OREZONE GOLD CORPORATION

(A Development Stage Company)

Condensed Consolidated Interim Financial Statements
(Unaudited, expressed in United States dollars)

For the three and six month periods ended June 30, 2018

Financial Statements

Notice to reader	**2**
Condensed Consolidated Interim Statements of Financial Position	**3**
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	**4**
Condensed Consolidated Interim Statements of Changes in Equity	**5**
Condensed Consolidated Interim Statements of Cash Flows	**6**
Notes to the Condensed Consolidated Interim Financial Statements	**7 – 17**

Notice to reader pursuant to National Instrument 51-102

Responsibility for Financial Statements:

The accompanying unaudited condensed consolidated interim financial statements of Orezone Gold Corporation as at and for the three and six month periods ended June 30, 2018 have been prepared by the Company's management. Recognizing that the Company is responsible for both the integrity and objectivity of the condensed consolidated interim financial statements, management is satisfied that these condensed consolidated interim financial statements have been fairly presented.

Auditor's involvement:

The external auditors of the Company have not audited or performed a review of these condensed consolidated interim financial statements.

Orezone Gold Corporation
(A Development Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited, expressed in United States dollars)

As at	June 30, 2018	December 31, 2017
	$	$
ASSETS		
Current assets		
Cash	**38,954,711**	11,148,801
Trade and other receivables	**137,629**	47,809
Inventories (Note 4)	**372,300**	354,874
Prepaid expenses and deposits	**405,907**	229,571
Total current assets	**39,870,547**	11,781,055
Non-current assets		
Interests in exploration properties (Note 5)	**1,892,980**	1,999,549
Marketable securities (Note 6)	**778,759**	897,075
Total assets	**42,542,286**	14,677,679
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**1,297,397**	610,466
Non-current liabilities		
Royalty-based obligation (Note 7)	**-**	-
Equity		
Share capital (Note 8)	**196,711,419**	161,497,821
Reserves	**13,092,782**	14,174,947
Accumulated deficit	**(168,559,312)**	(161,605,555)
Total equity	**41,244,889**	14,067,213
Total liabilities and equity	**42,542,286**	14,677,679

Commitments (Note 14)
Subsequent Event (Note 15)

These condensed consolidated interim financial statements were approved by the Board of Directors of Orezone Gold Corporation on August 22, 2018:

/s/ Patrick Downey

Patrick Downey
Director

/s/ Ronald Batt

Ronald Batt
Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Orezone Gold Corporation
(A Development Stage Company)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six month periods ended June 30, 2018 and 2017
(Unaudited, expressed in United States dollars, except for per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Expenses				
Exploration and evaluation costs (Note 9)	**2,120,378**	1,498,112	**4,007,342**	2,781,853
General and administrative costs (Note 9)	**1,081,212**	1,097,096	**2,069,511**	1,753,923
Share-based compensation (Note 8(b))	**390,527**	653,467	**828,718**	683,540
Depreciation and amortization (Note 5)	**83,308**	85,279	**165,802**	176,348
	3,675,425	3,333,954	**7,071,373**	5,395,664
Other income (loss)				
Foreign exchange gain (loss)	**(33,672)**	47,051	**(4,510)**	73,883
Finance income	**170,430**	32,274	**206,668**	75,279
Bank charges	**(2,700)**	(2,189)	**(4,231)**	(3,933)
Other income	**-**	7,628	**-**	7,628
Fair value loss on marketable securities (Note 6)	**(293,014)**	-	**(80,311)**	-
Other income (loss)	**(158,956)**	84,764	**117,616**	152,857
Net loss for the period	**(3,834,381)**	(3,249,190)	**(6,953,757)**	(5,242,807)
Net loss per common share, basic and diluted	**(0.02)**	(0.02)	**(0.04)**	(0.03)
Weighted-average number of common shares outstanding, basic and diluted	**204,215,034**	154,050,364	**179,363,265**	154,050,364
Net loss for the period	**(3,834,381)**	(3,249,190)	**(6,953,757)**	(5,242,807)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	**(1,648,877)**	455,280	**(1,910,883)**	627,306
Total other comprehensive income (loss)	**(1,648,877)**	455,280	**(1,910,883)**	627,306
Comprehensive loss	**(5,483,258)**	(2,793,910)	**(8,864,640)**	(4,615,501)

