ALLIED GOLD CORP LIMITED

NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021

DIRECTORS' REPORT

The Directors present their report and the consolidated financial statements for the years ended December 31, 2022 and December 31, 2021

PRINCIPAL ACTIVITY

The principal activity of the Group is that of a gold producer and explorer in Africa, focused on acquiring and developing assets with existing reserves and resources. The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

RESULTS AND DIVIDENDS

During the year, the Group mined and processed ore from all four of its mines located in Cote d'Ivoire and Mali, generating revenue of $669,551k (2021: $489,335k) for the year.

For the year ended December 31, 2022, the Group recorded a loss on revaluation of the put liability on the preferred shares held by Orion Mine Finance of $11,931k (2021: $76,603). The profit for the year, after taxation, amounted to $5,206k (2021: loss of $110,342k).

No dividends have been paid or proposed by the Company in the year (2021: $nil).

DIRECTORS

The Directors who served during the year were:

- Justin Dibb
- Greg Winch
- David Astill (resigned July 1, 2022)
- Stephanus Theron
- Pierre D Chenard
- Michael Barton
- Kelvin Dushnisky (appointed September 20, 2022)

The Group provides an indemnity to all Directors in respect of liabilities incurred as a result of their office. The Group also has in place liability insurance covering the Directors and officers of the Group. Both the indemnity and insurance were in force during the year ended December 31, 2022 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provides cover in the event that the Director is proven to have acted dishonestly or fraudulently.

Michael Barton represents Orion Mine Finance (OMF Fund III), the holder of the preferred shares issued by the Company.

The Directors confirm that there is no relevant audit information of which the Group's auditor has not been made aware and that they have taken all steps required to establish that they have been made aware of that information.

AUDITOR

The Group's auditor, BDO LLP, has indicated its intention to remain as auditor for the forthcoming financial year.

This report was approved by the board on August 17, 2023 and signed on its behalf.

Stephanus Theron, Director

13-14 Esplanade
St Helier, Jersey, JE4 5UR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), including interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- assess the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ALLIED GOLD CORP LIMITED

Opinion

We have audited the non-statutory consolidated financial statements of Allied Gold Corp Limited and its subsidiaries (the Group), which comprise the non-statutory consolidated statement of financial position as at December 31, 2022 and 2021, and the non-statutory consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the non-statutory consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-statutory consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 Group 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 3.3: Going concern, to the consolidated financial statements which sets out the Directors' consideration of going concern. This explains that due to the potential for the preferred shareholder and minority shareholder put options to be exercised in the absence of a liquidity event, the Group would require additional funding for which no formal agreements have been signed.

As stated in note 3.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter. In auditing the non-statutory consolidated financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

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

- The information, other than the non-statutory consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis of Operations and Financial Condition, and
- The information included in the Director's report.

Our opinion on the non-statutory 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 non-statutory consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the non-statutory consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other Information (continued)

We obtained the Management's Discussion and Analysis of Operations and Financial Condition prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the non-statutory 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 non-statutory consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 non-statutory 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 Group'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 Group'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 Group 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 Group 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 Peter Acloque.

DocuSigned by:
BDO LLP
DA402FC8EA454AC...

BDO LLP

For and on behalf of BDO LLP
Chartered Accountants
London, United Kingdom

17 August 2023

NON-STATUTORY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Expressed in thousands of United States Dollars, unless stated otherwise

	Note	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Revenue	22	669,551	489,335
Cost of sales	23	(540,148)	(432,479)
Gross profit		**129,403**	**56,856**
Administrative expenses	24	**(52,513)**	(44,006)
Revaluation of a preferred shareholder put option liability	20	**(11,931)**	(76,603)
Revaluation of provision for reclamation and closure costs	17	**22,535**	3,205
Revaluation of contingent consideration	26	**(7,760)**	(5,880)
(Loss) / gain on derivative financial instruments	26	**(2,063)**	(3,110)
Other income / (expense)		**646**	1,269
Net profit / (loss) before finance costs and income tax		**78,317**	**(68,269)**
Finance costs, net	25	**(23,997)**	(21,957)
Net profit / (loss) before income tax		**54,320**	**(90,226)**
Income tax (expense) / recovery	28	**(49,114)**	(20,116)
Net profit / (loss) and total comprehensive income / (loss) for the year		**5,206**	**(110,342)**
Profit / (loss) and total comprehensive income / (loss) attributable to:			
Owners of the Company		**(7,420)**	(114,819)
Non-controlling interests	30	**12,626**	4,477
		5,206	**(110,342)**
Net loss per share – Basic and diluted	29	**(0.02)**	**(0.28)**

The notes on pages 12 to 62 form part of these financial statements.

NON-STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Expressed in thousands of United States Dollars, unless stated otherwise

	Note	As at Dec. 31, 2022 $	As at Dec. 31, 2021 $
ASSETS			
Non-current assets			
Mining interests	7	**153,985**	174,262
Property, plant and equipment	10	**205,609**	179,355
Exploration and evaluation assets	8	**86,321**	59,935
Inventories	9	**10,102**	10,914
Due from related party	34	**7,454**	7,129
Prepayments, deposits and other receivables	11	**18,863**	-
Deferred tax assets	28	**8,156**	5,965
Restricted cash	12	**6,656**	40,060
Derivative financial asset	26	**940**	1,460
Total non-current assets		**498,086**	479,080
Current assets			
Inventories	9	**63,344**	60,412
Due from related party	34	**14,135**	22,207
Prepayments, deposits and other receivables	11	**38,270**	30,665
Income tax receivable		**-**	4,236
Cash and cash equivalents	12	**45,163**	56,603
Total current assets		**160,912**	174,123
TOTAL ASSETS		**658,998**	653,203

The notes on pages 12 to 62 form part of these financial statements.

NON-STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Expressed in thousands of United States Dollars, unless stated otherwise

	Note	As at Dec. 31, 2022 $	As at Dec. 31, 2021 $
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital	18	**93,000**	93,000
Retained earnings/(losses)	21	**(31,087)**	(23,667)
Other reserves	21	**(79,678)**	(79,678)
Corporate reorganisation reserve	21	**33,572**	33,572
Share-based payments reserve	19	**29,506**	23,453
Total equity attributable to owners of the Company		**45,313**	46,680
Non-controlling interests	30	**66,052**	54,996
Total equity		**111,365**	101,676
Non-current liabilities			
Preferred shareholder put option liability	20	**118,398**	106,467
Provision for reclamation and closure costs	17	**85,111**	96,874
Deferred tax liabilities	28	**12,125**	3,865
Deferred and contingent consideration	26	**43,384**	33,938
Deferred revenue	13	**18,150**	20,679
Borrowings	14	**32,119**	49,101
Total non-current liabilities		**309,287**	310,924
Current liabilities			
Trade and other payables	15	**129,938**	115,766
Provisions	16	**7,760**	7,885
Deferred consideration	26	**3,922**	242
Borrowings	14	**21,415**	40,373
Income tax payable		**32,926**	36,337
Cash settled stock-based compensation liabilities	19	**2,385**	-
Equity put options	20	**40,000**	40,000
Total current liabilities		**238,346**	240,603
Total liabilities		**547,633**	551,527
TOTAL LIABILITIES AND EQUITY		**658,998**	653,203

The financial statements were approved by the Board of Directors and authorised for issue on August 17, 2023. They were signed on its behalf by:

Stephanus Theron, Director

The notes on pages 12 to 62 form part of these financial statements.

