STELLAR AFRICAGOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2019 and 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Stellar AfricaGold Inc.

Opinion

We have audited the consolidated financial statements of Stellar AfricaGold Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $537,201 during the year ended July 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $2,036,521. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management's discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Vancouver, Canada *"Morgan & Company LLP"*

November 28, 2019 Chartered Professional Accountants

MORGAN
COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

STELLAR AFRICAGOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		AS AT JULY 31, 2019		AS AT JULY 31, 2018
ASSETS				
Current				
Cash	**$**	**4,581**	$	120,681
Investments (Note 5)		**360,000**		-
Sales taxes receivable		**40,062**		19,066
Due from related parties (Note 13)		**5,250**		
Total Current Assets		**409,893**		139,747
Non-current				
Property and equipment (Note 6)		**298,045**		302,385
Reclamation deposit		**-**		7,500
Total Assets	**$**	**707,938**	$	449,632
LIABILITIES				
Current Liabilities				
Trade and other payables	**$**	**161,031**	$	77,248
Due to related parties (Note 13)		**1,374,106**		819,550
Deposit received in advance (Note 18)		**67,500**		-
Loans payable (Note 7)		**624,021**		-
Convertible debentures (Note 7)		**163,806**		-
Part XII.6 taxes (Note 16)		**55,950**		55,950
Total Current Liabilities		**2,446,414**		952,748
Loans payable (Note 7)		**-**		558,198
Convertible debentures (Note 7)		**-**		139,961
Total Liabilities		**2,446,414**		1,650,907
Deficiency				
Share Capital (Note 8)		**18,758,605**		18,758,605
Warrants (Note 8)		**175,517**		175,517
Contributed surplus (Note 7, 8)		**4,015,895**		4,015,895
Deficit		**(24,688,493)**		(24,151,292)
Total Deficiency		**(1,738,476)**		(1,201,275)
Total Liabilities and Deficiency	**$**	**707,938**	$	449,632

These financial statements were approved and authorized for issue by the Board of Directors on November 28, 2019. They are signed on the Company's behalf by:

John Cumming
Director

J. Francois Lalonde
Director

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

STELLAR AFRICAGOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31, **2019**	2018
Expenses		
Accretion on convertible debentures (Note 7)	**$ 9,845**	$ 9,551
Amortization	**4,340**	287
Exploration and evaluation expenditures (Note 11)	**201,674**	593,745
Foreign exchange loss	**32,693**	30,714
Interest on debt (Note 7, 13)	**162,707**	91,953
Management fees	**250,000**	250,000
Other operational expenses	**74,069**	87,011
Project supervision	**120,000**	121,785
Professional fees	**32,350**	33,743
Registration and shareholders information	**2,023**	21,203
Share-based payments	**-**	130,000
Travel	**-**	65,906
Loss Before Other Income	**(889,701)**	(1,435,898)
Other Income (Expense)		
Loss on sale of available-for-sale investments (Note 5)	**-**	(32,552)
Gain on sale of mineral properties (Note 5)	**360,000**	-
Gain on settlement of debt	**-**	141,315
Write-off of deposit	**(7,500)**	-
Net Loss and Comprehensive Loss For The Year	**$ (537,201)**	$ (1,327,135)
Basic And Diluted Loss Per Share (Note 9)	**$ (0.01)**	$ (0.02)
Weighted average number of shares outstanding	**63,922,117**	58,910,278

