GALIANO GOLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
UNAUDITED

For the three and six months ended June 30, 2022 and 2021

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GALIANO GOLD INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2022 AND DECEMBER 31, 2021

(In thousands of United States Dollars)

	Note	June 30, 2022 $	December 31, 2021 $
Assets			
Current assets			
Cash and cash equivalents		**53,005**	53,521
Receivables		**50**	55
Receivable due from related party	4	**5,140**	7,326
Prepaid expenses and deposits		**250**	766
		58,445	61,668
Non-current assets			
Financial assets	5	**85,640**	72,426
Right-of-use asset		**329**	381
Property, plant and equipment		**73**	93
Exploration and evaluation assets		**1,628**	1,628
		87,670	74,528
Total assets		**146,115**	136,196
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	**2,022**	2,536
Lease liability		**108**	107
		2,130	2,643
Non-current liabilities			
Long-term incentive plan liabilities	8	**277**	478
Lease liability		**257**	312
		534	790
Total liabilities		**2,664**	3,433
Equity			
Share capital	7	**579,591**	579,591
Equity reserves	8	**51,538**	51,879
Accumulated deficit		**(487,678)**	(498,707)
Total equity		**143,451**	132,763
Total liabilities and equity		**146,115**	136,196

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

Approved on behalf of the Board of Directors:

"Matt Badylak" — *Director*

"Greg Martin" — *Director*

GALIANO GOLD INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(In thousands of United States Dollars, except dollar per share amounts)

		Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	Note	**$**	$	**$**	$
Service fee earned as operators of joint venture	4	**1,307**	1,240	**2,614**	2,480
Share of net earnings related to joint venture	6	**-**	5,713	**-**	19,087
General and administrative expenses	10	**(2,004)**	(3,779)	**(4,756)**	(7,703)
Exploration and evaluation expenditures		**(55)**	(373)	**(192)**	(373)
(Loss) income from operations and joint venture		**(752)**	2,801	**(2,334)**	13,491
Finance income	11	**13,337**	2,186	**13,380**	4,598
Finance expense		**(7)**	(21)	**(16)**	(32)
Foreign exchange (loss) gain		**(12)**	38	**(1)**	(25)
Net income and comprehensive income for the period		**12,566**	5,004	**11,029**	18,032
Net income per share:					
Basic	12	**0.06**	0.02	**0.05**	0.08
Diluted	12	**0.06**	0.02	**0.05**	0.08
Weighted average number of shares outstanding:					
Basic	12	**224,943,453**	224,675,424	**224,943,453**	224,511,162
Diluted	12	**224,943,453**	225,294,015	**224,943,453**	225,129,368

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

GALIANO GOLD INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In thousands of United States Dollars, except for number of common shares)

	Note	Number of shares	Share capital $	Equity reserves $	Accumulated deficit $	Total equity $
Balance as at December 31, 2020		224,253,522	578,750	49,957	(429,824)	198,883
Issuance of common shares on exercise of stock options	8(a)	689,931	841	(272)	-	569
Share-based compensation expense	8(a)	-	-	724	-	724
Net income and comprehensive income for the period		-	-	-	18,032	18,032
Balance as at June 30, 2021		224,943,453	579,591	50,409	(411,792)	218,208
Balance as at December 31, 2021		224,943,453	579,591	51,879	(498,707)	132,763
Share-based compensation expense	8(a)	-	-	(341)	-	(341)
Net income and comprehensive income for the period		-	-	-	11,029	11,029
Balance as at June 30, 2022		**224,943,453**	**579,591**	**51,538**	**(487,678)**	**143,451**

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

GALIANO GOLD INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(In thousands of United States Dollars)

	Note	Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
		$	$	**$**	$
Operating activities:					
Net income for the period		**12,566**	5,004	**11,029**	18,032
Adjustments for:					
Share of net earnings related to joint venture	6	**-**	(5,713)	**-**	(19,087)
Depreciation		**37**	37	**74**	74
Share-based compensation	10	**(188)**	593	**(370)**	1,933
Finance income	11	**(13,337)**	(2,186)	**(13,380)**	(4,598)
Finance expense		**6**	9	**13**	17
Unrealized foreign exchange loss (gain)		**8**	(28)	**29**	(23)
Operating cash flow before working capital changes		**(908)**	(2,284)	**(2,605)**	(3,652)
Change in non-cash working capital	13	**3,473**	(850)	**2,005**	(4,161)
Cash provided by (used in) operating activities		**2,565**	(3,134)	**(600)**	(7,813)
Investing activities:					
Redemption of preferred shares in joint venture	5	**-**	-	**-**	5,000
Acquisition of exploration and evaluation assets, net of cash acquired		**-**	-	**-**	(1,470)
Expenditures on property, plant and equipment		**-**	(1)	**(1)**	(15)
Interest received		**123**	286	**166**	314
Cash provided by investing activities		**123**	285	**165**	3,829
Financing activities:					
Shares issued for cash on exercise of stock options	8(a)	**-**	174	**-**	431
Office lease payments		**(33)**	(33)	**(67)**	(63)
Cash (used in) provided by financing activities		**(33)**	141	**(67)**	368
Impact of foreign exchange on cash and cash equivalents		**(34)**	21	**(14)**	13
Increase (decrease) in cash and cash equivalents during the period		**2,621**	(2,687)	**(516)**	(3,603)
Cash and cash equivalents, beginning of period		**50,384**	61,235	**53,521**	62,151
Cash and cash equivalents, end of period		**53,005**	58,548	**53,005**	58,548

Supplemental cash flow information 13

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

1. Nature of operations

Galiano Gold Inc. ("Galiano" or the "Company") was incorporated on September 23, 1999 under the Business Corporations Act of British Columbia, Canada. The Company's head office and principal address is located at 1640 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1, Canada. The Company's registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, V7X 1L3. The Company's common shares trade on the Toronto Stock Exchange ("TSX") and NYSE American Exchange ("NYSE American") under the ticker symbol "GAU".

