortized cost

The new standard had no impact on the carrying amounts of the Company's financial instruments as at the transition date.

However, under IAS 39, the Company classified its investment in the common shares and common share purchase warrants of Sarama Resources Ltd. ("Sarama") as available-for-sale with any unrealized gains or losses recognized in other comprehensive income except for any impairment recognized which is reclassified into profit and loss. Under IFRS 9, the Company recognizes and classifies its Sarama equity investment as FVTPL. The Company did not invoke the election to present investment in equity instruments in other comprehensive income on adoption of the new standard. At December 31, 2017, management made an assessment that its investment in Sarama had experienced a significant and prolonged decline in fair value causing a full impairment charge of $738,490 to be transferred from accumulated other comprehensive loss to net loss for 2017. Therefore, the Company's adoption of IFRS 9 did not result in the reclassification of any amounts from accumulated other comprehensive income to deficit on January 1, 2018.

(q) <u>IFRS 16 *Leases* ("IFRS 16")</u>

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 *Leases* and related interpretations. The new standard eliminates the previous classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires lessee to recognize assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. At the commencement date of a lease, a lessee will recognize a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset). Lessees will recognize interest expense on the lease liability and depreciation expense on the right-of-use asset.

The Company will adopt IFRS 16 for the fiscal year beginning January 1, 2019 using the modified retrospective approach. Under this approach, the Company will not restate prior year comparatives with any effect recorded in accumulated deficit as of the date of adoption. Since the Company will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, it is expected there will not be an impact on accumulated deficit upon adoption. In addition, the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within twelve months as of the date of adoption and lease contracts for which the underlying asset is of low-value.

Upon implementation of IFRS 16, the Company expects its main impacts to be as follows:

- Assets and liabilities will increase as some leases currently classified as operating leases will be recognized on the balance sheet.
- A reduction in administration expenses and increases in finance cost and depreciation expense as operating lease costs are replaced by depreciation on right-of-use assets and interest expense on lease liabilities.
- Cash flow from operating activities will increase with a corresponding decrease in cash flow from financing activities.

The Company is currently finalizing the impact of this standard on its consolidated financial statements for the 2019 fiscal year but does not expect the adoption of the standard to have a significant impact on the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actuals outcomes could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which estimates are revised and in any future period affected.

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

Determination of functional currency

Management has made determinations with respect to its functional currency in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* and has determined that the current functional currency of all entities is the Canadian dollar except for its subsidiaries, Orezone Inc. SARL and Orezone Bomboré SA, which have a current functional currency of the CFA.

Exploration and evaluation expenditures within Mineral Properties, Plant and Equipment

The Company expenses exploration and evaluation expenditures during the exploration and evaluation phase. Once the technical feasibility and commercial viability of a mineral property have been established, the property is no longer in the exploration and evaluation phase and is now a mine property under development. Thereafter, costs incurred on mine development and construction are capitalized.

With the release of the positive 2018 feasibility study on Bomboré, the Company assessed whether the technical feasibility and commercial viability of Bomboré had been established. Management concluded that the commercial viability has not yet been achieved as project financing is not yet reasonably advanced to provide adequate assurance that Bomboré will be fully financed into commercial production.

Impairment of mineral properties, plant and equipment

Mineral properties, plant and equipment are reviewed for indicators of impairments at each reporting date upon the occurrence of events or changes in circumstances indicating the carrying value of these assets may not be fully recoverable. Factors that could trigger an impairment review include, but are not limited to, significant negative or economic trends including the price of gold, decrease in market capitalization, deferral of further exploration and evaluation expenditures, and decreases in reported mineral reserves or resources.

Deferred income taxes

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the financial statements. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses or unused tax credits as well as sufficient loss carry forwards to offset potential tax liabilities. The amount and availability of deferred tax assets and liabilities are directly influenced by future changes to tax laws in the jurisdictions in which the Company and its subsidiaries operate.

Current income taxes

The Company's operating subsidiary tax filings may be reviewed from time to time in accordance with the Burkina Faso Code. The Company's interpretations of underlying tax regulations may differ from those of the tax department. Judgment is required in order to determine the appropriate accounting and disclosure treatment based on the facts. To the extent that a dispute arises, management must determine whether it is probable that a tax liability exists and whether the extent of the liability may be estimated and accrued in the financial statements in addition to determining the appropriate level of disclosure regarding the dispute.