NON-STATUTORY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in thousands of United States Dollars, unless stated otherwise

	Stated capital	Other reserves	Corporate reorganisation reserve	Share based payment reserve	Retained Earnings	Total	Non-controlling interests	Total
Balance at December 31, 2021	93,000	(79,678)	33,572	23,453	(23,667)	46,680	54,996	101,676
Profit for the year	-	-	-	-	(7,420)	(7,420)	12,626	5,206
Total comprehensive income for the year	-	-	-	-	(7,420)	(7,420)	12,626	5,206
Share-based payment expense (note 19)	-	-	-	6,053	-	6,053	-	6,053
Dividend paid to a minority shareholder	-	-	-	-	-	-	(1,570)	(1,570)
Balance at December 31, 2022	**93,000**	**(79,678)**	**33,572**	**29,506**	**(31,087)**	**45,313**	**66,052**	**111,365**

	Stated capital	Other reserves	Corporate reorganisation reserve	Share based payment reserve	Retained Earnings	Total	Non-controlling interests	Total
Balance at December 31, 2020	**53,000**	**(39,678)**	**33,572**	**7,815**	**91,152**	**145,861**	**39,985**	**185,846**
(Loss) / profit for the year	-	-	-	-	(114,819)	(114,819)	4,477	(110,342)
Total comprehensive income for the year	-	-	-	-	**(114,819)**	**(114,819)**	**4,477**	**(110,342)**
Issuance of shares and put option (note 14)	40,000	(40,000)	-	-	-	-	-	-
Acquisition of subsidiary (note 4)	-	-	-	-	-	-	10,534	10,534
Share-based payment expense (note 19)	-	-	-	15,638	-	15,638	-	15,638
Balance at December 31, 2021	**93,000**	**(79,678)**	**33,572**	**23,453**	**(23,667)**	**46,680**	**54,996**	**101,676**

The notes on pages 12 to 62 form part of these financial statements.

NON-STATUTORY CONSOLIDATED STATEMENT OF CASH FLOWS

Expressed in thousands of United States Dollars, unless stated otherwise

	Note	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Cash flows from operating activities			
Net profit / (loss) after taxation		5,206	(110,342)
Tax charge / (credit)	28	49,114	20,116
Adjustments for:			
Share-based payment charges	19	8,438	15,638
Depreciation on property, plant and equipment	10	33,319	36,962
Amortisation of mining interests	7	20,277	31,786
Revaluation of preferred shareholder put option liability	20	11,931	76,603
Loss on derivative financial asset	26	520	3,110
Non-cash revenue from stream arrangements	13	(9,379)	(7,178)
Increase / (decrease) in provisions and deferred consideration	17/26	(12,325)	16,888
Finance costs	25	23,997	20,803
Net foreign exchange loss (gain)		5,988	(52)
Proceeds from streaming arrangements	13	2,146	2,041
Loss on disposal of property, plant and equipment	10	728	-
Income tax paid		(46,456)	(46,331)
Operating cash flows before movements in working capital		**93,504**	**60,043**
(Increase) / decrease in trade and other receivables		(22,232)	(12,047)
(Increase) / decrease in inventories		3,976	11,180
Increase / (decrease) in trade and other payables		8,474	35,057
Net cash generated from operating activities		**83,722**	**94,234**
Investing activities			
Acquisition of subsidiary, net of cash acquired	4	-	21,657
Acquisition of subsidiary – cash paid	4	-	(16,350)
Payment of deferred consideration		(322)	(7,053)
Purchase of property, plant and equipment	10	(77,599)	(98,143)
Proceeds on sale of property, plant and equipment	10	24,819	-
Exploration and evaluation expenditure	8	(26,386)	(14,044)
Received from / (paid to) related parties	34	7,747	(4,450)
Transfer from / (to) restricted cash	12	33,404	(5,844)
Net cash generated from / (used in) investing activities		**(38,337)**	**(124,227)**
Financing activities			
Repayment of loans	14	(44,946)	(1,040)
Other finance costs		(1,339)	-
Dividend paid to minority shareholder		(1,570)	-
Net cash (used in) / generated from financing activities		**(47,855)**	**(1,040)**
Net (decrease) / increase in cash and cash equivalents		**(2,470)**	**(31,033)**
Cash and cash equivalents at beginning of year		**56,603**	**90,561**
Effect of foreign exchange rate changes		(8,970)	(2,925)
Cash and cash equivalents at end of year	12	**45,163**	**56,603**

The notes on pages 12 to 62 form part of these financial statements.

1 GENERAL INFORMATION

1.1 Allied Gold Corp Limited ("the Company") and its subsidiaries (together, "the Group") is a gold producer and explorer in Africa, focused on acquiring and developing assets and exploration projects for future development.

1.2 The Group is the operator and majority owner (through its subsidiaries) of the following producing gold mines as at December 31, 2022:

- the Bonikro Mine (located in Cote d'Ivoire) (the "Bonikro Mine'');
- the Hiré Mine (located in Cote d'Ivoire) (the "Hire Mine'');
- the Sadiola Mine (located in Mali) (the "Sadiola Mine"); and
- the Agbaou Mine (located in Cote d'Ivoire) (the "Agbaou Mine'')

The Bonikro and Hiré Mines were acquired during 2019 while the Sadiola Mine was acquired in December 2020. Mining activities had ceased at the Sadiola Mine from 2018, with activities limited to the processing of stockpiled ore. In March 2021, the Group acquired Endeavour Resources Inc. (now renamed Allied Gold Cayman) which owns an 85% interest in the Agbaou Mine.

1.3 The Group also holds gold exploration project assets in Ethiopia (through a 64.46% interest in APM Ethiopia Limited), and Egypt (through a contingent 92.5% interest in SMW Gold Limited) and in Cote D'Ivoire.

1.4 The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

1.5 The Company was incorporated on 2 October 2019 and is a private limited company. The Company is domiciled in Jersey and incorporated and registered in Jersey. The address of its registered office is 13-14 Esplanade St, Helier, Jersey, JE4 5UR. The registered number of the Company is 130012. As at December 31, 2022, the shareholders of the Company are Allied Gold Corp "AGC", a corporation existing under the laws of the Seychelles, Orion Mine Finance (OMF Fund III), a limited liability partnership existing under the laws of the Cayman Islands and Endeavour Mining plc, a corporation existing under the laws of the United Kingdom.

Expressed in thousands of United States Dollars, unless stated otherwise

1.6 Subsidiaries of the Group

The principal subsidiaries of the Group, all of which are private companies limited by shares, as at December 31, 2022, are as follows:

Company	Country of Registration or Incorporation	Principal Activity	Percentage of ordinary shares controlled by the Company	
			Dec. 31, 2022	Dec. 31, 2021
Bonikro Gold Mine CI SA	Cote d'Ivoire	Gold mining in Cote d'Ivoire	89.89%	89.89%
Hiré Gold Mine CI SA	Cote d'Ivoire	Gold mining in Cote d'Ivoire	89.89%	89.89%
Agbaou Gold Operations S.A.	Cote d'Ivoire	Gold Exploration in Cote d'Ivoire	85.00%	85.00%
Société d'Exploitation des Mines d'Or de Sadiola S.A.	Mali	Gold mining in Mali	80.00%	80.00%
ARL Gold Tanzania Limited	Tanzania	Gold Exploration in Tanzania*	99.00%	99.00%
Hire Holding Pte Ltd	Singapore	Holding company	100.00%	100.00%
Afrique Gold (Mauritius)	Mauritius	Holding company	100.00%	100.00%
Allied Gold Canadian Acquisition Corp	Canada	Holding company	100.00%	100.00%
Allied Gold Cayman	Cayman Islands	Holding company	100.00%	100.00%
Allied Gold EG Corp	Seychelles	Holding company	100.00%	100.00%
Allied Gold Exchange Corp	Canada	Holding company	100.00%	100.00%
Allied Gold ML Corp	Seychelles	Holding company	100.00%	100.00%
Allied Gold South Africa	South Africa	Holding company	100.00%	-
F & M Gold Resources Ltd.	Canada	Holding company	100.00%	100.00%
Allied Gold ET 2 Corp	Seychelles	Holding company	100.00%	100.00%

The principal places of business of the non-controlling interests are the same in all cases as the country of registration or incorporation of the subsidiary itself.