The Company's principal business activity is the operation of the Asanko Gold Mine ("AGM") through a 50:50 joint venture arrangement (the "JV") associated with the Company's 45% economic interest in the AGM (see note 6) and exploration and development of the JV's mineral property interests. The Government of Ghana has a 10% free-carried interest in the AGM. The AGM consists of two neighboring gold projects, the Obotan Project and the Esaase Project, both located in the Amansie West District of the Republic of Ghana ("Ghana"), West Africa.

In addition to its interest in the AGM, the Company holds gold concessions in various stages of exploration. The concessions include a portfolio of Ghanaian properties through its 50% interest in the JV, the 100% owned Asumura property in Ghana and 100% owned exploration properties in Mali.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements do not include all of the necessary annual disclosures in accordance with IFRS and should be read in conjunction with the Company's audited consolidated annual financial statements for the years ended December 31, 2021 and 2020.

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited consolidated annual financial statements for the years ended December 31, 2021 and 2020.

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors on August 11, 2022.

(b) Basis of presentation and consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments carried at fair value.

All amounts are expressed in thousands of United States dollars, unless otherwise stated, and the United States dollar is the functional currency of the Company and each of its subsidiaries. References to C$ are to Canadian dollars.

These condensed consolidated interim financial statements incorporate the financial information of the Company and its subsidiaries as at June 30, 2022. Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities.

Expressed in Thousands of United States Dollars unless otherwise stated

2. Basis of presentation (continued)

Subsidiaries are included in the consolidated financial statements of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

All significant intercompany amounts and transactions between the Company and its subsidiaries have been eliminated on consolidation.

The principal subsidiaries and joint arrangements to which the Company is a party, as well as their geographic locations, were as follows as at June 30, 2022:

Affiliate name	Location	Interest	Classification and accounting method
Galiano Gold South Africa (PTY) Ltd.	South Africa	100%	Consolidated
Galiano International (Isle of Man) Limited	Isle of Man	100%	Consolidated
Galiano Gold (Isle of Man) Limited	Isle of Man	100%	Consolidated
Galiano Gold Exploration Mali SARL	Mali	100%	Consolidated
Asanko Gold Exploration Ghana Limited	Ghana	100%	Consolidated
Asanko Gold Ghana Limited	Ghana	45%	Joint venture; equity method
Adansi Gold Company (GH) Limited	Ghana	50%	Joint venture; equity method
Shika Group Finance Limited	Isle of Man	50%	Joint venture; equity method

(c) Accounting standards adopted during the period

There were no new standards effective January 1, 2022 that materially impacted these condensed consolidated interim financial statements.

(d) Accounting standards and amendments issued but not yet adopted

There were no accounting standards or amendments to existing standards issued but not yet adopted as of January 1, 2022 that are expected to have a material effect on the Company's or the JV's financial statements in the future.

3. Significant accounting judgements and estimates

The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed consolidated interim financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgements and estimates were presented in note 5 of the audited annual consolidated financial statements for the years ended December 31, 2021 and 2020. The following estimates had a significant effect on these condensed consolidated interim financial statements and the financial results of the JV.

3. Significant accounting judgements and estimates (continued)

Mineral reserves

Estimates of the quantities of proven and probable mineral reserves form the basis for the JV's life-of-mine plans, which are used for a number of key business and accounting purposes, including: the calculation of depletion expense, the capitalization of stripping costs, the forecasting and timing of cash flows related to the asset retirement provision and impairment assessments, if any. To the extent that these estimates of proven and probable mineral reserves vary, there could be changes in depletion expense, stripping assets, asset retirement provisions and impairment charges recorded. The Company determined it was not in a position to declare mineral reserves for the AGM in its updated National Instrument 43-101 Technical Report ("NI 43-101"), filed on March 29, 2022, with an effective date of February 28, 2022.

As such, given that mining and processing operations continued during the period, the JV utilized internal models in order to estimate life of mine tonnes for the purpose of units-of-production depletion of mineral properties, plant and equipment in the JV.

4. Balances due from/to related party

Under the terms of the Joint Venture Agreement (the "JVA") that governs the management of the JV (note 6), the Company remains the manager and operator of the JV and currently receives an arm's length fee for services rendered to the JV of $6.5 million per annum (originally $6.0 million, but adjusted annually for inflation).