The above other comprehensive income (loss) items will be subsequently recycled into the statement of loss.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

For the six month periods ended June 30, 2018 and 2017

(Unaudited, expressed in United States dollars, except for share amounts)

	Share capital		Reserves			
	Common Shares	**Amount**	**Share-based payments** (Note 8)	**Foreign currency translation**	**Accumulated deficit**	**Total**
	#	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2018	154,235,364	161,497,821	13,736,887	438,060	(161,605,555)	14,067,213
Share capital issued (Note 8(a))	56,150,000	35,599,100	-	-	-	35,599,100
Share issuance costs (Note 8(a))	-	(385,502)	-	-	-	(385,502)
Share-based compensation	-	-	828,718	-	-	828,718
Foreign currency translation	-	-	-	(1,910,883)	-	(1,910,883)
Net loss for the period	-	-	-	-	(6,953,757)	(6,953,757)
Balance, June 30, 2018	**210,385,364**	**196,711,419**	**14,565,605**	**(1,472,823)**	**(168,559,312)**	**41,244,889**

	Share capital		Reserves			
	Common Shares	**Amount**	**Share-based payments** (Note 8)	**Foreign currency translation**	**Accumulated deficit**	**Total**
	#	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2017	154,050,364	161,396,693	12,653,357	(770,005)	(152,836,947)	20,443,098
Share-based compensation	-	-	683,540	-	-	683,540
Foreign currency translation	-	-	-	627,306	-	627,306
Net loss for the period	-	-	-	-	(5,242,807)	(5,242,807)
Balance, June 30, 2017	**154,050,364**	**161,396,693**	**13,336,897**	**(142,699)**	**(158,079,754)**	**16,511,137**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

For the six month periods ended June 30, 2018 and 2017
(Unaudited, expressed in United States dollars)

	2018	2017
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(6,953,757)**	(5,242,807)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization (Note 5)	**165,802**	176,348
Share-based compensation (Note 8(b))	**828,718**	683,540
Finance income	**(206,668)**	(75,279)
Unrealized foreign exchange gain	**4,510**	(73,883)
Repayment of royalty-based obligation (Note 7)	**-**	(600,000)
Fair value loss on marketable securities	**80,311**	-
Changes in non-cash operating working capital (Note 10)	**417,846**	26,061
Total cash outflows used in operating activities	**(5,663,238)**	(5,106,020)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 5)	**(129,641)**	(31,573)
Interest received	**159,442**	82,423
Total cash inflows from investing activities	**29,801**	50,850
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of royalty-based obligation (Note 7)	**-**	(3,000,000)
Proceeds from private placement (Note 8(a), Note 10)	**35,599,100**	-
Share issuance costs (Note 8(a), Note 10)	**(385,502)**	-
Total cash flows from (used in) financing activities	**35,213,598**	(3,000,000)
Effect of foreign currency translation on cash	**(1,774,251)**	567,759
Increase (decrease) in cash	**27,805,910**	(7,487,411)
Cash, beginning of period	**11,148,801**	22,099,768
Cash, end of period	**38,954,711**	14,612,357

Supplemental cash flow information is provided in Note 10.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is a Tier 1 listed company on the TSX Venture Exchange (TSXV) under the symbol ORE. The Company is primarily 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's main focus is to increase shareholder value through the advancement of Bomboré into a commercially viable gold mining operation in Burkina Faso.

The principal address of the Company is located at 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 and references to "CFA" or "XOF" are to Communauté Financière Africaine francs.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34").

These Interim Financial Statements were authorized for issue by the Board of Directors on August 22, 2018.

(b) BASIS OF MEASUREMENT

These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2017 (the "2017 Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the 2017 Annual Financial Statements except as disclosed in Note 3.