(Expressed in United States dollars)

Share-based compensation related to stock options

Management assesses the fair value of stock options using the Black-Scholes option pricing model. This model requires management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected life of the equity-settled instruments. As well, management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

5. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Assets not subject to depreciation	**Land**	**Mineral property rights**	**Construction in progress**	**Total**
	$	$	$	$
Cost, being carrying amount				
Balance, January 1, 2017	144,792	845,524	-	990,316
Additions	-	-	1,845	1,845
Disposals	-	(165,945)	-	(165,945)
Foreign currency translation	19,798	70,428	39	90,265
Balance, December 31, 2017	164,590	750,007	1,884	916,481
Additions	-	-	306,671	306,671
Disposals	-	-	(1,845)	(1,845)
Foreign currency translation	(8,009)	(57,689)	(2,215)	(67,913)
Balance, December 31, 2018	**156,581**	**692,318**	**304,495**	**1,153,394**

Assets subject to depreciation	**Building**	**Capital improve-ments**	**Field equipment**	**Vehicles**	**Office equipment and furniture**	**Total**
	$	$	$	$	$	$
Cost						
Balance, January 1, 2017	2,003,971	1,217,233	1,927,396	467,403	203,569	5,819,572
Additions	-	-	3,522	4,510	40,193	48,225
Disposals	-	-	-	(7,863)	-	(7,863)
Foreign currency translation	274,005	166,433	215,113	64,516	23,022	743,089
Balance, December 31, 2017	2,277,976	1,383,666	2,146,031	528,566	266,784	6,603,023
Additions	-	62,352	168,125	-	116,631	347,108
Foreign currency translation	(110,847)	(66,969)	(144,506)	(25,840)	(13,707)	(361,869)
Balance, December 31, 2018	**2,167,129**	**1,379,049**	**2,169,650**	**502,726**	**369,708**	**6,588,262**
Accumulated depreciation						
Balance, January 1, 2017	1,227,435	1,152,384	1,563,522	465,593	176,208	4,585,142
Depreciation for the year	215,064	15,687	86,326	2,639	20,460	340,176
Disposals	-	-	-	(7,863)	-	(7,863)
Foreign currency translation	181,147	158,538	180,571	63,990	18,254	602,500
Balance, December 31, 2017	1,623,646	1,326,609	1,830,419	524,359	214,922	5,519,955
Depreciation for the year	225,022	16,414	64,022	1,243	35,483	342,184
Foreign currency translation	(86,759)	(65,119)	(112,313)	(25,677)	(15,468)	(305,336)
Balance, December 31, 2018	**1,761,909**	**1,277,904**	**1,782,128**	**499,925**	**234,937**	**5,556,803**

(Expressed in United States dollars)

Carrying amounts as at:	Building	Capital improve-ments	Field equipment	Vehicles	Office equipment and furniture	Total
	$	$	$	$	$	$
January 1, 2017	776,536	64,849	363,874	1,810	27,361	1,234,430
December 31, 2017	654,330	57,057	315,612	4,207	51,862	1,083,068
December 31, 2018	**405,220**	**101,145**	**387,522**	**2,801**	**134,771**	**1,031,459**

Mineral properties, plant and equipment	**As at December 31, 2018**	As at December 31, 2017	As at January 1, 2017
	$	$	$
Cost, beginning of year	**7,519,504**	6,809,888	6,902,125
Additions	**653,779**	50,070	18,592
Disposals	**(1,845)**	(173,808)	(5,788)
Foreign currency translation	**(429,782)**	833,354	(105,041)
Cost, end of year	**7,741,656**	7,519,504	6,809,888
Accumulated depreciation, beginning of year	**5,519,955**	4,585,142	4,230,723
Depreciation	**342,184**	340,176	461,936
Disposals	**-**	(7,863)	(5,295)
Foreign currency translation	**(305,336)**	602,500	(102,222)
Accumulated depreciation, end of year	**5,556,803**	5,519,955	4,585,142
Carrying amounts, beginning of year	**1,999,549**	2,224,746	2,671,402
Carrying amounts, end of year	**2,184,853**	1,999,549	2,224,746

Bomboré, Burkina Faso

The Company's only material mineral property right is the Bomboré gold project.