During the three and six months ended June 30, 2022, the Company earned a service fee of $1.3 million and $2.6 million, respectively, as operator of the JV (three and six months ended June 30, 2021 – $1.2 million and $2.5 million, respectively). For the three and six months ended June 30, 2022, the service fee was comprised of a gross service fee of $1.7 million and $3.3 million, respectively, less withholding taxes payable in Ghana of $0.4 million and $0.7 million (three and six months ended June 30, 2021 – gross service fee of $1.5 million and $3.1 million, respectively, less withholding taxes payable in Ghana of $0.3 million and $0.6 million). As at June 30, 2022, the Company had a receivable due from the JV in respect of the service fee in the amount of $5.1 million, net of withholding taxes (December 31, 2021 - $7.3 million).

As at June 30, 2022, accounts payable and accrued liabilities include a payable due to the JV in the amount of $0.1 million relating to services performed by the JV on the Company's wholly owned Asumura property in Ghana (December 31, 2021 – nil).

All transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount agreed to by the parties. All amounts are unsecured, non-interest bearing and have no specific terms of settlement.

Expressed in Thousands of United States Dollars unless otherwise stated

5. Financial assets

As part of the JV transaction with Gold Fields (note 6), the Company initially subscribed to 184.9 million non-voting fixed redemption price redeemable preferences shares in Shika Group Finance Limited (the "preference shares"), which were issued at a par value of $1 per redeemable share. The preference shares have no fixed redemption date. As these preference shares have no contractual fixed terms of repayment that arise on specified dates, they are measured at fair value through profit or loss at each reporting period-end and are classified as a Level 3 financial asset in the fair value hierarchy.

The following table summarizes the change in the carrying amount of the Company's preference shares held in the joint venture:

	June 30, 2022		December 31, 2021
	Number of shares	$	$
Balance, beginning of period	132,400,000	72,426	78,299
Fair value adjustment for the period	-	13,214	(873)
Redemption of preferred shares during the period	-	-	(5,000)
Balance, end of period	**132,400,000**	**85,640**	**72,426**

As at June 30, 2022, the Company re-measured the fair value of the preference shares (using the same methodology applied at December 31, 2021) to $85.6 million and recorded a $13.2 million positive fair value adjustment in finance income for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 – positive fair value adjustment of $2.1 million and $4.4 million, respectively, recognized in finance income). The increase in fair value was largely driven by better mine performance and stockpiled ore grades and improved working capital.

6. Asanko Gold Mine joint venture

On July 31, 2018, the Company completed a transaction (the "JV Transaction") with a subsidiary of Gold Fields Limited ("Gold Fields"), following which:

- the Company and Gold Fields each own a 45% economic interest in Asanko Gold Ghana Limited ("AGGL"), which owns the AGM, with the Government of Ghana retaining a 10% free-carried interest in the AGM;
- the Company and Gold Fields each own a 50% interest in Adansi Gold Company (GH) Limited ("Adansi Ghana"), which owns a number of exploration licenses; and
- the Company and Gold Fields each acquired a 50% interest in the JV entity, Shika Group Finance Limited ("Shika").

As the JV is structured within the legal entities of AGGL, Adansi Ghana and Shika, the JV represents a joint venture as defined under IFRS 11 – Joint Arrangements, and the Company commenced equity accounting for its interest in the JV effective July 31, 2018.

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

The following table summarizes the change in the carrying amount of the Company's investment in the AGM joint venture:

	June 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	-	59,159
Company's share of the JV's net loss for the period	-	(51,528)
Impairment of investment in joint venture	-	(7,631)
Balance, end of period	-	-

The Company did not recognize its share of the JV's net earnings for the three and six months ended June 30, 2022 as the recoverable amount of the Company's equity investment in the JV was nil at March 31, 2022 and June 30, 2022. For the three and six months ended June 30, 2021, the Company recognized its share of the JV's net earnings of $5.7 million and $19.1 million, respectively.

Operating and financial results of the AGM JV for the three and six months ended June 30, 2022 and 2021

Summarized financial information for the AGM JV, on a 100% basis, is outlined in the table below.

All disclosures in this note 6 are on a 100% JV basis, unless otherwise indicated. The JV applies the same accounting policies as the Company.

Three and six months ended June 30, 2022 and 2021

		Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
	Notes	$	$	$	$
Revenues	(i)	84,885	95,219	162,417	206,024
Production costs	(ii)	(52,261)	(62,208)	(105,486)	(119,309)
Depreciation and depletion		(12,136)	(10,192)	(22,014)	(22,409)
Royalties	(ii)	(4,244)	(4,761)	(8,121)	(10,301)
Income from mine operations		16,244	18,058	26,796	54,005
Exploration and evaluation expenditures		(3,562)	(2,642)	(6,420)	(5,438)
General and administrative expenses	(vi)	1,474	(2,449)	(20,407)	(5,454)
Income (loss) from operations		14,156	12,967	(31)	43,113
Finance expense	(x)	(850)	(778)	(1,577)	(1,642)
Finance income		46	57	76	110
Foreign exchange gain		2,451	459	3,697	854
Net income after tax for the period		**15,803**	**12,705**	**2,165**	**42,435**
Company's share of net income of the JV for the period		-	**5,713**	-	**19,087**

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

The assets and liabilities of the AGM JV, on a 100% basis, as at June 30, 2022 and December 31, 2021 were as follows:

	Note	June 30, 2022 $	December 31, 2021 $
Assets			
Current assets			
Cash and cash equivalents	(xi)	70,283	49,211
Receivables		1,666	14,285
Inventories	(iii)	70,315	75,696
Prepaid expenses and deposits		2,883	2,944
VAT receivable		10,107	6,296
		155,254	148,432
Non-current assets	(iii), (iv), (v)	130,992	145,888
Total assets		**286,246**	**294,320**
Liabilties			
Current liabilities			
Accounts payable and accrued liabilities	(vi)	52,351	57,948
Lease liabilities		4,616	10,025
Asset retirement provisions	(vii)	2,422	-
		59,389	67,973
Non-current liabilities			
Lease liabilities		564	467
Long-term incentive plan liability		-	98
Severance provisions	(vi)	6,958	-
Asset retirement provisions	(vii)	72,416	81,028
		79,938	81,593
Total liabilities		139,327	149,566
Equity	(viii)	146,919	144,754
Total liabilities and equity		**286,246**	**294,320**

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

The Company has provided the following incremental disclosures for stakeholders to evaluate the financial performance and financial condition of the AGM. All amounts in the following tables and descriptions are on a 100% basis.

(i) Revenues

AGGL has an offtake agreement (the "Offtake Agreement") with a special purpose vehicle of RK Mine Finance Trust I ("Red Kite") under which the AGM will sell 100% of future gold production from the AGM up to a maximum of 2.2 million ounces.

During the three and six months ended June 30, 2022, the AGM sold 46,236 and 88,165 ounces of gold, respectively, to Red Kite under the Offtake Agreement (three and six months ended June 30, 2021 – 53,348 and 116,273 ounces, respectively).

As of June 30, 2022, the AGM has delivered 1,387,421 ounces to Red Kite under the Offtake Agreement. The Offtake Agreement was not affected by the JV Transaction and will remain in effect until all contracted ounces have been delivered to Red Kite or AGGL elects to terminate the Offtake Agreement and pay the associated termination fee.

Included in revenue of the AGM is $0.2 million and $0.3 million relating to by-product silver sales for the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021 – $0.2 million and $0.4 million, respectively).

(ii) Production costs and royalties

The following is a summary of production costs by nature, on a 100% basis, incurred during the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Raw materials and consumables	(14,637)	(13,479)	(27,772)	(26,596)
Salaries and employee benefits	(7,159)	(9,797)	(17,322)	(19,721)
Contractors (net of deferred stripping costs)	(14,732)	(28,406)	(42,435)	(62,730)
Change in stockpile, gold-in-process and gold dore inventories	(10,823)	(5,493)	(7,564)	(212)
Insurance, government fees, permits and other	(4,906)	(4,978)	(10,454)	(9,802)
Share-based compensation	(4)	(55)	61	(248)
Total production costs	**(52,261)**	**(62,208)**	**(105,486)**	**(119,309)**

During the three months ended June 30, 2022, the AGM recognized a $3.8 million reversal of previously recorded net realizable value adjustments on its stockpile inventory, of which $2.8 million was credited against production costs and $1.0 million was credited against depreciation expense (three months ended June 30, 2021 – $1.3 million downward adjustment to the carrying value of stockpile inventory, of which $0.9 million was recorded as production costs and $0.4 million recorded as depreciation expense).

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

During the six months ended June 30, 2022, the AGM recognized a $10.5 million reversal of previously recorded net realizable value adjustments on its stockpile inventory, of which $7.3 million was credited against production costs and $3.2 million was credited against depreciation expense (six months ended June 30, 2021 – $0.6 million downward adjustment to the carrying value of stockpile inventory, of which $0.3 million was recorded as production costs and $0.3 million recorded as depreciation expense).

All of the AGM's concessions are subject to a 5% gross revenue royalty payable to the Government of Ghana. The AGM's Akwasiso mining concession is also subject to an additional 2% net smelter return royalty payable to the previous owner of the mineral tenement, and the AGM's Esaase mining concession is also subject to an additional 0.5% net smelter return royalty payable to the Bonte Liquidation Committee, both of which are presented in production costs.

(iii) Inventories

The following is a summary of inventories held by the AGM, on a 100% basis, as at June 30, 2022 and December 31, 2021:

	June 30, 2022 $	December 31, 2021 $
Gold dore on hand	8,211	3,244
Gold-in-process	2,703	1,563
Ore stockpiles	34,902	51,470
Materials and spare parts	26,978	24,562
Total inventories	**72,794**	**80,839**
Less non-current inventories:		
Ore stockpiles	(2,479)	(5,143)
Total current inventories	**70,315**	**75,696**

(iv) Reclamation deposit

The AGM is required to provide security to the Environmental Protection Agency of Ghana ("EPA") for the performance by the AGM of its reclamation obligations in respect of its mining leases.

The AGM deposits the reclamation deposit in a Ghanaian bank and the reclamation deposit is required to be held until receiving a final reclamation completion certificate from the EPA. The AGM is expected to be released from this requirement 45 days following the third anniversary of the date that the AGM receives a final completion certificate. The reclamation deposit accrues interest and is carried at $4.6 million as of June 30, 2022 (December 31, 2021 - $1.9 million).