*Companies marked with an asterisk are dormant

2 NEW STANDARDS INTERPRETATIONS AND AMENDMENTS

In the current year, amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2022 have not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet mandatory. Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable, and that the adoption of these new standards, interpretations and amendments, will have no material impact on the financial statements in the period of initial application.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

The Non-Statutory Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), including interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Non-Statutory Consolidated Financial Statements have been prepared under the historical cost convention, as modified for any financial assets which are stated at fair value through profit or loss.

The financial statements are also prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Non-Statutory Consolidated Financial Statements are presented in United States Dollars ("United States Dollars" or "US Dollars" or "$"), which is the Group's presentation currency. The functional and presentation currency of Allied Gold Corp Limited is US Dollars. The functional currency of its subsidiaries is US Dollars.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Allied Gold Corp Limited and its subsidiaries as at December 31, 2022. Subsidiaries are entities controlled by the Group. Control exists when the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); and
- Exposure, or rights, to variable returns from its involvement in the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee; and
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

3.2 Basis of consolidation (continued)

Where the Group's interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interests ("NCI").

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, with any resultant gain or loss recognised in profit or loss. Any investment retained is recognised at fair value.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

3.3 Going concern

The directors have performed an assessment of whether the Group would be able to continue as a going concern for the period to December 2024. In their assessment, the Group has taken into account its financial position, its cash flows, liquidity position, borrowing facilities and related covenants, capital expenditure commitments and future funding requirements.

As at June 30, 2023, the Group had unrestricted cash and cash equivalents of US$15.8 million and total borrowings of US$59.7 million, excluding the redemption value of the preferred shareholder put option.

Based on a detailed cash flow forecast prepared by management, the Directors have a reasonable expectation that the group will have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. Key assumptions underpinning this forecast include planned levels of production, future consensus gold prices, operating costs and capital expenditure commitments. As part of their assessment, the directors have considered reasonable and plausible downturn scenarios including; a reduction in average gold prices of US$100 per ounce; a 1.5% decrease in throughput in the 12-month period; a 0.05g / tonne decrease in grade in the 12-month period; and a combination of each of these sensitivities. In each scenario, sufficient liquidity was demonstrated.

In performing their assessment, the directors have assessed the historic and future forecast compliance with the Group's non-financial and financial covenants on the borrowing facilities. The Group has forecasted that there will not be any breaches under current forecast assumptions or within the reasonable downturn scenarios.

The Company is a holding entity and as such the Group supports the transactions within the Company.

As described in Note 20, the Company has two outstanding put liabilities under which it could be required to pay significant sums to repurchase its own shares from third-parties for cash:

- A put option held by Endeavour Gold Corporation allowing it to require the Group to repurchase the ordinary shares issued on the acquisition of Endeavour Resources Inc. for cash consideration of $50m on behalf of the Parent Company. This option is exercisable in the absence of a liquidity event between October 1 and December 31, 2023.
- A put option held by Orion Mine Finance and exercisable in the absence of a liquidity event prior to December 31, 2023, allowing it to require the Group to repurchase its preferred shares for the higher of fair value and such amount that guarantees a minimum return on investment to the holder. Refer to note 20 for further details on this put option.

While the Group has the ability to direct some of the factors which will determine whether or not the Orion option becomes exercisable or ultimately lapses, other factors, such as market factors and regulatory approvals are beyond the control of the Group. In the event of an absence of a liquidity event, Management considers the likelihood of the Orion put option being exercised to be very low, as the holder of the option is a significant shareholder in the Company.

The Group on behalf of the Company would be required to raise funds in the event of the crystallisation of the put option liabilities ("the Potential Liabilities"). The Group is in the process of securing additional funding from third parties in order to further fund its expansion, and also to satisfy the Potential Liabilities if they were to fall due within the going concern period.

As disclosed in Note 36, the Group is in advanced stages of a $250M financing and concurrent listing on the Toronto Stock Exchange. The completion of this transaction would result in the discharge of the Potential Liabilities on a cash-free basis under the terms of the agreements. As the absence of a liquidity event would require additional funding for which no formal agreement has been signed, this indicates the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The Directors, however, remain confident in the financing and listing event occurring, and that the Group will continue as a going concern.

As part of the going concern review, the Board also considered the sensitivity of going concern to this transaction both proceeding and terminating.

These Consolidated Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

3.4 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

4 ACQUISITION OF ENDEAVOUR RESOURCES INC.

In line with its strategy to expand operations in Africa through making acquisitions, and by way of a Sale and Purchase Agreement dated 22 January 2021, Allied Gold Corp Limited reached an agreement (subject to conditions precedent) to purchase the entire issued Stated capital of Endeavour Resources Inc. ("Endeavour Resources") from Endeavour Gold Corporation. Endeavour Resources' principal asset is an 85% interest in the Agbaou Mine (held through Agbaou Gold Operations S.A.), located close to the Bonikro mine in Côte d'Ivoire. The remaining interest is held by the Government of Côte d'Ivoire (10%) and by Société Pour Le Development Minier De La Côte d'Ivoire ("SODEMI") (5%), a state company for mining development of Côte d'Ivoire. The company's name was changed to Allied Gold Cayman.

The consideration for the acquisition was payable by way of cash and consideration shares in the Company as follows:

a) Completion cash amount of $8,000 payable on completion;
b) Deferred cash amount of $8,350 payable on the later of Completion and 31 March 2021;
c) The allotment and issue of consideration shares in the Company credited as fully paid to Endeavour Gold Corporation.
d) Contingent consideration comprising a royalty on future production from the Agbaou mine applicable to ore that is mined in excess of 320,611 oz.

Consideration shares means 26,666,667 ordinary shares of the Company at an aggregate price of US$1.50 per ordinary share, such that the value of ordinary shares that is equal to $40,000 (in aggregate).

Expressed in thousands of United States Dollars, unless stated otherwise

4 ACQUISITION OF ENDEAVOUR RESOURCES INC. (Continued)

An additional consideration of up to an aggregate amount of $20,000 was payable on a quarterly basis if the average spot price for gold is equal to or greater than $1,900/oz in a calendar quarter in 2021. The additional consideration was subject to adjustment –if the aggregate value of the consideration shares at the time of a liquidity event is equal to or greater than $60,000 then Endeavour Gold Corporation would repay an amount in cash equal to the additional consideration that has been paid. No amounts have been paid in relation to this additional consideration in 2022 (2021: $nil).

If the aggregate value of the consideration shares at the time of a liquidity event is greater than $40,000 but less than $60,000 then the additional consideration will be reduced on a sliding scale.

To value this consideration, the Company engaged an independent valuation firm which used a Black Scholes Model, illustrating the likelihood of the probability of the strike price being achieved at each payment date, based on historical volatility. This model was used as an input to management's calculation of the fair value of the consideration paid. The estimated contingent payments were discounted using a risk-free rate with a tenor consistent with the payment date. Based on this the fair value of the additional consideration amount was assessed to be approximately $3,600.