The preparation of financial statements in conformity of IFRS also requires management to make estimates and judgements that may have a significant impact to these Interim 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 judgement and estimates were presented in Note 4 of the 2017 Annual Financial Statements and have been consistently applied in the preparation of these Interim Financial Statements for the periods ended June 30, 2018 and 2017.

These Interim Financial Statements are presented in United States dollars, unless otherwise indicated.

3. CHANGE IN ACCOUNTING STANDARDS

The accounting policies adopted in these Interim Financial Statements are consistent with those followed in the preparation of the Company's 2017 Annual Financial Statements except as follows:

Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. The objective of this standard is to establish principles for the financial reporting of financial assets and financial liabilities in respect of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 9 provides three different measurement categories for financial assets – subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income ("OCI") – while all financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

The adoption of this new standard did not have a material impact on the measurement of the Company's reported financial instruments except for the Company's investment in the common shares and common share purchase warrants in Sarama Resources Ltd. ("Sarama") as further discussed in Notes 5 and 6. Prior to the adoption of IFRS 9, the Company's investment was classified as available-for-sale with any unrealized gains or losses recognized in OCI. Under IFRS 9, the Company measures its Sarama equity investment at fair value at the end of each period with any changes recognized through profit or loss. The Company did not invoke the election to present investment in equity instruments in OCI.

Revenue recognition

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers which supersedes IAS 11 – Construction Contracts; IAS 18 – Revenue; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The adoption of this new standard did not impact the Company's Interim Financial Statements as the Company is not yet in commercial production generating revenues.

4. INVENTORIES

The cost of materials and supplies inventories recognized as an expense during the three and six month periods ended June 30, 2018 was $73,209 and $112,225 respectively (2017 – $29,806 and $68,357 respectively). There were no write-downs or reversals of write-downs of inventories to net realizable value during the three and six month periods ended June 30, 2018 or 2017. As at June 30, 2018, no specific inventories were pledged as security for liabilities.

(Unaudited, expressed in United States dollars)

5. INTERESTS IN EXPLORATION PROPERTIES

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
Transfer to depreciable property	-	-	(1,845)	(1,845
Foreign currency translation	(4,500)	(34,186)	(39)	(38,725)
Balance, June 30, 2018	**160,090**	**715,821**	**-**	**875,911**

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	-	-	49,118	-	80,523	129,641
Transfer from construction in progress	-	-	1,845	-	-	1,845
Foreign currency translation	(62,274)	(37,825)	(77,627)	(14,572)	(11,853)	(204,151)
Balance, June 30, 2018	**2,215,702**	**1,345,841**	**2,119,367**	**513,994**	**335,454**	**6,530,358**
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 period	115,232	8,405	28,716	637	12,812	165,802
Foreign currency translation	(48,548)	(36,569)	(64,208)	(14,480)	(8,663)	(172,468)
Balance, June 30, 2018	**1,690,330**	**1,298,445**	**1,794,927**	**510,516**	**219,071**	**5,513,289**

Carrying amounts as at:	Building	Capital improve-ments	Field equipment	Vehicles	Office equipment and furniture	Total
December 31, 2017	654,330	57,057	315,612	4,207	51,862	1,083,068
June 30, 2018	**525,372**	**47,396**	**324,440**	**3,478**	**116,383**	**1,017,069**

(Unaudited, expressed in United States dollars)

Total interests in exploration properties	Six months ended June 30, 2018	Year ended December 31, 2017
	$	$
Cost, beginning of period	**7,519,504**	6,809,888
Additions	**129,641**	50,070
Disposals	**-**	(173,808)
Foreign currency translation	**(242,876)**	833,354
Cost, end of period	**7,406,269**	7,519,504
Accumulated depreciation, beginning of period	**5,519,955**	4,585,142
Depreciation	**165,802**	340,176
Disposals	**-**	(7,863)
Foreign currency translation	**(172,468)**	602,500
Accumulated depreciation, end of the period	**5,513,289**	5,519,955
Carrying amounts, beginning of the period	**1,999,549**	2,224,746
Carrying amounts, end of the period	**1,892,980**	1,999,549

The Company does not currently have depreciation and amortization capitalized in interests in exploration properties.