Total security expected to be provided to the EPA for the Obotan deposits totals $15.6 million and comprises a reclamation deposit of $4.6 million and a bank guarantee of $10.9 million, 50% of which was provided by the Company (note 9).

6. Asanko Gold Mine joint venture (continued)

The security provided to the EPA for the Esaase deposits is $1.1 million and comprised a reclamation deposit of $0.2 million and a bank guarantee of $0.9 million, 50% of which was provided by the Company (note 9). The cash reclamation deposit of $0.2 million is expected to be paid in the second half of 2022.

(v) Mineral properties, plant and equipment

Additions to mineral properties, plant and equipment

During the three and six months ended June 30, 2022, the AGM capitalized $3.5 million and $5.9 million, respectively, in expenditures related to mineral properties, plant and equipment ("MPP&E"), excluding capitalized deferred stripping costs and asset retirement costs (three and six months ended June 30, 2021 – additions of $10.5 million and $17.3 million, respectively).

Deferred stripping

During the six months ended June 30, 2022, the AGM did not defer any costs relating to stripping activities on depletable mineral interests (three and six months ended June 30, 2021 – additions of $4.1 million and $5.1 million, respectively).

2021 Impairment

On February 25, 2022, the Company announced that recent gold recovery at the AGM had been lower than expected. The Company determined the AGM was not in a position to declare mineral reserves in its updated NI 43-101 filed on March 29, 2022, with an effective date of February 28, 2022. The Company considered these factors to represent an indicator of impairment of the MPP&E of the AGM and as such during the year ended December 31, 2021, the JV recorded an impairment of $153.2 million to MPP&E based on an estimate of the recoverable amount of the AGM.

(vi) Severance provisions

In light of the changing nature of operations at the AGM, the Company has undertaken a process of right sizing its workforce. During Q1 2022, the AGM recognized an $21.0 million severance provision associated with restructuring its labour force. As of June 30, 2022, the AGM had a $13.7 million severance provision, of which $6.7 million is expected to be paid in the next 12 months and has been presented in the JV's balance sheet as accounts payable and accrued liabilities. The balance of the provision of $7.0 million is expected to be paid after June 30, 2023 and therefore has been presented as a non-current severance liability.

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

(vii) Asset retirement provisions

The following table shows the movement in the asset retirement provisions of the AGM for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	81,028	72,693
Accretion expense	1,072	1,191
Change in estimate	(7,211)	7,307
Reclamation undertaken during the period	(51)	(163)
Balance, end of period	**74,838**	**81,028**
Less: current portion of asset retirement provisions	(2,422)	-
Total non-current portion of asset retirement provisions, end of period	**72,416**	**81,028**

The asset retirement provisions consist of reclamation and closure costs for the JV's Ghanaian mining properties. Reclamation and closure activities include land rehabilitation, dismantling of buildings and mine facilities, ongoing care and maintenance and other costs.

As at June 30, 2022, the AGM's reclamation cost estimates were discounted using a long-term risk-free discount rate of 3.0% (December 31, 2021 – 1.5%). The change in estimate during the period was primarily due to an increase in the risk-free discount rate.

(viii) Preferred shares

The following table shows the movement in the JV partners' preferred share investments in the JV for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	264,880	274,880
Distributions to partners during the period	-	(10,000)
Balance, end of period	**264,880**	**264,880**

(ix) Revolving credit facility

In October 2019, the JV entered into a $30.0 million revolving credit facility (the "RCF") with Rand Merchant Bank ("RMB"). The term of the RCF is three years, maturing in September 2022, and bears interest on a sliding scale of between LIBOR plus a margin of 4% and LIBOR plus a margin of 3.8%, depending on the security granted to RMB. Commitment fees in respect of any undrawn portion of the RCF will accrue on a similar sliding scale of between 1.33% and 1.40%. As at June 30, 2022, the balance drawn under the RCF was nil (December 31, 2021 – nil).

During the three and six months ended June 30, 2022, the AGM recognized standby charges associated with the RCF of $0.1 million and $0.2 million, respectively (three and six months ended June 30, 2021 – interest expense and other fees of $0.2 million and $0.5 million, respectively).

Expressed in Thousands of United States Dollars unless otherwise stated

6. Asanko Gold Mine joint venture (continued)

(x) Finance expense

The following is a summary of finance expense incurred by the AGM JV during the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Premiums paid for hedging instruments	-	(192)	-	(281)
Interest on lease liabilities	(67)	(70)	(170)	(163)
Accretion charges on asset retirement provisions (note vii)	(586)	(267)	(1,072)	(589)
Interest and fees associated with RCF (note ix)	(133)	(201)	(246)	(512)
Other	(64)	(48)	(89)	(97)
Total finance expense	**(850)**	**(778)**	**(1,577)**	**(1,642)**

(xi) The cash flows of the AGM, on a 100% basis, were as follows for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Cash provided by (used in):				
Operating activities	34,344	10,822	38,269	46,176
Investing activities	(3,407)	(9,427)	(5,863)	(20,721)
Financing activities	(5,706)	(19,504)	(10,643)	(48,397)
Impact of foreign exchange on cash and cash equivalents	(246)	21	(691)	(2)
Increase (decrease) in cash and cash equivalents during the period	24,985	(18,088)	21,072	(22,944)
Cash and cash equivalents, beginning of period	45,298	59,398	49,211	64,254
Cash and cash equivalents, end of period	**70,283**	**41,310**	**70,283**	**41,310**

Expressed in Thousands of United States Dollars unless otherwise stated

7. Share capital

(a) Authorized:

Unlimited common shares without par value or restrictions.