In addition, the Company granted to Endeavour Gold Corporation a put option. If a liquidity event of the Company had not occurred on or before 30 September 2021, Endeavour Gold Corporation shall have a put option entitling it (at its absolute discretion) to require Company to purchase any of the Company's consideration shares at a price of $1.50 per consideration share. The put option shall lapse if it is not duly exercised on the first to occur of (a) a liquidity event, or (b) December 31, 2022 (or such later date as the Company and Endeavour Gold Corporation may agree (at their absolute discretion)). Subsequent to the year-end, the option was extended to 28 February 2023. In March 2023, the Group and the minority put option holder agreed to defer the exercise and expiration dates of the put option and increased the redemption value of the puttable shares from $40,000 to $50,000. As a result of this agreement, the put option is now exercisable from 1 October 2023 and expires if not exercised by December 31, 2023.

Furthermore, the Sale and Purchase Agreement also provided Endeavour Gold Corporation with a royalty that is to be paid and calculated each quarter based on production and gold prices after 320,611 oz of contained gold (before recoveries) are processed from December 31, 2019. At the acquisition date this was determined to be contingent consideration and the fair value was assessed to be nil. At December 31, 2022 the fair value was assessed to be $13,640 which was calculated based on consensus pricing and the extended life of mine plan. The relevant rates are as follows:

Average Spot Gold Price	Percentage of Net Smelter Return
Less than $1,000	0%
$1,000 to $1,200	1.0%
$1,201 to $1,400	2.0%
$1,400 or greater	2.5%

The transaction was completed on March 1, 2021 ("Completion").

Expressed in thousands of United States Dollars, unless stated otherwise

4 ACQUISITION OF ENDEAVOUR RESOURCES INC. (Continued)

Details of the fair value of identifiable assets and liabilities acquired and purchase consideration are shown below.

Consideration	**Fair Value $**
Fair value of consideration	59,950
Total identifiable net assets acquired:	
Mining interests	44,669
Property, plant and equipment	40,396
Inventory	22,468
Cash	21,657
Other assets	1,737
Trade and other receivables	(21,565)
Lease liabilities	(264)
Deferred tax liability	(279)
Income tax payable	(13,941)
Provisions	(24,395)
Total identifiable net assets at fair value	70,483
Non-controlling interests	(10,533)
Total identifiable assets attributable to the Group	**59,950**

The fair value of the mining interests acquired is dependent on inputs and assumptions for the future price of gold as well as on the discount rate applied. Each $100 decrease in the future prices of gold would have decreased the value of mining interests by $13.8M at the date of acquisition. Similarly, an increase of 1% in the discount rate applied in the calculation of the fair value of the mining interests would have decreased the value by $0.6m at the date of acquisition.

The fair value of consideration is summarised below:

Consideration	**Fair Value $**
Complete cash	8,000
Deferred cash	8,350
Consideration shares	40,000
Contingent consideration	3,600
Fair value of consideration	**59,950**

The Company used a discounted cash flow model to estimate the expected future cash flows of the mine, based on the life-of-mine plans. Due to the finite life of mining operations, capitalised approaches were not considered appropriate. Therefore, the income approach, specifically the discounted cash flow approach (“DCF”) was used to determine the value of the mining operations. Expected future cash flows are based on estimates of future production and commodity prices, operating costs, and forecast capital expenditures using the life-of-mine plan as at the acquisition date.

Endeavour Resources and its subsidiaries contributed $168.6 million revenue and $6.7 million profit to the Group in the period between acquisition and December 31, 2021. If the acquisition had been completed on January 1, 2021, Group revenues for the year ended December 31, 2021 would have been $25.4 million higher and Group profits attributable to equity holders of the Company would have been $6.9 million higher.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied unless otherwise stated.

5.1 Property, plant and equipment

Cost

Property, plant and equipment is stated at historical cost less accumulated depreciation and any identified impairment loss. The cost comprises the purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Mine development costs include expenditure in respect of exploration and evaluation, previously accumulated and carried forward in relation to areas of interest in which development or construction is underway.

Depreciation and Amortisation

Depreciation begins when an asset is available for its intended use and is spread over its useful lives so as to expense the cost of property, plant and equipment (other than properties under construction) using the straight-line method or unit of production ("UoP") based on ounces produced, as appropriate, not exceeding the life of the mine, as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Plant and machinery	**1-8**	1-8
Site improvements	**UoP**	UoP
Buildings and construction	**UoP**	UoP

Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

Major maintenance and repairs

Expenditures on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was fully depreciated or written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised.

5.2 Exploration and evaluation assets

These assets relate to the exploration and evaluation expenditures incurred in respect of resource projects that are in the exploration and evaluation stage. Exploration and evaluation expenditures include costs which are directly attributable to acquisition and evaluation activities, assessing technical feasibility and commercial viability. These expenditures are capitalised using the full cost method until the technical feasibility and commercial viability of extracting the mineral resource of a project are demonstrable. During the exploration period, exploration and evaluation assets are not amortised.

Drilling and related costs that are for general exploration, incurred on sites without an existing mine, or on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are classified as greenfield exploration expenditures and capitalised in accordance with IFRS 6.

Drilling and related costs incurred to define and delineate a mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine are classified as brownfield activities and are capitalised as part of the carrying amount of the related property in the period incurred, when management determines that there is sufficient evidence that the expenditure will result in a future economic benefit to the Group.

Where the Group acquires an interest in exploration concessions which do not meet the definition of a business, these are accounted for as farm-in arrangements. A farm-in arrangement is an agreement by which the owner of operating rights in a mineral property right (the farmor) transfers a part of that interest to a second party (the farmee) in return for the latter's payment of all of the costs, or only specified costs, to explore the property and, perhaps, to carry out part or all of the development of the property if reserves are found.

The Group has certain farm-in arrangements for exploration assets in which it accounts for on an accrual basis under IFRS 6.

At the end of each reporting period, exploration assets are reviewed for impairment indicators in accordance with IFRS 6.20, such as:

i) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
ii) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
iii) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full of successful development or by sale.

If such indicators exist, the asset is tested for impairment and the recoverable amount of the asset is estimated. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statements of profit and loss.

The costs of exploration assets are not subject to amortisation until they are included in the life-of-the-mine plan and production has commenced.

Once the technical feasibility and commercial viability of extracting a mineral resource of a project are demonstrable, typically at the point at which a JORC-compliant resource is determined, the exploration assets are deemed to move into the development phase. The relevant asset is assessed for impairment, and any impairment loss recognized, prior to the balance being reclassified either as a development asset in property, plant and equipment if the Group is deemed to have control over the business, or as a joint venture should the Group have joint control.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Exploration and evaluation assets (continued)

The determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgment and assessment of all relevant factors. In general, technical feasibility may be demonstrable once a positive feasibility study is completed. When determining the commercial viability of a project, in addition to the receipt of a feasibility study, the Company also considers factors such as the availability of project financing, the existence of markets and/or long-term contracts for the product, and the ability of obtaining the relevant operating permits.

All subsequent expenditures to ready the property for production are capitalised within development assets, other than those costs related to the construction of property, plant and equipment.

Once production has commenced, all costs included in development assets are reclassified to mine development costs and are subject to impairment under IAS 36, which requires assets to be assessed for indicators of impairment at least annually.

Exploration and evaluation expenditures incurred prior to the Company obtaining mineral rights related to the property being explored are recorded as an expense in the period in which they are incurred.