The original Bomboré I exploration permit (104.5 km^2) expired on February 17, 2016 after the Company had applied for a mining permit in May 2015. Three exploration permits were received on January 10, 2017 that covers much of the previous exploration permit area that surrounds the mining permit. On January 25, 2017, the Company received the Bomboré mining permit Decree dated December 30, 2016 with the permit referenced against the 2015 Mining Code. The Bomboré project now consists of the mining permit (25 km^2) and four exploration permits; Toéyoko (46.7 km^2), Bomboré II (18.2 km^2), Bomboré III (48.1 km^2) and Bomboré IV (12.4 km^2). On August 1, 2017, the Company received the official *arrêté* from the Ministry of Mines for the final three-year term for the Toéyoko exploration permit. The Bomboré II, Bomboré III and Bomboré IV permits will expire in January 2020 and may be renewed for two additional three-year terms.

6. MARKETABLE SECURITIES

At December 31, 2018, the Company's marketable securities consist of 9.6 million Sarama common shares (December 31, 2017 – 9.6 million) and 2.0 million Sarama warrants (December 31, 2017 – 5.0 million).

The Company acquired its Sarama common shares and warrants as part of its sale of the Bondi project. On May 24, 2016, the Company agreed to a sale and transfer of the Bondi project to Sarama in exchange for 9.6 million shares, plus 3.0 million warrants at an exercise price of C$0.195 per share with a December 12, 2018 expiry, and 2.0 million warrants at an exercise price of C$0.24 per share with a December 12, 2019 expiry. The transaction also included a future royalty of $20 per ounce on the first 200,000 ounces sold out of production from the Bondi Permit area. The Ministry of Mines delivered the new Djarkadougou Order in Sarama's name on August 18, 2017 and the Sarama shares and warrants issued to the Company were released from escrow on August 22, 2017, which was deemed to be the close date of the transaction.

On the date of close, the Company recorded $1,300,214 for the Sarama shares, $335,350 for the 5.0 million warrants using the Black-Scholes valuation model, and no value for the royalty for total consideration of $1,635,564. The Company recognized a net gain of $1,445,588 on the sale. At December 31, 2017, management made an assessment that the investment in Sarama had experienced a significant and prolonged decline in fair value and as a result, recognized an impairment charge of $738,490 in net loss.

The 3.0 million Sarama warrants with an exercise price of C$0.195 expired unexercised on December 12, 2018 as the warrants were out-of-the-money.

7. ROYALTY-BASED OBLIGATION

On January 27, 2015, the Company announced the completion of a royalty purchase agreement (the "Royalty Agreement") with Sandstorm Gold Ltd. ("Sandstorm") that would provide up to $8.0 million in financing to advance its Bomboré project. Sandstorm initially purchased a 0.45% net smelter returns royalty payable by the Company on future revenues from Bomboré (the "Upfront Royalty") for $3.0 million. The Company had the option to buy back 100% of the Upfront Royalty prior to January 27, 2018 and the Company exercised this option in January 2017 for $3.6 million. There was no gain or loss recorded in 2017 as the obligation for the Upfront Royalty was fully accrued at December 31, 2016.

The Royalty Agreement also granted Sandstorm a right of first refusal on all future gold stream financings completed by the Company up to three years subsequent to the commencement of commercial production on the Bomboré project. This provision remains in force.

As security for the Royalty Agreement, the Company pledged all of the issued and outstanding shares of its subsidiary, Orezone Inc., as well as its intercompany account.

8. SHARE CAPITAL

(a) CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares, without par value.

On April 10, 2018, the Company completed a non-brokered private placement of 56,150,000 common shares of the Company at a price per share of C$0.80 ("2018 Private Placement"). No finders' fee or commissions were payable on the 2018 Private Placement. The Company recorded C$44,920,000 ($35,599,100) as an increase to share capital offset by share issuance costs of $385,502 for net proceeds of $35,213,598.