(b) At-the-Market Offering ("ATM")

On June 25, 2020, the Company entered into an ATM agreement with H.C. Wainwright & Co. and Cormark Securities (the "Agents"). Under the ATM agreement, the Company may, at its discretion and from time-to-time during the term of the ATM agreement, sell through the Agents common shares of the Company for aggregate gross proceeds to the Company of up to $50.0 million (the "Offering"). The Company expects to use any net proceeds of the Offering for general corporate and working capital requirements, including, but not limited to, funding exploration activity on the Company's wholly owned early-stage exploration properties in Ghana and Mali, funding the Company's working capital requirements, repaying indebtedness outstanding from time to time, completing future acquisitions and/or for other corporate purposes.

As of June 30, 2022, the Company has not issued any common shares under the Offering. Subsequent to quarter-end, the ATM agreement expired.

8. Equity reserves and long-term incentive plan awards

The Company has a stock option plan and a share unit plan under which restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs") may be awarded to directors, officers, employees and other service providers. All awards under the share unit plan may be designated by the Company's Board of Directors to be settled in either cash, shares or a combination thereof. As at June 30, 2022, all units awarded have been cash-settled.

Under the two plans, when combined, the number of shares issuable cannot exceed 9% of the issued and outstanding common shares of the Company. Specifically, shares reserved for issuance under the share unit plan, when designated as equity-settled, may not exceed 5% of the issued and outstanding common shares of the Company.

(a) Stock options

Options granted vest in 1/3 increments every twelve months following the grant date for a total vesting period of three years. Stock options have a maximum term of 5 years following the grant date. The fair value of stock options granted is determined using the Black Scholes option pricing model.

The following table is a reconciliation of the movement in stock options for the period:

	Number of Options	**Weighted average exercise price C$**
Balance, December 31, 2020	8,330,820	1.81
Granted	5,653,000	1.49
Exercised	(689,931)	1.02
Cancelled/Expired/Forfeited	(1,613,719)	2.43
Balance, December 31, 2021	11,680,170	1.61
Granted	4,490,000	0.66
Cancelled/Expired/Forfeited	(4,712,337)	1.96
Balance, June 30, 2022	**11,457,833**	**1.10**

Expressed in Thousands of United States Dollars unless otherwise stated

8. Equity reserves and long-term incentive plan awards (continued)

During the three and six months ended June 30, 2022, the Company recognized a credit of $0.5 million and $0.3 million to share-based compensation expense relating to stock options (three and six months ended June 30, 2021 - share-based compensation expense of $0.5 million and $0.7 million, respectively).

(b) Restricted Share Units

RSUs granted vest in 1/3 increments every twelve months following the grant date for a total vesting period of three years. RSUs are cash-settled awards and therefore represent a financial liability which is required to be marked-to-market at each reporting period end with changes in fair value recognized in the Statement of Operations and Comprehensive Income.

The following table is a reconciliation of the movement in the number of RSUs outstanding for the six months ended June 30, 2022 and year ended December 31, 2021:

	Number of RSUs	
	June 30, 2022	**December 31, 2021**
Balance, beginning of period	1,184,594	2,421,200
Granted	299,900	271,400
Settled in cash	(537,941)	(937,624)
Cancelled/Forfeited	(312,879)	(570,382)
Balance, end of period	**633,674**	**1,184,594**

The following table is a reconciliation of the movement in the RSU liability for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022	December 31, 2021
	$	**$**
Balance, beginning of period	575	1,658
Awards vested and change in fair value during the period, net of cancelled/forfeited awards	(189)	65
Settled in cash during the period	(280)	(1,148)
Total RSU liability, end of period	**106**	**575**
Less: current portion of RSU liability	(91)	(408)
Total non-current RSU liability, end of period	**15**	**167**

The financial liability associated with cash-settled RSU awards is recorded in accounts payable and accrued liabilities for amounts expected to be settled within one year, and a separate long-term incentive plan liability for amounts to be settled in excess of one year.

(c) Performance share units

PSUs vest in either 1/2 or 1/3 increments every twelve months following the grant date for a total vesting period of two or three years and also contain a performance criterion applied to the number of units that vest on a yearly basis. The number of units that vest will be determined by the Company's relative share price performance in comparison to a peer group of companies or upon achievement of certain Company strategic objectives. The PSU performance multiplier ranges from 0% to 150%.

PSUs are cash-settled awards and therefore represent a financial liability which is required to be marked-to-market at each reporting period end with changes in fair value recognized in the Statement of Operations and Comprehensive Income.