5.3 Mining interests

Mining interests are recorded as intangible assets when acquired as part of a business combination or when reclassified from exploration and evaluation assets. They are measured on initial recognition at cost or at fair value when acquired as part of a business combination.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Mining interests are amortised over their useful lives. The useful life is assessed on the basis of terms set up by the mineral license (contract) and estimated mineral reserves and resources subject to such license (contract). The remaining useful life of each mining interest is reassessed annually on the basis of the latest life-of-mine models.

Under the standards, the concept of fair value, in the context of a business combination, considers assumptions as to how market participants would benefit from use of the acquired assets. Market participants would include all potential buyers whether or not the potential buyer is engaged in discussions with the seller of the business.

The mineral interests were calculated based on the Residual Approach. Due to the finite life of mining operations, capitalised approaches are not appropriate. Therefore, the income approach, specifically the DCF approach was used to determine the value of the mining operations. The fair value of mining operations represents the fair value of the collective assets required to operate the mine. In arriving at a calculation of value using the DCF approach, the free cash flows generated from the mining operations are discounted at an appropriate discount rate to reflect the risk and time value of the cash flows.

Under the residual approach, the value of the mineral interest associated with a mining operation is calculated by deducting the fair value of all the assets required to conduct the mining operations from the value of the mining operations determined under the DCF approach. These assets and liabilities often include, but are not limited to, the following assets:

- property, plant and equipment used at the mine;
- short-term and long-term stockpile inventory included in generating the cash flows;
- decommissioning liabilities required to restore the mine site;
- opening working capital balance required to operate the mine; and
- other contributory assets to the cash flows.

The resulting value represents the fair value of the mineral interest in the mining operations.

The mining interests are amortised on a units of production basis.

Based on current mineral license terms and available estimations of mineral reserves and resources, the useful lives of the Group's mining interests vary from ending in December 2023 to June 2039.

Amortisation of mining interests is charged to cost of sales for the period.

5.4 Capitalised stripping costs

Stripping (waste removal) costs are incurred during both the development phase and the production phase of mining. Capitalisation of waste stripping requires the Group to make judgements and estimates in determining the amounts to be capitalised. In open pit mining operations, it is necessary to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalised and included in the carrying amount of the related mining property.

During the production phase of a mine, stripping costs will be recognised as an asset only to the extent that the following conditions are met:

• It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;

• The entity can identify the component of the ore body (mining phases) for which access has been improved; and

• The costs relating to the stripping activity associated with that component can be measured reliably.

Where the benefits are realised through inventory produced in the period, the related stripping costs are recorded in the cost of inventory. Otherwise, if any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred. If the costs of the inventory produced and the stripping cost asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping cost asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

Stripping costs incurred and capitalised during the development and production phase are depleted using the unit-of production method over the reserves and of the area that directly benefit from the specific stripping activity.

Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as mine production costs and are costs of sales.

5.5 Business combinations

A business combination is defined as an acquisition of a business and is accounted for using the acquisition method. A business is an integrated set of activities and net assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Company to create outputs. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Company considers other factors to determine whether the set of activities or assets is a business.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

5.5 Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but reviewed for impairment at least annually. If the difference above is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held interests (including joint operations) in the acquired entity are remeasured to their acquisition-date fair values and the resulting gain or loss, if any, are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition-related costs of a business combination, other than costs to issue equity securities, are expensed as incurred.

5.6 Provisions

Provisions (other than those relating to employee benefits) are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for mine rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to rehabilitate locations where activities have occurred which have led to a future obligation. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed, or the ground/environment is disturbed at the mining location. When the liability is initially recorded, the present value of the estimated cost is capitalised as part of the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques.

The unwinding of the effect of discounting the provision is recorded as a finance cost in profit or loss.

The carrying amount capitalised as a part of mining assets is depreciated/amortised over the life of the related asset.

5.7 Equity settled share-based payments

Equity settled share-based payments are measured at fair value at the date of issuance.

Allied Gold Corp has granted performance rights and options that will be settled through the issuance of shares of the majority shareholder. The cost of equity settled transactions is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the recipient becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

In valuing equity settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous reporting date is recognised in profit and loss, with a corresponding entry in equity.

Where the terms of the equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity-based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense.

5.8 Cash settled share based payments

Cash settled share-based payments are measured at fair value at the date of issuance, and at each subsequent reporting date, with the difference recorded in profit or loss for the period.

In valuing cash settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

Where the terms of the cash-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification.

5.9 Revenue recognition

Metal sales includes sales of refined and doré bar form gold and silver which are generally physically delivered to customers in the period in which they are produced, with their sales price based on prevailing spot market metal prices or quotational period prices. Revenue is recognised at the point in time where control is transferred to the customer, considering the following indicators of control:

- the Group has a present right to payment;
- the customer has legal title to the gold or silver; and
- the customer has the significant risks and rewards of ownership of the asset.

Control is transferred when the Group enters into a transaction confirmation for the transfer of gold which is either at the date at which the refining process is completed or at the point of shipment at the gold room at the mines. Revenue is measured at the transaction price agreed under the contracts, and is due immediately upon transfer of the gold to the customer.

The Company enters into metal streaming arrangements for the purposes of funding its mining operations and intends to settle its obligations by delivering gold produced in its own operations, with no right to substitution or net settlement. The upfront payment is considered to represent variable consideration, on the basis that the portion of the upfront amount to be allocated to each future ounce will depend on the number of ounces estimated to remain in the mine. In addition, the transaction price is considered to contain a significant financing component, given the long term nature of the upfront payment and the period of time between the receipt of the upfront cash, and the satisfaction of the future performance obligations.

The interest component of the long-term arrangement is recognized in financial charges over the duration of the agreement, which relies on management assumptions related to the remaining production and the life of each mine, as well as the expected future prices for gold. Given this, when the underlying production profile of the mine changes and the reserves and resources are updated (typically in the fourth quarter of each year), the variable portion of the transaction price allocated to each ounce will need to be updated in accordance with the requirements in IFRS 15 relating to changes in variable transaction price. The change in transaction price per unit will therefore result in a retrospective adjustment to revenue in the period in which the change occurs, reflecting the updated number of ounces expected to be delivered under the streaming arrangement. There will also be a corresponding adjustment to the interest charge.

Any taxes directly related to revenues or other directly related expenditures such as royalty payments are accrued as expenses when the related revenues are recognized.

5.10 Inventories

Gold bullion, gold in dore, metal in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. If the ore stockpile is not expected to be processed within 12 months of the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and supplies are valued at the lower of cost or net realisable value. Obsolete and redundant stock is written off as identified during regular reviews. Slow-moving obsolescence provisions are determined by reference to specific items of stock on a systematic basis, considering critical and non-critical stock as well as the most recent utilisation of stock in the provision. Any items identified as damaged or obsolete are directly expensed.

5.11 Financial instruments

5.11.1 Classification and measurement

The Group classifies its financial assets and financial liabilities into the following categories:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value to profit or loss;
- Financial liabilities measured at amortised cost;
- Financial liabilities measured at fair value to profit or loss; and
- Equity instruments.

Classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition.

5.11.2 Financial assets held at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model, and which have cash flows that meet the “solely payments of principal and interest” (SPPI) criteria.

At initial recognition, trade and other receivables that do not have a significant financing component are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs. They are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, due to and loans from related parties.

5.11.3 Financial assets held at fair value to profit or loss

This classification applies to the derivative asset related to the call option the Group holds as part of its investment in the Ethiopian assets.

5.11.4 Financial liabilities held at amortised cost

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method.