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

STELLAR AFRICAGOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	SHARE CAPITAL				ACCUMULATED OTHER		
	SHARES	AMOUNT	WARRANTS	CONTRIBUTED SURPLUS	COMPREHENSIVE LOSS	DEFICIT	TOTAL DEFICIENCY
Balance, July 31, 2017	57,374,050	$ 18,533,802	$ 479,322	$ 3,479,490	$ (22,750)	$ (22,824,157)	$ (354,293)
Shares issued for debt	200,000	12,000	-	(2,000)	-	-	10,000
Shares issued: - for interest on debt	8,067	403	-	-	-	-	403
- for interest on debenture	140,000	7,000	-	-	-	-	7,000
Private placements	6,200,000	205,400	104,600	-	-	-	310,000
Expiration of warrants	-	-	(430,405)	430,405	-	-	-
Issuance of loan bonus warrants	-	-	22,000	-	-	-	22,000
Issuance of options	-	-	-	108,000	-	-	108,000
Reclassification of accumulated other comprehensive loss on sale of available-for-sale investments	-	-	-	-	22,750		22,750
Net loss for the year	-	-	-	-	-	(1,327,135)	(1,327,135)
Balance, July 31, 2018	63,922,117	18,758,605	175,517	4,015,895	-	(24,151,292)	(1,201,275)
Net loss for the year	-	-	-	-	-	(537,201)	(537,201)
Balance, July 31, 2019	**63,922,117**	**$ 18,758,605**	**$ 175,517**	**$ 4,015,895**	**$ -**	**$ (24,688,493)**	**$ (1,738,476)**

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

STELLAR AFRICAGOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31, 2019	2018
Operating Activities		
Net loss for the year	**$ (537,201)**	$ (1,327,135)
Adjustments		
Accretion on convertible debentures (Note 7)	**9,845**	9,551
Accrued management and supervision fees	**370,000**	371,785
Accrued interest on debt (Note 7)	**162,707**	84,953
Amortization	**4,340**	287
Interest paid with shares	**-**	7,000
Gain on sale of mineral properties	**(360,000)**	-
Gain on settlement of debt	**-**	(141,315)
Loss on sale of investments	**-**	32,552
Share-based payments	**-**	130,000
Unrealized foreign exchange loss	**6,135**	13,931
Write-off of deposit	**7,500**	-
	(336,674)	(818,391)
Net change in working capital items (Note 10)	**62,787**	159,412
Cash flows used in operating activities	**(273,887)**	(658,979)
Investing Activities		
Proceeds from sale of investments (Note 5)	**-**	32,198
Deposit received in advance	**67,500**	-
Acquisition of equipment	**-**	(108,332)
Cash flows from (used in) investing activities	**67,500**	(76,134)
Financing Activities		
Shares issued for cash	**-**	310,000
Loans payable proceeds received	**-**	507,320
Increase in amounts due to related parties	**90,287**	-
Cash flows from financing activities	**90,287**	817,320
Net change in cash	**(116,100)**	82,207
Cash, beginning of the year	**120,681**	38,474
Cash, end of the year	**$ 4,581**	$ 120,681

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Stellar AfricaGold Inc. and its subsidiaries (hereinafter the "Company") specialize in exploration of gold mining sites located in Canada, and in the Republics of Mali and Guinea, two countries located in the West Africa region. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "SPX" symbol. The Company was incorporated under the Company's Act of British Columbia in April 2006 and was prorogued under the Canada Business Corporations Act. The Company's registered office and its principal place of business is 4908 Pine Crescent, Vancouver, British Columbia, V6M 3P6.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

The Company incurred a net loss of $537,201 for the year ended July 31, 2019 (2018 – $1,327,135) and as at July 31, 2019 had a deficit of $24,688,493 (2018 - $24,151,292). The Company had a working capital deficiency of $2,036,521 as at July 31, 2019 (2018 – $813,001). These factors may cast significant doubt about the ability of the Company to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These annual financial statements of the Company for the year ended July 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of Consolidation

The Company's consolidated financial statements includes the accounts of the parent Company and its subsidiaries. Subsidiaries are entities in which the Company is exposed, or has rights to variable returns from its involvement with the subsidiary and that it has the ability to affect those returns through the power it holds in the subsidiary. All subsidiaries have a reporting date of July 31.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

2. BASIS OF PRESENTATION (CONTINUED)

c) Basis of Consolidation (Continued)

Subsidiaries

Details of the Company's subsidiaries at July 31, 2019 are as follows:

Name of subsidiary	Principal activities	Country of Incorporation	Ownership %
Golden Frank Resources Inc.	Mineral exploration in Guinea	Canada	100%
Stellar Pacific Mali	Inactive	Republic of Mali	100%
Africa Gold Business SARL	Disbanded	Republic of Guinea	80%
MGWA Golden Frank, SARL	Mineral exploration in Guinea	Republic of Guinea	80%
Manding Gold SARL	Mineral exploration in Guinea	Republic of Guinea	80%
Stellar Guineé SARL	Mineral exploration in Guinea	Republic of Guinea	80%

d) Functional and presentation currency

The consolidated financial statements are presented In Canadian dollars, which is also the functional currency of the parent Company.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand at July 31, 2019 of $4,581 and demand deposits of $Nil. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as at July 31, 2019.

b) Exploration and Evaluation Expenses

Exploration and evaluation expenses are costs incurred in the course of the initial search for mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable. The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed.

The Company will capitalize mineral property development expenditures under property and equipment once technical feasibility and commercial viability of extracting mineral resources are demonstrated. Depletion and amortization of mineral deposits and mine development costs are recorded as the minerals are extracted, based on units of production and engineering estimates of mineable resources or reserves. To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Exploration and Evaluation Expenses (Continued)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with mineral option agreements

On the disposal of interest in connection with option agreements, the Company does not recognize expenses related to the exploration and evaluation performed on property by the optionee. In addition, cash or share considerations received directly from the optionee are credited as a gain on disposal of mining rights in profit or loss.

c) Property and Equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs incurred initially to acquire or construct an item of property and equipment. Costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Depreciation is recognized using the declining balance method, to write down the cost to its estimated residual value. The rates generally applicable are as follows:

Rates	
20%	Office furniture
30%	Computer and automotive equipment
20%	Rolling stock
20%	Mining camp and mill

The depreciation expense for each period is recognized in profit or loss.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

d) Impairment of Long-lived Assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable an asset or cash-generating unit is reviewed for impairment.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified Quebec exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. Such credits are recognized as a reduction of the exploration expenses. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

f) Provisions and Contingent Liabilities

Provisions are recognized when present obligations resulting from past events, will likely result in an outflow of economic resources from the Company and that the amounts can be reliably estimated. The timing or amount of outflow may be uncertain.

The measurement of provisions corresponds to the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting data, including risks and uncertainties relating to the present obligation. Provisions are discounted when the time value of money is significant.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates. When possible outflow of economic resources arising from present obligations is considered improbable or remote, no liability is recognized unless it has been taken on the occasion of a business combination.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations.

Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

g) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Income Taxes (Continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

h) Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the earnings (loss) attributable to ordinary equity holders of the Company and the weighted average number of common shares outstanding, the effects of all dilutive potential ordinary shares which include options and warrants.

It is assumed that the dilutive potential ordinary shares were converted into ordinary shares at the average market price at the beginning of the relevant period or the date of issue of ordinary shares, if later.

i) Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit recognized from these issuance costs. When shares are issued on the exercise of options and warrants, the share capital account also comprises the costs previously recorded as contributed surplus and warrants. When shares are issued as consideration for the acquisition of a mineral property they are measured at their fair value according to the quoted price on the date of issue.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued on a pro rata basis. Proceeds are allocated to shares and warrants according to their relative weighted fair value. The unit's fair value is determined using the quoted price of the shares on the stock exchange and the warrant’s fair value is estimated using the Black - Scholes pricing model.

Flow-through placements

Issuance of flow-through units represents in substance an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss as a recovery of deferred income tax assets.

Share-based Compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share Capital (Continued)

Share-based Compensation (Continued)

The fair value is measured at grant date, and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured indirectly at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

j) Foreign exchange

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

k) Convertible Debentures

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the estimated interest rate that was estimated would have been applicable to non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full principle value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial Instruments and Risk Management

Financial assets

The Company adopted IFRS 9 in its consolidated financial statements on August 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening deficit balance on August 1, 2018. The impact on the classification and measurement of its financial instruments is set out below:

Financial Instrument	Original classification – IAS 39	New Classification – IFRS 9
Cash	Loans and receivables	FVTPL
Investments	Available for sale investments	FVTPL
Due to related parties	Other payables	Amortized cost
Loans payable	Other payables	Amortized cost
Convertible debentures	Other payables	Amortized cost
Trade and other payables	Other payables	Amortized cost