A new strategic investor, Resource Capital Funds VII L.P. ("RCF VII"), subscribed for 42,056,250 common shares of the 2018 Private Placement for a 19.99% equity ownership in the Company. In connection with the 2018 Private Placement, the Company and RCF VII entered into an Investor Rights Agreement whereby RCF VII has been granted the following rights: (a) participation rights in favour of RCF VII to maintain its pro-rata shareholding interest up to 19.99% in the Company for as long as it remains at least a 10% shareholder; (b) the right to nominate up to two members to the board of directors of the Company; (c) participation rights to subscribe for up to one-third of any future debt or non-equity financings by the Company to assist with the construction of Bomboré; and (d) participation on project oversight committees to assist with the development of Bomboré.

(b) SHARE-BASED PAYMENTS

The equity compensation plans which the Company has in place are the 2009 Stock Option Plan ("2009 Plan") that was re-approved by the shareholders at the Annual and Special Meeting of Shareholders on June 11, 2015 and the 2016 Stock Option Plan ("2016 Plan") that was adopted by the Company in connection with the Company's voluntary move from the TSX to the TSXV in December 2015. The Company's 2016 Plan is a 10% "rolling" plan and, under the policies of the TSXV, must be approved on an annual basis by the shareholders of the Company. The number of shares reserved for issuance under the 2009 Plan and the 2016 Plan combined shall not exceed 10% of the Company's issued and outstanding common shares on a non-diluted basis. The 2016 Plan allows for options to be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. Options granted must be exercised no more than ten years from the date of grant or such lesser period as may be determined by the

(Expressed in United States dollars)

Company's board of directors and in accordance with the policies of the TSXV. The board of directors also determines the time period during which options shall vest and the method of vesting which are also subject to the policies of the TSXV.

The following table summarizes the number of stock options that the Company has outstanding at December 31, 2018 including details of options granted, exercised, expired and forfeited during the 2018 year:

				Activity during the year				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired/ Forfeited**	**Closing balance**	**Vested and exercisable**
		C$	**#**	**#**	**#**	**#**	**#**	**#**
05/15/2009	03/25/2019	0.36	850,000	-	-	-	850,000	850,000
05/26/2009	05/26/2019	0.40	1,712,500	-	-	-	1,712,500	1,712,500
07/08/2010	07/08/2020	0.85	295,000	-	-	-	295,000	295,000
10/21/2010	10/21/2020	2.35	200,000	-	-	-	200,000	200,000
06/04/2013	06/04/2018	1.50	200,000	-	-	200,000	-	-
01/30/2014	01/30/2019	0.65	1,155,000	-	-	-	1,155,000	1,155,000
05/26/2014	05/26/2019	0.65	300,000	-	-	-	300,000	300,000
10/13/2014	10/13/2019	0.75	300,000	-	-	-	300,000	300,000
02/08/2016	02/08/2026	0.30	1,830,000	-	-	-	1,830,000	1,830,000
06/23/2017	06/23/2027	0.78	4,850,000	-	-	-	4,850,000	3,650,003
07/17/2017	07/17/2027	0.78	300,000	-	-	-	300,000	200,000
01/11/2018	01/11/2028	0.81	-	1,353,500	-	-	1,353,500	517,911
07/23/2018	07/23/2023	0.80	-	3,285,000	-	-	3,285,000	1,095,006
2018 Totals			**11,992,500**	**4,638,500**	**-**	**200,000**	**16,431,000**	**12,105,420**
Weighted average exercise price			**C$0.65**	**C$0.80**	**C$-**	**C$1.50**	**C$0.68**	**C$0.64**
2017 Totals			9,492,900	5,150,000	185,000	2,465,400	11,992,500	7,949,176
Weighted average exercise price			C$0.79	C$0.78	C$0.46	C$1.51	C$0.65	C$0.61

The outstanding options as at December 31, 2018 have a weighted average remaining contractual life of 5.24 years (2017 – 5.82 years).

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioural considerations. Expected volatility is based on the historical share price volatility.