The carrying amounts of the mineral property rights by area were as follows:

As at	June 30, 2018	December 31, 2017
	$	$
Burkina Faso		
Bomboré	**715,821**	750,007
Total mineral property rights	**715,821**	750,007

Bomboré, Burkina Faso

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 and is subject to 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.

Bondi, Burkina Faso

The Bondi project consists of the Djarkadougou permit, which is in the Bougouriba province.

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

6. MARKETABLE SECURITIES

The Company's investments consist of 9.6 million common shares of Sarama acquired as part of the sale of the Bondi project (Note 5). Investments also include 3,000,000 Sarama warrants, each warrant entitling the Company to acquire one common share of Sarama at a price of C$0.195 until December 12, 2018 and 2,000,000 Sarama warrants, each warrant entitling the Company to acquire one common share of Sarama at a price of C$0.24 until December 12, 2019.

The investment in Sarama is measured at fair value, using market prices for the share consideration and applying the Black Scholes valuation to the warrants, with changes in fair value recognized in the statement of loss. For the three and six month periods ended June 30, 2018, the Company recognized an unrealized fair value loss of $293,014 and $80,311 respectively on its Sarama investment.

7. ROYALTY-BASED OBLIGATION

On January 27, 2015, the Company announced the completion of a royalty purchase agreement (the "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 Agreement also grants Sandstorm a right of first refusal ("ROFR") 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.

The Agreement with Sandstorm was executed with Orezone and, while any related royalty obligations are calculated based on production from the Bomboré permit, they remained the obligation of Orezone until the buyback option was exercised. As security for the original Agreement, Orezone 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. No finders' fee or commissions were payable on this 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.

(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. As part of the transition, the Company adopted the 2016 Plan that is compliant with the TSXV Policy 4.4. As a result, no new stock options can be granted under the 2009 Plan. 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 has been established to provide incentive to qualified parties to increase their interest in the Company and thereby encourage their continuing association with the Company. The 2016 Plan allows for options to be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date no later than ten years after the date of grant of such option.

(Unaudited, expressed in United States dollars)

As at June 30, 2018, based on the Company's total common shares outstanding, a total of 21,038,536 stock options may be issued, with 7,892,536 additional stock options available for grant as at June 30, 2018. TSXV approval is required to reserve the related common shares for issuance.

Stock option activity between January 1, 2017 and June 30, 2018 was as follows:

Grant date	Expiry date	Exercise price	Opening balance	Activity during the period			Closing balance	Vested and exercisable	Unvested
				Granted	Exercised	Forfeited			
		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	390,000	-	-	95,000	295,000	295,000	-
10/21/2010	10/21/2020	2.35	200,000	-	-	-	200,000	200,000	-
04/27/2012	04/27/2017	1.70	1,371,900	-	-	1,371,900	-	-	-
05/14/2012	05/14/2017	1.70	10,000	-	-	10,000	-	-	-
12/17/2012	12/17/2017	1.50	688,500	-	-	688,500	-	-	-
06/04/2013	06/04/2018	1.50	200,000	-	-	200,000	-	-	-
01/30/2014	01/30/2019	0.65	1,240,000	-	85,000	-	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	1,980,000	-	100,000	50,000	1,830,000	1,830,000	-
09/19/2016	09/19/2026	1.00	250,000	-	-	250,000	-	-	-
06/23/2017	06/23/2027	0.78	-	4,850,000	-	-	4,850,000	3,650,003	1,199,997
07/17/2017	07/17/2027	0.78	-	300,000	-	-	300,000	100,000	200,000
01/11/2018	01/11/2028	0.81	-	1,353,500	-	-	1,353,500	517,911	835,589
Totals			9,492,900	6,503,500	185,000	2,665,400	13,146,000	10,910,414	2,235,586
Weighted average exercise price			C$0.79	C$0.79	C$0.46	C$1.51	C$0.65	C$0.58	C$0.49

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. During the six month period ended June 30, 2018, no options were exercised (2017 - no options were exercised). The outstanding options as at June 30, 2018 have a weighted average remaining contractual life of 5.91 years (2017 – 6.03 years).