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company's investments at fair value are FVTPL financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial Instruments and Risk Management (Continued)

Financial assets (Continued)

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's trades and other payables are classified as financial liabilities measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Financial Instruments and Risk Management (Continued)

Financial liabilities (Continued)

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Risk Management

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial Instruments and Risk Management (Continued)

Risk Management (Continued)

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risks is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk is significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal and mineral prices and in particular, the price of gold. To mitigate this market risk, management of the Company actively pursues a diversification strategy with its property holdings.

m) Segment Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision maker (i.e. the Chairman and the Board of Directors). The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

n) Future Accounting Pronouncements Not Yet Adopted

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019.

4. ESTIMATES AND JUDGMENTS

In preparing the consolidated financial statements, management poses a number of judgements, estimates and assumptions regarding the recognition and valuation of assets, liabilities, income and expenses.

a) Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

b) Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Share-based payments

To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of its own shares and the expected life and the exercise period of options and warrants granted. The model used by the Company is the Black-Scholes valuation model.

Provisions and contingent liabilities

Judgements and estimates may be used to determine whether a past event has created a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Factors, such as the nature of the claim or dispute, the potential amount to be paid and the probability of the realization of a loss. These factors are sources of uncertainty in estimates.

(Expressed in Canadian Dollars)

5. INVESTMENTS

On March 14, 2017, the Company sold the Eastmain Properties for 350,000 shares of Amex Exploration Inc. The fair market value of these shares on March 14, 2017 was $0.185 per share and as of July 31, 2017 the fair market value was $0.12 per share. The value of these shares was adjusted to the fair market value of $42,000 as at July 31, 2017 resulting in a comprehensive loss of $22,750. At July 31, 2018, the Company had sold the Amex shares for a realized loss of $32,552.

	Number of Shares	Cost	Proceeds of sale	July 31, 2018 Realized Loss
Amex Exploration Inc	350,000	$64,750	$32,198	($32,552)

During the year ended July 31, 2019, the Company sold its rights, title and interest in the Opawica property located in Quebec to Mosaic Minerals Corp.("Mosaic"), a Company with directors in common, in exchange for 7,200,000 shares of common stock of Mosaic Minerals Corp. at a deemed price of $0.05 per share ($360,000), plus a 2% Net Smelter Return royalty ("NSR"), one half of which may be purchased by Mosaic for $1,000,000.

6. PROPERTY AND EQUIPMENT

For the year ended July 31, 2019

	Computer Equipment	Automotive Equipment	Office Furniture	Mining Camp	Mill	Total
Gross carrying amount						
Balance at August 1, 2018	$ 12,013	$ 30,256	$11,957	$ 75,620	$216,312	$ 346,158
Additions	-	-	-	-	-	-
Balance at July 31, 2019	12,013	30,256	11,957	75,620	216,312	346,158
Accumulated depreciation						
Balance at August 1, 2018	11,196	20,600	9,869	2,108	-	43,773
Depreciation	817	2,897	626	-	-	4,340
Balance at July 31, 2019	12,013	23,497	10,495	2,108	-	48,113
Carrying amount July 31, 2019	**$ -**	**$ 6,759**	**$ 1,462**	**$ 73,512**	**$216,312**	**$ 298,045**

For the year ended July 31, 2018

	Computer Equipment	Automotive Equipment	Office Furniture	Mining Camp	Mill	Total
Gross carrying amount						
Balance at August 1, 2017	$ 12,013	$ 30,256	$11,957	$ 2,838	$180,762	$ 237,826
Additions	-	-	-	72,782	35,550	108,332
Balance at July 31, 2018	12,013	30,256	11,957	75,620	216,312	346,158
Accumulated depreciation						
Balance at August 1, 2017	11,013	20,496	9,869	2,108	-	43,486
Depreciation	183	104	-	-	-	287
Balance at July 31, 2018	11,196	20,600	9,869	2,108	-	43,773
Carrying amount July 31, 2018	**$ 817**	**$ 9,656**	**$ 2,088**	**$ 73,512**	**$216,312**	**$ 302,385**

As at July 31, 2019 and 2018, the Company's Mill and Mining Camp were not available for their intended use and therefore no amortization has been recorded in connection with these assets.

(Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURES AND LOANS PAYABLE

Convertible Debentures

On September 22, 2016, the Company closed convertible debentures in the amount of $150,000. The debentures bear interest at the rate of 10% per annum, payable semi-annually, by the issuance of common shares of the Company and matures 36 months from the date of issue. During the first 12 months, the debentures are convertible, at the option of the holder, into common share units at a price of $0.05 per unit; each unit comprised of one share and one-half common share purchase warrant. One full warrant allows the holder thereof to acquire one additional common share of the Company at a price of $0.10 for a 2-year period. Between the 13th month and the 36th month from the closing of the private placement, the debentures are convertible, at the option of the holder, into common shares at a price of $0.10 per common share and one-half common share purchase warrant. One full warrant allows the holder thereof to acquire one common share of the Company at a price of $0.15 for a 2-year period.

The convertible debentures were allocated as follows:

Liability portion of convertible debentures	$	120,000
Equity portion of convertible debentures (recorded as contributed surplus)		30,000
Total convertible debentures issued	$	150,000

During the year ended July 31, 2018**,** the Company issued 200,000 shares of common stock upon the conversion of $10,000 of convertible debentures and issued an additional 8,067 shares to satisfy accrued interest of $403 on the debenture to the conversion date. All shares were issued at an issue price of $0.05 per share.

Liability component of Convertible Debentures as at July 31, 2019:

Balance at July 31, 2017	$	133,309
Accrued interest		7,504
Converted to shares		(10,403)
Accretion expense		9,551
Balance at July 31, 2018	$	139,961
Accrued interest		14,000
Accretion expense		9,845
Balance at July 31, 2019	**$**	**163,806**

Equity component of Convertible Debentures as at July 31, 2019:

Balance at July 31, 2017	$	30,000
Converted to shares		(2,000)
Balance at July 31, 2018 and 2019	**$**	**28,000**

7. CONVERTIBLE DEBENTURES AND LOANS PAYABLE (Continued)

Loans Payable

On November 10, 2017, a subsidiary of the Company received an unsecured loan in the amount of US$400,000 (CDN $526,360) bearing interest at the rate of 10% per annum. Interest is capitalized until June 30, 2018 and thereafter repayable in blended payments (principal and interest) over 16 months. As at July 31, 2019, US$74,215 (CDN $97,660) in interest payable has been accrued (2018 - US$29,293 (CDN $38,547)). The loan is collaterally guaranteed by the Company. The Company also granted to the lender a loan bonus in the form of a share purchase warrant to acquire 1,000,000 shares at $0.05 until November 10, 2019.

The fair value of the warrants was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the warrants were based on a risk-free rate of 1.46%, expected volatility of 139%, expected life of 2 years and a dividend yield of 0%. The warrant vested on March 10, 2018.

8. SHARE CAPITAL

i) Authorized

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of Stellar AfricaGold Inc.

ii) Issued During the Year Ended July 31, 2019

There were no shares issued during the year ended July 31, 2019.

iii) Issued During the Year Ended July 31, 2018

On August 22, 2017, the Company issued to one debenture holder 200,000 shares and 100,000 warrants upon conversion of $10,000 of a total $150,000 of convertible debt and issued to that debenture holder a further 8,067 shares for accrued interest to the conversion date, all at a price of $0.05 per share. The warrants are exercisable at $0.10 until August 22, 2019.

On February 26, 2018, the Company issued 140,000 shares of common stock in settlement of $7,000 in accrued interest payable.