Loans and other borrowings

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on an accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

5.11.5 Financial liabilities at fair value through profit or loss

Amounts that may be payable under written put rights or as contingent consideration are initially recorded at their fair value and subsequently remeasured to fair value at each reporting date.

Fair value hierarchy

The financial assets and liabilities that are recognized on the Consolidated Statement of Financial Position at fair value are classified using a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Derivative financial instruments
The Group has entered into one derivative financial instrument, being a call option over shares in its investment in APM Ethiopia. Further details of derivative financial instruments are disclosed in Note 26.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Puttable financial instruments

A financial instrument which contains a contractual obligation whereby the issuing entity is or may be required to deliver cash or another financial asset to the instrument holder is classified a financial liability. The contract is accounted for either as a non-derivative financial instrument, or as a derivative asset or liability, depending on the nature of the contract.

A contract that contains an obligation for the entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the liability even if the obligation is conditional on the counterparty exercising a right to redeem. In the event that the option expires unexercised, the liability will be derecognised with a corresponding adjustment to equity.

Deferred consideration

Deferred consideration is treated as a financial instrument to the extent that it constitutes a financial obligation to make fixed cash payments at future dates. The value of deferred consideration payments are contingent only on the passage of time, with an agreed undiscounted value and fixed timing. It is initially recognised at fair value and subsequently measured at amortised cost.

The increase in the deferred consideration due to the passage of time is recognised as a finance cost in the statement of profit or loss.

5.11.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

5.11.7 Impairment of financial assets

A forward-looking expected credit loss (“ECL”) review is required for debt instruments measured at amortised cost or held at fair value through other comprehensive income, financial guarantees not measured at fair value through profit or loss and other receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Group applies the “simplified approach” to trade receivables and the “general approach” to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group in full (without taking into account any collateral held by the Group.

5.12 Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as financial assets at amortised cost.

Restricted cash relates to cash amounts that are ring-fenced for due to statutory or other requirements within the jurisdictions that the Group operates in.

5.13 Taxation

Current income tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the expected manner of recovery of the carrying value of an asset or liability. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Provision for uncertain tax positions is recognised within current tax when management determines that it is probable that a payment will be made to the tax authority. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognised, the Group discloses tax-related contingent liabilities and contingent assets in accordance with IFRIC 23 and IAS 12.

5.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

5.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurement of the lease liability as described below. The right-of use asset is depreciated using the straight-line method or the UOP method, as appropriate to the asset class, over the lesser of the lease term and the useful life of the asset.

The lease liability is initially measured at the present value of future lease payments, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of leased asset.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described and highlighted separately with the associated accounting policy note within the related qualitative and quantitative note, as described below.

6.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Streaming arrangements

The Group enters into streaming contracts with investors whereby the investor provides upfront funding for the mining operations in exchange for the right to purchase a portion of future metal production for a fixed price. The classification of such contracts as either financial instruments or revenue contracts is determined based on whether the entity expects to deliver non-financial assets held for its own-usage requirements, or through cash or other financial assets. This assessment is based on Management's judgement, considering both its reason for holding the contract and its established practices.

The Company enters into metal streaming arrangements for the purposes of funding its mining operations and intends to settle its obligations by delivering gold produced in its own operations, with no right to substitution or net settlement. Accordingly, these contracts meet the requirements to be recorded as revenue contracts in accordance with IFRS 15.

Recoverability of other receivables

Other receivables include amounts owed from the governments of countries in which the Group operates in relation to recoverable value added taxes ("VAT"). Management applies judgement in determining the timing and recoverability of these balances, taking into consideration its efforts with the relevant governments under existing tax rules in the respective jurisdictions in which they arise. Management's assessment of recoverability considers the probable outcomes of claimed deductions and/or disputes, which are subject to change.

Capitalisation of exploration costs

Management uses judgement in assessing the future economic benefits for the capitalisation of exploration and evaluation costs under IFRS 6. The economic viability of each project is assessed using geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and the Group's ability to renew these permits as well as the life of mine plans.

The Group is currently in the process of renewing certain of its exploration licences, in particular the licence related to its Egyptian exploration asset which currently expires in September 2023. Management is confident in the judgement that these will be renewed in due course.

Embedded leases – contractor mining

In applying the accounting policy for leases described in note 5.15 to its mining contracts, management have assessed whether the contracts for contractor mining services contain a lease for the equipment the contractors use to provide the mining services. In making their assessment, management have applied a critical accounting judgement that the contracts do not give the Group the ability to direct the use of the equipment used in providing mining services, and therefore no lease exists within these contracts.

Expressed in thousands of United States Dollars, unless stated otherwise

6.2 Key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions concerning the future. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Property, Plant and Equipment and Mining Interests

IFRS requires management to test for impairment if events or changes in circumstances indicate that the carrying amount of a finite life asset may not be recoverable.

For the year ended December 31, 2022, the Group performed a review for indicators of impairment at each of the CGUs and evaluated key assumptions. These included considering any revisions to the mine plan including current estimates of recoverable mineral reserves and resources, recent operating results and future expected production.

Management performed an impairment review for each of its CGU's with material assets as follows:

F&M Gold Resources Ltd

F&M Resources Inc. includes the Bonikro and Hiré mines. Due to the interdependence between the processing and other operations required to generate inflows; the two mines are considered to be a single CGU for the purposes of impairment testing.

The recoverable amount of the F&M Gold Resources CGU was based on the future after-tax cash flows expected to be derived from the mining interests of the CGU. This is a Level 3 fair value measurement technique which represents the fair value less costs of disposal ("FVLCD").

The main drivers of value of the CGU which are most sensitive to changes in assumptions for metal prices, changes in the amount of recoverable reserves and resources, production costs estimates, capital and abandonment expenditure estimates, and asset specific discount rates.

Key assumptions used in the calculation of the net present value of the CGU are:

Assumption	**December 31, 2022**	December 31, 2021
Gold price (next 5 years)	$1,650-$1,750	$1,500-$1,865
Long term gold price	$1,650	$1,500
Life of mine	Until 2029	Until 2030
Remaining LOM ounces	591koz	750k oz
Discount rate	8.05%	12.25%
Average recoverable grade over life of mine	1.3g/ton	1.3 g/ton

Expressed in thousands of United States Dollars, unless stated otherwise

Using the assumptions noted above, the headroom of the FVLCD over and above the carrying amount of the CGU is circa $50m (2021: $47m). The headroom has increased year-over-year mainly due to a decrease in the discount rate to reflect the current macro environment and a decrease in the entity risk profile. This headroom is attributable to the uptick in forward gold price in 2022. A sensitivity analysis was performed to identify the impact of changes in the key assumption to the impairment analysis, which include metal prices, discount rate, and recoverable grade. The below table outlines the impact on the F&M Resources impairment models by applying sensitivities to these inputs:

	Reduction in FVLCD	
Assumption	**December 31, 2022**	December 31, 2021
Decrease in gold price by $100	$34.3m	$32.1m
Increase in discount rate by 1.00%	$4.6m	$4.3m
Decrease in recoverable grade by 0.05gpt	$21.6m	$19.8m

Based on the sensitivity analysis performed on key assumptions above, no reasonably possible change in the key assumptions would cause the carrying value to exceed its recoverable amount.

Société d'Exploitation des Mines d'Or de Sadiola S.A.

The recoverable amount of the Sadiola CGU was based on the future after-tax cash flows expected to be derived from the mining interests of the CGU. This is a Level 3 fair value measurement technique which represents the fair value less costs of disposal ("FVLCD").