The Black-Scholes option valuation model input factors for stock options granted in 2017 and 2018 were as follows:

			Weighted average value per stock option				
Grant date	**Expiry date**	**Exercise price**	**Risk-free interest rate**	**Expected life**	**Expected volatility**	**Dividend yield**	**Grant date fair value**
		C$	%	(in years)	%	%	C$
06/23/2017	06/23/2027	0.78	0.84	3.9	85.98	-	0.48
07/17/2017	07/17/2027	0.78	1.02	4.0	85.61	-	0.47
01/11/2018	01/11/2028	0.81	1.76	3.9	79.03	-	0.47
07/23/2018	07/23/2023	0.80	1.88	3.8	75.60	-	0.40

(Expressed in United States dollars)

9. NATURE OF EXPENSES

Exploration and evaluation costs and general and administrative costs for the years ended December 31 were as follows:

	2018	2017
Drilling and assaying	**$1,674,775**	$1,855,970
Exploration and development studies	**3,071,286**	960,672
General, camp, infrastructure and other	**2,578,714**	1,489,473
Exploration surveys	**72,872**	181,177
Resettlement Action Plan implementation	**1,995,726**	-
Total exploration and evaluation costs	**$9,393,373**	$4,487,292
Salaries and employee costs	**$2,155,644**	$1,922,472
Public company costs	**301,799**	269,901
Professional fees	**512,253**	358,185
General and office costs	**1,135,445**	987,485
Investor relations and travel	**327,261**	221,369
Total general and administrative costs	**$4,432,402**	$3,759,412

Total general and administrative expense includes both the Company's head office in Canada and local administration office in Burkina Faso for its Bomboré project.

10. INCOME TAXES

The provision for income taxes differs from the expected amount calculated using the combined Canadian federal and provincial statutory income tax rates as follows:

	2018	2017
Loss before income taxes	**($15,773,114)**	($8,768,608)
Statutory Canadian federal and provincial tax rates	**27.0%**	26.5%
Expected income tax recovery	**4,258,741**	2,323,635
Effect of income taxes recorded at rates other the Canadian income tax rate	**(97,531)**	22,616
Effect of changes in income tax rates	**85,070**	-
Effect of foreign currency translation on income taxes	**(1,700,692)**	2,171,202
Effect of expenses that are not deductible for tax purposes	**(802,357)**	(537,211)
Effect of non-taxable portion of Bondi gain on sale	**-**	231,957
Unrecognized change in deductible temporary differences	**11,197**	(517)
Unrecognized change in share issuance costs	**(2,276)**	48,220
Unrecognized change in Canadian non-capital loss carry-forwards	**(415,546)**	(849,974)
Unrecognized change in foreign resource-related income tax deductions	**(1,336,606)**	(3,409,928)
Income tax expense	**$-**	$-

(Expressed in United States dollars)

The following deferred tax assets have not been recognized as it is not considered probable that sufficient future taxable profit will be generated to allow these assets to be recovered as at the following dates:

As at	December 31, 2018	December 31, 2017
Canadian non-capital loss carry-forwards	**$5,033,058**	$4,508,697
Foreign resource-related income tax deductions	**26,388,333**	25,051,727
Unamortized share issuance costs deductible for tax purposes	**200,256**	220,895
Deductible temporary differences	**-**	953
	$31,621,647	$29,782,272

If not utilized, these Canadian non-capital loss carry-forwards expire between 2029 and 2038. The unamortized share issuance costs as at December 31, 2018 will be deductible for Canadian income tax purposes between 2018 and 2022.

The resource-related deductions generated by the Company's foreign subsidiaries are available to reduce future income taxes in Burkina Faso over an indefinite period. These deductions are tracked by project and can be applied to reduce future profit earned in Burkina Faso on the same respective projects should they be taken into production or can be used to offset taxable gains associated with associated permit sales if such a sale is undertaken. The effective corporate income tax rate in Burkina Faso is 27.5% (2017 – 27.5%).

11. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental details of the changes in non-cash working capital for the years ended December 31 were as follows:

	2018	2017
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	**($27,453)**	$56,125
Inventories	**(26,011)**	6,375
Prepaid expenses and deposits	**(330,407)**	(105,542)
Accounts payable and accrued liabilities	**2,273,926**	(265,550)
	$1,890,055	($308,592)

Changes in non-cash working capital impacting cash flows from investing activities were as follows:

Trade and other receivables, related to interest received	**($50,482)**	$4,565
Prepaid expenses and deposits, related to property, plant and equipment	**(161,937)**	-
Accounts payable, related to property, plant and equipment	**127,280**	-

12. SEGMENTED INFORMATION

The Company operates in business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties.