On May 18, 2018, the Company issued 6,200,000 units for cash of $310,000. Each unit consists of one share of common stock and one-half share purchase warrant with each full warrant exercisable at $0.10 per share expiring May 17, 2019.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

iv) Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	2019		2018	
	Number of warrants	**Average exercise price**	Number of warrants	Average exercise price
Balance, beginning of the year	**11,700,000**	**$ 0.10**	32,410,000	$ 0.10
Granted	**-**	**-**	4,200,000	0.09
Expired	**(10,600,000)**	**0.05**	(24,910,000)	0.05
Balance, end of the year	**1,100,000**	**$ 0.05**	11,700,000	$ 0.10

The number of outstanding warrants which could be exercised for an equivalent number of ordinary shares is as follows:

	2019		2018	
Expiration date	**Number**	**Exercise price**	Number	Exercise price
May 17, 2019	**-**	**$ -**	3,100,000	$ 0.10
August 22, 2019	**100,000**	**0.10**	100,000	0.10
November 10, 2019	**1,000,000**	**0.05**	1,000,000	0.05
May 11, 2019	**-**	**0.05**	7,500,000	0.05
	1,100,000		11,700,000	

v) Broker's Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	2019		2018	
	Number of warrants	**Average exercise price**	Number of warrants	Average exercise price
Balance, beginning of the year	**200,000**	**$ 0.05**	952,800	$ 0.05
Expired	**(200,000)**	**0.05**	(752,800)	0.05
Balance, end of the year	**-**	**-**	200,000	-

The number of outstanding broker's warrants which could be exercised for an equivalent number of ordinary shares is as follows:

	2019		2018	
Expiration date	**Number**	**Exercise price**	Number	Exercise price
May 12, 2019	**-**	**$ -**	200,000	$ 0.05

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

vi) Stock Options

The Company has a rolling stock option plan under which options to acquire common shares of the Company are granted to directors, officers, employees and consultants of the Company. The maximum number of options permitted is limited to ten percent (10%) of the issued capital of the corporation from time to time.

The fair value of the options granted during the year ended December 31, 2018 was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the options were based on risk free rate of 1.17-1.68%, expected volatility of 148%, expected life of 5 years and a dividend yield of 0%. The options vested immediately on grant.

The Company's share options are as follows for the reporting periods presented:

	2019		2018	
	Number of options	**Average exercise price**	Number of options	Average exercise price
Balance, beginning of the year	**5,042,000**	**$ 0.05**	2,050,000	$ 0.05
Granted	**-**	**-**	3,492,000	0.05
Expired/forfeited	**-**	**-**	(500,000)	0.10
Balance, end of the year	**5,042,000**	**$ 0.05**	5,042,000	$ 0.05

The table below summarizes the information related to share options as at July 31, 2019

Outstanding Options			**Exercisable Options**	
Number of options	**Weighted average exercise price**	**Weighted remaining life (years)**	**Number of options**	**Weighted average exercise price**
1,250,000	**$ 0.05**	**2.5**	**1,250,000**	**$ 0.05**
300,000	**0.05**	**2.6**	**300,000**	**0.05**
3,492,000	**0.05**	**3.3**	**3,492,000**	**0.05**
5,042,000			**5,042,000**	

The table below summarizes the information related to share options as at July 31, 2018

Outstanding Options			Exercisable Options	
Number of options	Weighted average exercise price	Weighted remaining life (years)	Number of options	Weighted average exercise price
1,250,000	$ 0.05	3.5	1,250,000	$ 0.05
300,000	0.05	3.6	300,000	0.05
3,492,000	0.05	4.3	3,492,000	0.05
5,042,000			5,042,000	

vii) Nature and Purpose of Reserves

The “Contributed Surplus Reserve” is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation. The “Warrants Reserve” is used to recognize the fair value of warrants issued in consideration for completed equity financing.

(Expressed in Canadian Dollars)

9. LOSS PER SHARE

During the year, in calculating the diluted loss per share, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the earnings per share would be antidilutive.

The basic and diluted loss per share has been calculated as follows.