The main drivers of value of the CGU which are most sensitive to changes in assumptions for metal prices, changes in the amount of recoverable reserves and resources, production costs estimates, capital and abandonment expenditure estimates, and asset specific discount rates.

Key assumptions used in the calculation of the net present value of the CGU are:

Assumption	**December 31, 2022**	December 31, 2021
Gold price (next 5 years)	$1,650-$1,750	$1,500-$1,865
Long term gold price	$1,650	$1,500
Life of mine	Until 2038	Until 2037
Remaining LOM ounces	5,484koz	5,050k oz
Discount rate	15.5%	15.5%
Average recoverable grade over life of mine	1.5g/ton	1.6 g/ton

Using the assumptions noted above, the headroom of the FVLCD over and above the carrying amount of the CGU is circa $427m (2021: $501m). This headroom is attributable to the uptick in forward gold prices since the acquisition of Sadiola in 2020. A sensitivity analysis was performed to identify the impact of changes in the key assumption to the impairment analysis, which include metal prices, discount rate, and recoverable grade. The below table outlines the impact on the Sadiola impairment models by applying sensitivities to these inputs:

	Reduction in FVLCD	
Assumption	**December 31, 2022**	December 31, 2021
Decrease in gold price by $100	$115.1m	$101.9m
Increase in discount rate by 1.00%	$50.3m	$31.4m
Decrease in recoverable grade by 0.05gpt	$64.3m	$53.1m

Based on the sensitivity analysis performed on key assumptions above, no reasonably possible change in the key assumptions would cause the carrying value to exceed its recoverable amount.

Expressed in thousands of United States Dollars, unless stated otherwise

Ore Reserve Estimates

Mineral reserves and resources have been estimated by qualified persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (the JORC Code). Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data and require estimates of the future price for the commodity and the future cost of operations. The mineral reserve and resource estimates are subject to uncertainty and actual results may vary significantly from these estimates. Results from drilling, testing and production, as well as material changes in metal prices and operating costs subsequent to the date of an estimate, may justify revision of such estimates.

A number of accounting estimates, as described in the relevant accounting policy notes, are impacted by the mineral reserves and resources estimates:

- Determination of the useful life of property, plant and equipment and measurement of the depreciation expense;
- Impairment and reversal of impairment analysis of non-financial assets including evaluation of estimated future cash flows of cash-generating units ("CGU");
- Royalty payments stemming from business combination agreements;
- Estimates of the outlays and their timing for asset retirement obligations; and
- Variable revenue and recognition of deferred revenues related to streaming arrangements.

Mine Rehabilitation Provision

The Group's mining operations are subject to various environmental protection laws and regulations. The Company has recorded the asset retirement obligations of its mining sites on the basis of management's best estimates of future costs, based on information available on the reporting date. Best estimates of future costs are the amount the Company would reasonably pay to settle its obligation on the site closing date.

Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. Such estimates are subject to change based on amendments to laws and regulations, or as new events occur, in accordance with industry practice.

The key judgements and estimates when determining the provision are:

- The timing in terms of when the rehabilitation will take place;
- The method and cost of the rehabilitation upon the end of the life of the mine; and
- The discount rate used.

The Group's environmental liabilities relate to the restoration of soil and other related mining works cash outflows, which are due upon the closures of mines and production facilities. The full provision is classified as a non-current liability as the provision is expected to be utilized at the end of the life of the mine. The present value of expected cash outflows were estimated using existing technology and discounted using risk-free rates:

	2022	**2021**
Discount rate used – Bonikro	**3.96%**	1.44%
Discount rate used – Sadiola	**4.14%**	1.94%
Discount rate used – Agbaou	**3.99%**	1.26%

Management performed an analysis of the reasonably possible change of discount rates used and its effect on the environmental provision as at December 31, 2022 and 2021. This is included in Note 17.

Income Taxes and Recoverability of Deferred Tax Assets

In assessing the probability of deferred tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.

The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income, Value Added, Withholding and Other Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations. The operations of mines within West Africa result in: complex relationships with government tax authorities, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions and therefore could necessitate future adjustments to tax income and expense already recorded.

The Group's current tax provision includes $4,000 relating to Management's assessment of the amount of tax payable on uncertain tax items. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

Share-based payments

The Company recognizes compensation expense for share-based transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires making assumptions and determining the most appropriate inputs to the valuation model and estimating the number of units expected to vest. The inputs used in the valuations are presented in note 19.

Put option liabilities

The valuation of the put option liabilities inherently incorporates uncertainties related to the fair value of the share price at a future settlement date. At each reporting date, the Group records the liability based on the most reasonable expectations of future accretion in value, discounted to the present value of the liability. If the future share value differs from the current estimate, the difference in redemption value will be recorded as a gain or loss in the period in which the estimate is revalued.

Deferred and contingent consideration

The Group has recognised the present value of deferred and contingent consideration in respect of a number of its assets.

The value of contingent consideration payments can depend on a number of factors, including the performance of the underlying asset, the timing of milestones being reached, and the discounting factors, which are based on the estimated cost of similar borrowing. These represent estimates and uncertainties which may prove to be materially different in future periods. The value of deferred consideration payments are contingent only on the passage of time, with an agreed undiscounted value.

Going concern

As part of management's assessment of the Group's ability to continue as a going concern, cash flow forecasts are prepared for a minimum of 12 months from the date of the financial statements. The cash flow forecasts prepared are based on reasonable estimates and judgements affecting key variables including production, gold price, operating costs, capital expenditures and the probability that the put options will be exercised by their holders. Each of these variables is subject to estimation uncertainty and impact those forecasts. The inputs used and sensitivities thereover are presented in note 3.3.

Expressed in thousands of United States Dollars, unless stated otherwise

7 MINING INTERESTS

	Dec. 31, 2022 $	Dec. 31, 2021 $
Opening balance	**174,262**	161,379
Mining interests acquired on business combination (Note 4)	-	44,669
Less: amortisation of mining interests	**(20,277)**	(31,786)
Closing balance	**153,985**	174,262

8 EXPLORATION AND EVALUATION ASSETS

	Dec. 31, 2022 $	Dec. 31, 2021 $
Ivory Coast (Bonikro)	**1,461**	-
Ethiopia	**68,233**	52,292
Egypt	**16,627**	7,643
Carrying value	**86,321**	59,935

The costs of exploration and evaluation assets are not subject to amortisation until they are included in the life-of-the-mine plan and production has commenced.

Reconciliation of exploration and evaluation assets

	Opening balance	Additions	Closing balance
Year ended December 31, 2022			
Capitalised exploration and evaluation costs	**59,935**	**26,386**	**86,321**
Year ended December 31, 2021			
Capitalised exploration and evaluation costs	45,891	14,044	59,935

In Tanzania, the Group holds gold and mineral exploration rights in Busolwa which form part of the Rwama Project. The entity has ceased to operate and the Group wrote off the amount capitalised under exploration and evaluation asset in 2019.

9 INVENTORIES

Current	Dec. 31, 2022 $	Dec. 31, 2021 $
Dore bars and gold in circuit	**11,523**	8,997
Ore stockpiles	**14,333**	14,836
Material and supplies	**37,488**	36,579
Total current inventories	**63,344**	60,412

Non-current	Dec. 31, 2022 $	Dec. 31, 2021 $
Ore stockpiles	**10,102**	10,914
Total non-current inventories	**10,102**	10,914

Inventories were held at lower of cost or net realizable value. Inventories have been recorded net of a provision for obsolescence of $9,767 (2021: $15,862).

In the year ended December 31, 2022 inventories recognised as an expense within cost of sales amounted to $476,924 (2021: $370,840).