The carrying amounts of mineral properties, plant and equipment segmented by geographic area were as follows:

As at	December 31, 2018	December 31, 2017	January 1, 2017
Canada	**$94,110**	$9,910	$17,226
Burkina Faso	**2,090,743**	1,989,639	2,207,520
	$2,184,853	$1,999,549	$2,224,746

Total additions to the cost of mineral properties, plant and equipment segmented by geographic area for the years ended December 31 were as follows:

	2018	2017	2016
Canada	**$106,621**	$3,014	$-
Burkina Faso	**547,158**	47,056	18,592
	$653,779	$50,070	$18,592

13. FINANCIAL INSTRUMENTS

The Company's existing operations involve the exploration and development of its Bomboré gold project in Burkina Faso which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, liquidity risk, credit risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

(a) Foreign currency risk

The Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars, United States dollars, Euros, and Communauté Financière Africaine francs. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The USD equivalent of the Company's financial instruments by originating denomination currency was as follows:

As at December 31, 2018	**US$**	**C$**	**EUR & CFA[1]**	**Total**
Financial assets				
Cash	$122,511	$30,200,298	$1,130,758	$31,453,567
Trade and other receivables	-	63,909	-	63,909
Deposits	-	6,157	21,464	27,621
Marketable securities	-	316,669	-	316,669
	$122,511	$30,587,033	$1,152,222	$31,861,766
Financial liabilities				
Accounts payable and accrued liabilities	$475,894	$811,853	$1,630,459	$2,918,206
Net financial instruments	**($353,383)**	**$29,775,180**	**($478,237)**	**$28,943,560**

As at December 31, 2017	US$	C$	EUR & CFA[1]	Total
Financial assets				
Cash	$88,113	$10,791,281	$269,407	$11,148,801
Trade and other receivables	121	13,310	1,840	15,271
Deposits	-	-	21,077	21,077
Marketable securities	-	897,075	-	897,075
	$88,234	$11,701,666	$292,324	$12,082,224
Financial liabilities				
Accounts payable and accrued liabilities	$1,372	$196,178	$406,628	$604,178
Net financial instruments	**$86,862**	**$11,505,488**	**($114,304)**	**$11,478,046**

[1] *The financial instruments held in EUR and CFA have been presented together as the CFA is pegged to the EUR.*

(Expressed in United States dollars)

As at January 1, 2017	US$	C$	EUR & CFA[1]	Total
Financial assets				
Cash	$3,828,059	$17,591,676	$680,033	$22,099,768
Trade and other receivables	2,415	17,233	436	20,084
Deposits	-	-	24,598	24,598
	$3,830,474	$17,608,909	$705,067	$22,144,450
Financial liabilities				
Accounts payable and accrued liabilities	$145,133	$210,244	$408,658	$764,035
Royalty-based obligation	3,600,000	-	-	3,600,000
Net financial instruments	**$85,341**	**$17,398,665**	**$296,409**	**$17,780,415**

A 10% weakening against the USD of the currencies to which the Company had exposure would have had the following effects (a 10% strengthening against the USD would have had the opposite effect):

As at	Dec. 31 2018	Dec. 31, 2017	Jan. 1, 2017
C$	**($2,977,518)**	($1,150,549)	($1,739,867)
EUR & CFA	**$47,824**	$11,430	($29,641)

The Company is also exposed to foreign currency risk on the CFA currency held, as the peg rate to the EUR is periodically reviewed and could be adjusted which may result in a devaluation of currency on hand. The Company manages this risk by minimizing the amount of CFA held and by monitoring for any available information concerning a possible adjustment to the peg rate prior to its implementation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations as they fall due. The Company manages its liquidity by preparing cash flow forecasts on a regular basis to assess whether the Company will likely have sufficient cash resources to meet its future operational and working capital requirements.

As the Company is in the exploration and pre-development stage, the Company will periodically need to raise funds to continue operations.