	2019	2018
Net loss for the year	**$ (537,201)**	$ (1,327,135)
Weighted average number of shares in circulation	**63,922,117**	58,910,278
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)

10. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in working capital items are detailed as follows:

	2019	2018
Sales taxes receivable	**$ (20,996)**	$ 27,897
Trade and other payables	**83,783**	131,515
	$ 62,787	$ 159,412

11. EXPLORATION AND EVALUATION EXPENDITURES

	2019	2018
EXPLORATION EXPENDITURES		
Acquisition costs – expensed	**$ -**	$ -
Geology	**39,463**	55,682
Geophysics, milling and sampling	**56,377**	95,470
Geologist and professional fees	**29,874**	300,012
General exploration and campsite expenses	**75,960**	142,581
TOTAL EXPLORATION EXPENSES	**$ 201,674**	$ 593,745

On January 25, 2017, the Company completed the buyback of the remaining 49% interest in the advanced Balandougou Gold Project in Guinea. UltraGold Holding LLC (“UltraGold) will convey to GoldenFrank Resources Inc. (“Goldenfrank”), a 100% owned subsidiary of the Company, all of UltraGold’s 49% right, title and interest in and to the Balandougou project. The Parties also agreed to teminate the Balandougou Joint Venture Agreement dated February 2009, and in consideration of the termination of the joint venture, the Company issued 750,000 common shares at a price of $0.05 per share to UltraGold. UltraGold will retain a 1.5% net smelter return royalty capped at US$3.0 million at which time the royalty terminates. The fair value of the shares of $37,500 was charged to the statement of comprehensive loss.

On March 14, 2017, the Company sold the Eastmain Properties for 350,000 shares of Amex Exploration Inc. The Company retained a 1.5% net smelter return royalty of which 50% (0.75%) may be purchased by Amex Exploration Inc. for $750,000. The Company has recorded a gain on the sale of these properties of $64,750.

(Expressed in Canadian Dollars)

12. INCOME TAXES

		2019		2018
Statutory Canadian corporate tax rate		**27%**		26%
Expected current income tax recovery	**$**	**(143,000)**	$	(354,000)
Non-deductible permanent differences		**3,000**		42,000
Change in estimate and other		**(278,000)**		(110,000)
Change in deferred tax assets not recognized		**418,000**		422,000
Deferred income tax recovery	**$**	**-**	$	-

The significant components of the Company's deferred tax assets are as follows:

		2019		2018
Non-capital loss carry-forwards	**$**	**991,000**	$	902,000
Share issue costs		**6,000**		9,000
Property and equipment		**13,000**		12,000
Mineral resource properties		**1,309,000**		1,255,000
Capital losses		**1,000**		1,000
		2,320,000		2,179,000
Unrecognized deferred tax assets		**(2,320,000)**		(2,179,000)
	$	**-**	$	-

The Company has not recorded deferred income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry-forward period to utilize these net deferred income tax assets.

The Company has available non-capital losses for Canadian income tax purposes of approximately $3,726,000 which may be carried forward to reduce taxable income in future years, if not utilized, expiring in years from 2026 to 2039.

13. RELATED PARTY TRANSACTIONS

The Company's related parties include key management officers and companies held by key management officers. Unless otherwise stated none of the transactions incorporated special terms and conditions and no guarantees were given or received.

As at July 31, 2019, $952,344 (2018 - $519,398) of the amount owing to related parties is unsecured, bears interest at 12% per annum and is due on demand. As at July 31, 2019, $129,521 (2018 - $40,502) in interest has been accrued on these amounts.

As at July 31, 2019, $292,242 (2018 - $300,152) of the amount owing to related parties is unsecured, bears no interest and is due on demand.

As at July 31, 2019, $5,250 (2018 - $Nil) was owing from a related company for reimbursement of expenses paid by the Company on the related company's behalf.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (Continued)

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors and the management. Key management personnel compensation comprised the following:

		2019		2018
Short-term key management benefits:				
Consulting & management fees	$	**370,000**	$	371,785
Share-based payments		**-**		99,360
Interest		**89,019**		40,502
Total compensation	$	**459,019**	$	511,647

During the year ended July 31, 2019, the Company wrote off $Nil (2018 - $141,315) of accrued management fees no longer expected to be paid to key management personnel.

During the year ended July 31, 2018, officers and directors participated in private placements purchasing 800,000 common shares of the Company for gross proceeds of $40,000.

14. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the parent.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its' activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

15. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENT RISK DISCLOSURES (CONTINUED)

The most significant financial risks to which the Company is exposed to are described below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at July 31, 2018 and 2017, the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2019	2018
Cash	**$ 4,581**	$ 120,681
Carrying amounts	**$ 4,581**	$ 120,681

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

The carrying amounts and fair value of financial Instruments presented in the consolidated statement of financial position are as follows:

		2019		2018	
	Level	**Carrying amount**	**Fair value**	Carrying amount	Fair value
FINANCIAL ASSETS					
Cash and cash equivalents	1	**$ 4,581**	**$ 4,581**	$ 120,681	$ 120,681
Investments	1	**360,000**	**360,000**	-	-
FINANCIAL LIABILITIES					
Trade and other payables	3	**161,031**	**161,031**	77,248	77,248
Convertible debentures	3	**163,806**	**163,806**	139,961	139,961
Due to related parties	3	**1,374,106**	**1,374,106**	819,550	819,550
Loans payable	3	**624,021**	**624,021**	558,198	558,198

(Expressed in Canadian Dollars)

16. CONTINGENCIES AND COMMITMENTS

a) The Company may be liable for unpaid Part XII.6 tax on unspent flow-through renunciations related to financings obtained in 2007. The amount of estimated interest and penalties is not determinable, and management has concluded that outflow of economic resources is remote. As at July 31, 2019, $55,950 (2018-$55,950) is accrued for Part XII.6 taxes.

b) The Company issued flow-though shares in the amount of $335,750 during the year ended July 31, 2017. The Company was committed to spend this money on exploration work on its Quebec mineral properties by December 31, 2017 before incurring Part XII.6 tax and extending the deadline to December 31, 2018. As at July 31, 2019, the Company is obligated to spend $60,560 (2018-$60,560).

17. SEGMENTED INFORMATION

Operating Segments
The company has one operating segment, the exploration and evaluation of mineral properties.

Geographic Segments
The Company's principal operations are carried out in Canada and Guinea.

Statements of Financial Position

July 31, 2019	**Canada**	**Guinea**	**Total**
Current Assets	$ 409,893	$ -	$ 409,893
Long-term Assets	-	298,045	298,045
Total Assets	**$ 409,893**	**$ 298,045**	**$ 707,938**

July 31, 2018	Canada	Guinea	Total
Current Assets	$ 139,747	$ -	$ 139,747
Long-term Assets	8,650	301,235	309,885
Total Assets	$ 148,397	$ 301,235	$ 449,632

Segmented comprehensive losses by geographical location are as follows:

Year ended July 31, 2019	**Canada**	**Guinea**	**Total**
Comprehensive loss	**$ 357,134**	**$ 180,067**	**$ 537,201**

Year ended July 31, 2018	**Canada**	**Guinea**	**Total**
Comprehensive loss	$ 783,846	$ 543,289	$ 1,327,135

18. SUBSEQUENT EVENTS

a) On August 22, 2019, the Company and its minority partners reached a definitive agreement for the sale of 100% of the Balandougou Gold Project including the 7 km^2 Balandougou semi-industrial exploitation permit together with all related plant and equipment, and two Guinea subsidiary companies holding contiguous exploration permits totalling approximately 150 km^2. The Company and the minority partners own 80% and 20% respectively of the Balandougou Gold Project. The transaction price is US$3,850,000 (C$5,130,000) paid in instalments, US$1,800,000 (C$2,460,000) on closing with the balance in three instalments ending January 15, 2021. During the year ended July 31, 2019, pursuant to the terms of the agreement the purchaser advanced the Company $67,500 (US$50,000).

The transaction closed on October 30, 2019 and the first instalment of US$1,850,000 was received.

b) On October 31, 2019, in connection with the sale of the Balandougou Gold Project, the loan agreement (Note 7) was amended to make the repayment of principal and interest as follows:

i. US$228,546 upon closing of the sale;
ii. US$87,528 payable on January 15, 2020;
iii. US$87,528 payable on July 15, 2020;
iv. US $82,666 payable on January 15, 2021.

c) On November 5, 2019, the Company agreed to issue 3,060,000 shares at an agreed price of $0.05 per share to four arm's length parties to settle debt totalling $153,000. The shares-for-debt settlements are subject to the approval of the TSX Venture Exchange. The shares have not been issued.