The Black Scholes option valuation model input factors used for stock options granted between January 1, 2017 and June 30, 2018 were as follows:

				Weighted average value per stock option				
Grant date	Expiry date	Grant date market price	Exercise price	Risk-free interest rate	Expected life	Expected volatility	Dividend yield	Grant date fair value
		C$	C$	%	(in years)	%	%	C$
06/23/2017	06/23/2027	0.78	0.78	0.84	3.9	85.98	-	0.48
07/17/2017	07/17/2027	0.76	0.78	1.02	4.0	85.61	-	0.47
01/11/2018	01/11/2028	0.81	0.81	1.76	3.9	79.03	-	0.47
Weighted average for the period		0.79	0.79	1.04	3.9	84.52	-	0.48

(Unaudited, expressed in United States dollars)

As at June 30, 2018, there were $447,910 (2017 – $51,255) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the 2016 Plan that are expected to be recognized over a weighted-average term of 0.96 years.

Dilutive Effect of Stock Options

For the six month period ended June 30, 2018, 13,146,000 stock options (2017 – 9,492,900) were excluded from the computation of diluted earnings per share as the Company realized a net loss and it would be anti-dilutive to include them.

9. NATURE OF EXPENSES

The components of exploration and evaluation costs, and general and administrative costs for the three and six month periods ended June 30, 2018 and 2017 were as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Drilling and assaying	**808,723**	734,354	**1,506,330**	1,270,962
Exploration and development studies	**835,701**	286,263	**1,541,083**	619,792
General, camp, infrastructure and other	**467,635**	453,998	**939,436**	770,386
Exploration surveys	**8,319**	23,497	**20,493**	120,713
Total exploration and evaluation costs	**2,120,378**	1,498,112	**4,007,342**	2,781,853
Salaries and employee costs	**447,399**	707,967	**972,935**	971,610
Public company costs	**122,498**	96,096	**187,044**	167,170
Professional fees	**110,458**	44,241	**132,281**	127,987
General and office costs	**363,708**	205,406	**652,886**	379,988
Investor relations and travel	**37,149**	43,386	**124,365**	107,168
Total general and administrative costs	**1,081,212**	1,097,096	**2,069,511**	1,753,923

Total short-term employee compensation and benefits expense excluding share-based compensation for the three and six month periods ended June 30, 2018 was $697,245 and $1,235,225 respectively (2017 – $1,083,751 and $1,735,063 respectively).

Total general and administrative expense (“G&A”) includes both the Company’s head office G&A and local office G&A related to operating the Company’s subsidiaries. Head office G&A encompasses the costs of head office salaries and benefits, director compensation, investor relations and travel, facilities and IT, as well as all costs associated with maintaining the Company’s listing on the TSXV. Total G&A pertaining to the Company’s head office for the three and six month periods ended June 30, 2018 was $756,487 and $1,290,575 respectively (2017 – $849,101 and $1,270,025 respectively).

(Unaudited, expressed in United States dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental details of the changes in non-cash working capital for the six month periods ended June 30, 2018 and 2017 were as follows:

	2018	2017
	$	$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	**(94,791)**	43,008
Inventories	**(28,134)**	(25,015)
Prepaid expenses and deposits	**(191,594)**	(22,612)
Accounts payable and accrued liabilities	**732,365**	30,680
	417,846	26,061
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to interest received	**(47,226)**	7,144
Under investing activities, a portion of share issuance costs was offset against the gross proceeds and presented net:	**(252,808)**	-

11. 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 interests in exploration properties segmented by geographic area were as follows:

As at	**June 30, 2018**	December 31, 2017
	$	$
Canada	**74,481**	9,910
Burkina Faso	**1,818,499**	1,989,639
	1,892,980	1,999,549

12. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed through its exploration and evaluation activities to the following financial risks: foreign currency risk, market price risk, liquidity risk, credit risk and title risk. In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated. The overall objective of the Board of Directors is to set policies that seek to reduce risk without unduly affecting the Company's competitiveness and flexibility.