(c) Credit risk

The Company's cash and trade and other receivables are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will fail to discharge their obligations to the Company. The amount of credit risk to which the Company is exposed is considered insignificant as the majority of the Company's cash is held with a large Canadian chartered bank in interest-bearing accounts and from the limited carrying amount of trade and other receivables.

(d) Fair value measurements

The fair value of a financial instrument is measured within a "fair value hierarchy" that prioritizes the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

> **Level 1**: Unadjusted quoted prices in active markets for identical assets or liabilities;
> **Level 2**: Valuation techniques using input 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. derived from prices); and
> **Level 3**: Valuation techniques using inputs for the asset or liability that are not based on observable market data.

(Expressed in United States dollars)

The following table sets forth the Company's financial instruments measured at fair value by level within the fair value hierarchy:

	Level 1	**Level 2**	**Dec. 31, 2018**	Level 1	Level 2	Dec. 31, 2017	Level 1	Jan. 1, 2017
	$	**$**	**$**	$	$	$	$	$
Cash	**31,453,567**	**-**	**31,453,567**	11,148,801	-	11,148,801	22,099,768	22,099,768
Marketable securities	**316,656**	**13**	**316,669**	803,477	93,598	897,075	-	-
Royalty-based obligation	**-**	**-**	**-**	-	-	-	(3,600,000)	(3,600,000)

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of each reporting period. The Company does not have any financial assets or liabilities measured at and recognized at fair value on a non-recurring basis.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or acquire new debt. The Company does not currently pay dividends.

The realization of the Company's long-range strategic objectives is dependent on its ability to raise financing from lenders, shareholders and other financiers. Management continues to regularly review and consider financing alternatives to fund the Company's future exploration and development efforts.

The Company considers the components of shareholders' equity to be its capital. The Company is not subject to any externally imposed capital requirements.

15. COMMITMENTS

As at December 31, 2018, the Company had contractual obligations of $3,246,000 (2017 – $1,580,613) in connection with head office rent, the completion of the sulphide expansion feasibility study update, the resettlement action plan, and detailed engineering and design of its Bomboré gold project. The following table summarizes the remaining contractual maturities of the Company's operating and capital commitments at December 31, 2018, shown in contractual undiscounted cashflows:

	2018
Less than one year	**$2,464,000**
Between one and five years	**722,000**
Thereafter	**60,000**
	$3,246,000

As at December 31, 2018 the Company had contractual obligations of $346,000 relating to operating leases.

16. KEY MANAGEMENT COMPENSATION

Key management and director compensation for the years ended December 31 was as follows:

	2018	2017
Short-term key management personnel compensation and benefits and director fees	**$1,142,655**	$1,256,540
Key management personnel termination benefits	**-**	451,260
Share-based compensation	**1,455,455**	1,038,304
	$2,598,110	$2,746,104

17. SUBSEQUENT EVENTS

a. On February 21, 2019, the Company granted a total of 4,065,000 stock options to directors, officers and employees of the Company. These stock options are exercisable at C$0.53 per common share and will expire on February 21, 2024.

b. Between January 25, 2019 and March 25, 2019, 425,000 stock options with an exercise price of C$0.30, 850,000 stock options with an exercise price of C$0.36, and 700,000 stock options with an exercise price of C$0.40 were exercised by current and former employees.

c. On March 25, 2019, 45,958 common shares of the Company were cancelled. These common shares were previously issued for exchange on the spin-out of Orezone Gold Corporation upon the acquisition of Orezone Resources Inc. by Iamgold Corporation on February 25, 2009.

18. CORRECTION OF PRIOR PERIOD ERROR

The Company is restating its 2017 comparatives to correct for an error in the accounting treatment of the non-controlling interest in Orezone Bomboré, S.A. ("OBSA"). OBSA is the holder of the Bomboré mining permit in Burkina Faso which was granted by government decree on December 30, 2016 and published in the official government gazette on March 2, 2017. In connection with the mining permit issuance, the Burkina Faso government was provided with a 10% free carried interest in OBSA effective on the permit grant date. Under Burkina Faso mining law, the government's 10% carried interest cannot be diluted down and the government is not required to contribute any funding to place the Bomboré mine into production.