Expressed in Thousands of United States Dollars unless otherwise stated

8. Equity reserves and long-term incentive plan awards (continued)

The following table is a reconciliation of the movement in the number of PSUs outstanding for the six months ended June 30, 2022 and year ended December 31, 2021:

	Number of PSUs	
	June 30, 2022	**December 31, 2021**
Balance, beginning of period	571,000	-
Granted	1,588,900	893,400
Settled in cash	(88,167)	-
Cancelled/Forfeited	(332,332)	(322,400)
Balance, end of period	**1,739,401**	**571,000**

The following table is a reconciliation of the movement in the PSU liability for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022	December 31, 2021
	$	**$**
Balance, beginning of period	87	-
Awards vested and change in fair value during the period, net of cancelled/forfeited awards	59	87
Settled in cash during the period	(46)	-
Total PSU liability, end of period	**100**	**87**
Less: current portion of PSU liability	(69)	(54)
Total non-current PSU liability, end of period	**31**	**33**

The financial liability associated with cash-settled PSU awards is recorded in accounts payable and accrued liabilities for amounts expected to be settled within one year, and a separate long-term incentive plan liability for amounts to be settled in excess of one year.

(d) Deferred share units

DSUs have no vesting terms or conditions and such the Company recognizes 100% of the fair value of DSUs on the grant date in the Statement of Operations and Comprehensive Income. DSUs will be paid to directors upon their retirement from the Board of Directors of the Company or upon a change of control.

DSUs are cash-settled awards and therefore represent a financial liability which is required to be marked-to-market at each reporting period end with changes in fair value recognized in the Statement of Operations and Comprehensive Income.

The following table is a reconciliation of the movement in the number of DSUs outstanding for the six months ended June 30, 2022 and year ended December 31, 2021:

	Number of DSUs	
	June 30, 2022	**December 31, 2021**
Balance, beginning of period	844,200	-
Granted	988,400	844,200
Balance, end of period	**1,832,600**	**844,200**

Expressed in Thousands of United States Dollars unless otherwise stated

8. Equity reserves and long-term incentive plan awards (continued)

The following table is a reconciliation of the movement in the DSU liability for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022 $	December 31, 2021 $
Balance, beginning of period	608	-
Awards vested and change in fair value during the period	146	608
Total DSU liability, end of period	**754**	**608**

The financial liability associated with cash-settled DSU awards is recorded in accounts payable and accrued liabilities.

(e) Phantom share units

On November 6, 2020, the Company granted 1,000,000 cash-settled phantom share units to the Chair of the Board. The units will vest three years from the grant date, but will only become payable upon the Chair's departure from the Board or upon a change of control of the Company, in a cash settlement amount equal to the value of 1,000,000 common shares as at the Chair's departure date or date of change of control.

The phantom share units represent a financial liability, as they will be settled in cash, and are marked-to-market at each reporting period end and presented in the Statement of Financial Position as a long-term incentive plan liability.

The following table is a reconciliation of the movement in the phantom share unit liability for the six months ended June 30, 2022 and year ended December 31, 2021:

	June 30, 2022 $	December 31, 2021 $
Balance, beginning of period	277	56
Awards vested and change in fair value during the period	(46)	221
Total phantom share unit liability, end of period	**231**	**277**

The financial liability associated with cash-settled phantom share unit awards is recorded in long-term incentive plan liabilities.

9. Commitments and contingencies

Commitments

The following table reflects the Company's contractual obligations as they fall due, excluding commitments and liabilities of the JV, as at June 30, 2022 and December 31, 2021:

	Within 1 year	1 - 5 years	Over 5 years	At June 30, 2022	At December 31, 2021
Accounts payable and accrued liabilities	1,108	-	-	**1,108**	1,467
Long-term incentive plan (cash-settled awards)	914	277	-	**1,191**	1,547
Corporate office leases	131	300	-	**431**	501
Total	**2,153**	**577**	**-**	**2,730**	**3,515**

In addition to the above commitments, the Company has provided a parent company guarantee on the unfunded portion of the AGM's reclamation bond in the amount of $5.9 million (December 31, 2021 – parent company guarantee of $5.9 million).

Expressed in Thousands of United States Dollars unless otherwise stated

9. Commitments and contingencies (continued)

Contingencies

Due to the nature of its business, the Company and/or its affiliates may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. While the Company cannot reasonably predict the ultimate outcome of these actions, and inherent uncertainties exist in predicting such outcomes, the Company believes that the ultimate resolution of these actions is not reasonably likely to have a material adverse effect on the Company's financial condition or future results of operations.

10. General and administrative expenses

The following is a summary of general and administrative expenses incurred during the three and six months ended June 30, 2022 and 2021. General and administrative expenses for the periods presented include, but are not limited to, those expenses incurred in order to earn the service fee as operators of the JV (note 4).

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Wages, benefits and consulting	(1,355)	(2,540)	(3,719)	(4,495)
Office, rent and administration	(304)	(234)	(603)	(511)
Professional and legal	(231)	(216)	(380)	(361)
Share-based compensation	188	(593)	370	(1,933)
Travel, marketing, investor relations and regulatory	(265)	(159)	(350)	(329)
Depreciation and other	(37)	(37)	(74)	(74)
Total	**(2,004)**	**(3,779)**	**(4,756)**	**(7,703)**

11. Finance income

The following is a summary of finance income earned during the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Fair value adjustment on redeemable preference shares (note 5)	13,214	2,111	13,214	4,434
Interest income and other	123	75	166	164
Total	**13,337**	**2,186**	**13,380**	**4,598**

Expressed in Thousands of United States Dollars unless otherwise stated

12. Income per share

For the three and six months ended June 30, 2022 and 2021, the calculation of basic and diluted income per share is based on the following data:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Earnings ($)				
Net income after tax for the period	12,566	5,004	11,029	18,032
Number of shares				
Weighted average number of ordinary shares - basic	224,943,453	224,675,424	224,943,453	224,511,162
Effect of dilutive stock options	-	618,591	-	618,206
Weighted average number of ordinary shares - diluted	**224,943,453**	**225,294,015**	**224,943,453**	**225,129,368**

For the three and six months ended June 30, 2022, there were no dilutive securities. For the three and six months ended June 30, 2021, 7,295,000 and 9,589,000 stock options outstanding, respectively, were excluded from the calculation of diluted weighted average shares as they were determined to be anti-dilutive.