The Company's financial instruments consist of cash, trade and other receivables, certain refundable deposits, marketable securities, and accounts payable and accrued liabilities. The fair value of trade and other receivables, refundable deposits, and accounts payable and accrued liabilities are equivalent to their carrying amounts given their short maturity period.

Taxes receivable, prepaid expenses and taxes payable balances included in the condensed consolidated interim statements of financial position do not meet the definition of a financial instrument, and are thus excluded from the analysis of financial instruments and risks that follows:

As at	June 30, 2018	December 31, 2017
	$	$
Taxes receivable, included in trade and other receivables	**76,732**	32,538
Prepaid expenses, included in prepaid expenses and deposits	**379,033**	208,494
Taxes payable, included in accounts payable and accrued liabilities	**35,540**	6,288

(a) FOREIGN CURRENCY RISK

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars ("C$"), United States dollars (US$"), Euros ("EUR"), and Communauté Financière Africaine francs ("CFA"). 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 US$ equivalent of the Company's financial instruments by originating denomination currency was as follows:

As at June 30, 2018	US$	C$	EUR & CFA[1]	Total
Financial assets				
Cash	69,744	38,709,363	175,604	38,954,711
Trade and other receivables	149	60,455	293	60,897
Deposits	-	6,373	20,501	26,874
Marketable securities	-	778,759	-	778,759
	69,893	39,554,950	196,398	39,821,241
Financial liabilities				
Accounts payable and accrued liabilities	270,787	155,326	835,744	1,261,857
Net financial instruments, June 30, 2018	**(200,894)**	**39,399,624**	**(639,346)**	**38,559,384**

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, December 31, 2017	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 at the current exchange rate of 655.957 CFA to 1 EUR*

(Unaudited, expressed in United States dollars)

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

As at	June 30, 2018	December 31, 2017
	$	$
C$	**(3,939,962)**	(1,150,549)
EUR & CFA	**63,935**	11,430

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 at any point in time and by monitoring any ongoing discussions concerning the peg rate.

(b) LIQUIDITY RISK

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company's accounts payable and accrued liabilities are due within one year of the end of the reporting periods. The Company currently has sufficient resources to meet its obligations as they become due. The Company will periodically need to raise funds in the future to continue operations. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

(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 insignificant due to the majority of the cash being held in a Canadian chartered bank and the limited amount of trade and other receivables.

(d) TITLE RISK

Title to mineral property rights involves certain inherent risks due to the potential for problems arising from the ambiguous conveyance history characteristic of many mining properties and from political risk associated with the country in which the Company carries out its exploration activities. The Company has taken all reasonable steps to ensure it has proper title to its properties. However, no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in the Company's title to its properties being challenged. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business and there can be no assurance that they will be renewed upon expiry. The Company is also subject to the risk that a new mineral exploration permit or mining permit will not be issued upon expiration of the third term of an exploration permit, although this event has never occurred in the past.

13. FAIR VALUE MEASUREMENTS

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

The Company's assets and liabilities recorded at fair value were as follows:

	June 30, 2018				December 31, 2017		
Fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Total
	$	**$**	**$**	**$**	$	$	$
Assets							
Cash	**38,954,711**	**-**	**-**	**38,954,711**	11,148,801	-	11,148,801
Marketable securities	**729,024**	**49,735**	**-**	**778,759**	803,477	93,598	897,075

The Company did not transfer any assets or liabilities between levels on the fair value hierarchy and has not offset any of its financial assets against its financial liabilities.

14. COMMITMENTS

As at June 30, 2018, the Company had contractual obligations primarily relating to head office rent, the feasibility study update and the resettlement action plan in the amount of $1,057,183 (as at December 31, 2017 – $1,580,613). The schedule of certain payments is dependent upon the contractors' ability to complete various milestones, however it is expected that the majority of the commitments will be payable throughout the 2018 fiscal year.

15. SUBSEQUENT EVENT

On July 23, 2018, the Company granted directors, officers, employees and consultants stock options to purchase up to an aggregate of 3,285,000 common shares, exercisable on or before July 23, 2023 at a strike price of C$0.80 per share.