The Burkina Faso government's 10% ownership interest in OBSA represents the non-controlling interest in these financial statements. IFRS 10 *Consolidated Financial Statements* ("IFRS 10") requires the Company to attribute the profit and loss and each component of other comprehensive income to the Company's shareholders and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance in the statement of financial position.

The Company did not previously allocate any amount of OBSA's comprehensive loss for 2017 to the non-controlling interest which did not follow the guidance in IFRS 10. In addition, before the granting of the mining permit to OBSA at the end of 2016, all previous Bomboré exploration and evaluation ("E&E") costs and other project expenditures (e.g. site camp) were recognized in Orezone Inc. SARL ("SARL"), an indirect wholly-owned Burkina Faso subsidiary of the Company. However, effective upon the permit grant, SARL transferred all applicable property and previous expenditures relating to the area of interest covered by the Bomboré mining permit to OBSA by way of a CFA denominated intercompany loan. The use of an intercompany loan will allow the Company to recover 100% of these former costs from OBSA from future earnings.

At December 31, 2016, the Company determined that OBSA had a net deficiency of $50,480,880 in its statement of financial position as a result of expensing all previous E&E expenditures in accordance with the Company's E&E accounting policy. As guided in IFRS 10, when the proportion of equity held by a non-controlling interest's changes (e.g. from 0% to 10%), the Company will adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in OBSA. The Company will recognize directly in equity any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received, and attribute the difference to the Company's shareholders. In this situation, the Company received no consideration on the creation of the non-controlling interest; however, the Company's interest in OBSA's net deficiency was reduced by $5,048,088 for the portion now attributed to the non-controlling interest. The Company has recognized this credit in "Reserves – Contributed Surplus" included within equity on the January 1, 2017 opening statement of financial position presented. OBSA also recognized a comprehensive loss for 2017 of $9,620,600 which includes the foreign currency translation loss on the intercompany loan owing to SARL due to relative strength of the CFA against the US$ in 2017. The Company has corrected for this error on a retrospective basis with prior period comparative figures being restated.

(Expressed in United States dollars)

The correction did not result in any changes to the Company's statement of cash flows in either the current or prior years presented.

The following tables summarize the effect of the prior period adjustment described above.

Line item on the restated statement of financial position at:

	December 31, 2017			January 1, 2017		
	Previously reported	**Correction**	**As restated**	**Previously reported**	**Correction**	**As restated**
Equity	$	$	$	$	$	$
Share Capital	161,497,821	-	161,497,821	161,396,693	-	161,396,693
Reserves	14,174,947	5,744,806	19,919,753	11,883,352	5,048,088	16,931,440
Accumulated Deficit	(161,605,555)	265,342	(161,340,213)	(152,836,947)	-	(152,836,947)
Equity attributable to shareholders	14,067,213	6,010,148	20,077,361	20,443,098	5,048,088	25,491,186
Non-controlling interest	-	(6,010,148)	(6,010,148)	-	(5,048,088)	(5,048,088)
Total equity	**14,067,213**	**-**	**14,067,213**	**20,443,098**	**-**	**20,443,098**

Line item on the restated consolidated statement of loss and comprehensive loss:

	For the year ended December 31, 2017		
	Previously reported	**Correction**	**As restated**
Net loss attributable to:	$	$	$
Shareholders	(8,768,608)	265,342	(8,503,266)
Non-controlling interest	-	(265,342)	(265,342)
Comprehensive loss attributable to:			
Shareholders	(7,560,543)	962,060	(6,598,483)
Non-controlling interest	-	(962,060)	(962,060)
Net loss per common share attributable to the shareholders of the Company, basic and diluted	($0.06)	$0.00	($0.06)

Line item on the restated statement of changes in equity at:

	December 31, 2017			January 1, 2017		
	Previously reported	**Correction**	**As restated**	**Previously reported**	**Correction**	**As restated**
Reserves	$	$	$	$	$	$
Foreign currency translation	438,060	696,718	1,134,778	(770,005)	-	(770,005)
Contributed surplus	-	5,048,088	5,048,088	-	5,048,088	5,048,088
Accumulated deficit attributable to shareholders	(161,605,555)	265,342	(161,340,213)	(152,836,947)	-	(152,836,947)
Non-controlling interest	-	(6,010,148)	(6,010,148)	-	(5,048,088)	(5,048,088)