13. Supplemental cash flow information

The following table summarizes the changes in non-cash working capital for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	$	$	$	$
Receivables and receivable due from related party	3,597	(1,246)	2,191	(2,077)
Prepaid expenses and deposits	266	238	516	284
Accounts payable and accrued liabilities	(390)	158	(702)	(2,368)
Change in non-cash working capital	**3,473**	**(850)**	**2,005**	**(4,161)**

Expressed in Thousands of United States Dollars unless otherwise stated

14. Segmented information

Geographic Information

As at June 30, 2022, the Company has only one reportable operating segment being the corporate function with its head office in Canada. Total assets in West Africa include the Company's 45% interest in the Asanko Gold Mine JV.

Geographic allocation of total assets and liabilities

June 30, 2022	Canada $	West Africa $	Total $
Current assets	58,410	35	**58,445**
Property, plant and equipment and right-of-use assets	402	-	**402**
Other non-current assets	-	87,268	**87,268**
Total assets	58,812	87,303	**146,115**
Current liabilities	1,951	179	**2,130**
Non-current liabilities	534	-	**534**
Total liabilities	2,485	179	**2,664**

December 31, 2021	Canada $	West Africa $	Total $
Current assets	61,629	39	**61,668**
Property, plant and equipment and right-of-use assets	474	-	**474**
Other non-current assets	-	74,054	**74,054**
Total assets	62,103	74,093	**136,196**
Current liabilities	2,598	45	**2,643**
Non-current liabilities	790	-	**790**
Total liabilities	3,388	45	**3,433**

Expressed in Thousands of United States Dollars unless otherwise stated

14. Segmented information (continued)

Geographic allocation of the Statement of Operations and Comprehensive Income

For the three months ended June 30, 2022:

	Canada	West Africa	Total
	$	$	$
Service fee earned as operators of joint venture	1,307	-	**1,307**
General and administrative expenses	(1,987)	(17)	**(2,004)**
Exploration and evaluation expenditures	-	(55)	**(55)**
Loss from operations and joint venture	(680)	(72)	**(752)**
Finance income	123	13,214	**13,337**
Finance expense	(7)	-	**(7)**
Foreign exchange loss	(10)	(2)	**(12)**
Net (loss) income and comprehensive (loss) income for the period	(574)	13,140	**12,566**

For the three months ended June 30, 2021:

	Canada	West Africa	Total
	$	$	$
Service fee earned as operators of joint venture	1,240	-	**1,240**
Share of net earnings related to joint venture	-	5,713	**5,713**
General and administrative expenses	(3,790)	11	**(3,779)**
Exploration and evaluation expenditures	-	(373)	**(373)**
(Loss) income from operations and joint venture	(2,550)	5,351	**2,801**
Finance income	74	2,112	**2,186**
Finance expense	(21)	-	**(21)**
Foreign exchange gain	3	35	**38**
Net (loss) income and comprehensive (loss) income for the period	(2,494)	7,498	**5,004**

Expressed in Thousands of United States Dollars unless otherwise stated

14. Segmented information (continued)

For the six months ended June 30, 2022:

	Canada	West Africa	Total
	$	$	$
Service fee earned as operators of joint venture	2,614	-	**2,614**
General and administrative expenses	(4,722)	(34)	**(4,756)**
Exploration and evaluation expenditures	-	(192)	**(192)**
Loss from operations and joint venture	(2,108)	(226)	**(2,334)**
Finance income	166	13,214	**13,380**
Finance expense	(16)	-	**(16)**
Foreign exchange gain (loss)	1	(2)	**(1)**
Net (loss) income and comprehensive (loss) income for the period	(1,957)	12,986	**11,029**

For the six months ended June 30, 2021:

	Canada	West Africa	Total
	$	$	$
Service fee earned as operators of joint venture	2,480	-	**2,480**
Share of net earnings related to joint venture	-	19,087	**19,087**
General and administrative expenses	(7,672)	(31)	**(7,703)**
Exploration and evaluation expenditures	-	(373)	**(373)**
(Loss) income from operations and joint venture	(5,192)	18,683	**13,491**
Finance income	164	4,434	**4,598**
Finance expense	(32)	-	**(32)**
Foreign exchange (loss) gain	(60)	35	**(25)**
Net (loss) income and comprehensive (loss) income for the period	(5,120)	23,152	**18,032**

15. Subsequent event

On July 4, 2022, the Company granted 1,299,400 DSUs awards under the share unit plan to directors of the Company.