Expressed in thousands of United States Dollars, unless stated otherwise

10 PROPERTY, PLANT AND EQUIPMENT

$ Cost or valuation:	Plant and machinery	Buildings & infrastructure	Site improvements	Construction in progress	Deferred stripping	Mine closure and rehabilitation costs	Total
As at December 31, 2020	**47,973**	**5,578**	**8,625**	**33,968**	**-**	-	**96,144**
Additions during the year	12,735	2,129	901	55,048	27,330	-	98,143
Transfers	27,004	-	13,860	(40,864)	-	-	-
Assets acquired on a business combination	6,810	33,145	441	-	-	-	40,396
As at December 31, 2021	**94,522**	**40,852**	**23,827**	**48,152**	**27,330**	-	**234,683**
Additions during the year	563	-	-	30,620	46,415	7,522	85,120
Transfers	18,647	10,779	-	(29,426)	-	-	-
Disposals	(44,438)	-	-	-	-	-	(44,438)
As at December 31, 2022	**69,294**	**51,631**	**23,827**	**49,346**	**73,745**	**7,522**	**275,365**
Accumulated depreciation:							
As at December 31, 2020	**15,448**	**838**	**2,079**	-	**-**	-	**18,365**
Charge for the year	15,936	19,684	1,343	-	-	-	36,963
As at December 31, 2021	**31,384**	**20,522**	**3,422**	-	**-**	-	**55,328**
Charge for the year	14,487	18,289	-	-	543	-	33,319
Disposals	(18,891)	-	-	-	-	-	(18,891)
As at December 31, 2022	**26,980**	**38,811**	**3,422**	-	**543**	-	**69,756**
Carrying value as at December 31, 2022	**42,314**	**12,820**	**20,405**	**49,346**	**73,202**	**7,522**	**205,609**
Carrying value as at December 31, 2021	63,138	20,330	20,405	48,152	27,330	-	179,355

Depreciation charged is attributed as follows	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Cost of sales (note 23)	**33,230**	36,962
Administrative expenses (note 24)	**89**	-
Total	**33,319**	36,962

Expressed in thousands of United States Dollars, unless stated otherwise

11 TRADE RECEIVABLES, PREPAYMENTS, AND OTHER RECEIVABLES

Current	**Dec. 31, 2022 $**	**Dec. 31, 2021 $**
Other receivables – net of allowance	**6,425**	7,157
VAT receivable – net	**17,501**	17,757
Prepayments	**14,344**	5,751
Prepayments, deposits and other receivables	**38,270**	30,665

Non- current	**Dec. 31, 2022 $**	**Dec. 31, 2021 $**
VAT receivable – net	**18,863**	-
Prepayments, deposits and other receivables	**18,863**	-

The allowance against other receivables was $nil at December 31, 2022 (2021: $nil).

Credit quality of receivables

Receivables are considered recoverable by the Directors due to management's assessment of their ability to repay the outstanding amounts.

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Receivables past due but not impaired

None of the receivables were past due at the reporting date.

The carrying value of trade and other receivables approximate their fair value.

Expressed in thousands of United States Dollars, unless stated otherwise

12 CASH AND CASH EQUIVALENTS

	Dec. 31, 2022 $	Dec. 31, 2021 $
Bank balances	**45,163**	56,603
	45,163	56,603

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The Group only deposits cash and cash equivalents with reputable banks with good credit ratings.

Fair value of cash at bank

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate the fair value.

Restricted cash

	Dec. 31, 2022 $	Dec. 31, 2021 $
Restricted cash	**6,656**	40,060
	6,656	40,060

Laws within Cote d'Ivoire require that 10% of all claims made by the government be kept in cash in separate ring-fenced accounts regarding whether or not it is probable that the claim would be paid. Restricted cash above includes such cash. As at December 31, 2022, such amounts totalled $6,656 (2021: $7,060).

Restricted cash in the prior year also included cash held in relation to ring-fenced cash to service borrowings advanced for the acquisition of Sadiola. The facility agreement between the Company and OMF Fund entered into on 27 October 2020, which required a minimum amount standing to the credit of Sadiola's bank accounts of $55,000 or 110% of drawn down funds, if lower. As at December 31, 2022, such amounts totalled $nil (2021: $33,000) as the facility was repaid in full during the year.

13 DEFERRED REVENUE

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Opening deferred revenue	**20,679**	20,802
Cash received	**2,146**	2,041
Amount recognized as revenue	**(9,379)**	(7,178)
Accrued interest	**4,704**	5,014
Carrying value	**18,150**	20,679

On October 10, 2019, Afrique Gold entered into a streaming agreement with Orion Mine Finance ("Orion"). Orion subsequently sold its interest in the streaming arrangement Nomad Royalty Company Ltd ("Nomad"). Under this agreement, the counterparty has the right to purchase certain quantities of gold at a fixed price of $400/oz. Nomad has the right to purchase 6% of the first 650,000 oz of production at the Bonikro mines (39,000 oz). Subsequently, they may purchase up to 3.5% of each lot (61,750 oz inclusive) between 650,000 oz and 1,300,000 oz of refined gold, up to 2% of each lot thereafter. This has been treated as deferred revenue, as the upfront payment pertains to future production. As such, revenue is recognized as the services are performed for the Investor, reducing the unearned deferred revenue balance. The stream contains an intrinsic financing component, which has been valued as part of the subsequent measurement of the deferred revenue stream. There were no changes to the estimation of quantity of metal to be delivered under the streaming agreement through the year ended December 31, 2022.

An accrued interest component has been calculated for the year of $4,704 (2021: $5,014), and the amount of revenue recognized is $9,379 (2021: $7,178) out of which $2,146 (2021: $2,041) is on a cash basis (at $400 per oz) while the remainder is non-cash (amortisation of deferred revenue financing component).

Cumulative ounces delivered against the Stream amount to 17,247 oz (2021: 11,881 oz).

Expressed in thousands of United States Dollars, unless stated otherwise

14 BORROWINGS

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Balance at the beginning of the year	**89,474**	80,469
Accrued interest	**9,005**	10,045
Repayments (principal and interest)	**(44,945)**	(1,040)
Balance at the end of the year	**53,534**	89,474

	Dec. 31, 2022 $	Dec. 31, 2021 $
Current portion of borrowings	**21,415**	40,373
Non-current portion of borrowings	**32,119**	49,101
Balance at end of the year	**53,534**	89,474

On October 10, 2019, the Company entered into an Agreement with Orion Mine Finance ("Orion"). A nominal $35,000 senior secured facility was created, which accrued interest until 30 June 2020 at a fixed rate of LIBOR + 9%, after which time it was repayable in six equal quarterly instalments on the last banking day of each quarter. On October 25, 2020, the Company entered into an updated Agreement with Orion Mine Finance, where "Tranche 3" was issued, increasing the headline amount by $12,135. This agreement contains a deferral of interest and principal through December 31, 2022, followed by 11 quarterly instalments through 30 June 2025. The terms of the interest did not change.

For the year ended December 31, 2022, interest of $9,005 (2021: $10,045) was accrued on the nominal balance, and charged to finance costs, at LIBOR (subject to a minimum of 1%) plus 9%, (a total minimum interest rate of 10.0%).

In connection with the financing in October 2019, entities within the Allied Group agreed to the following share pledges in favour of the facility agent:

Allied Gold Exchange Corp	100% of the issued shares
Allied Gold Canadian Acquisition Corp	100% of the issued shares
F & M Gold Resources Ltd	100% of the issued shares
Afrique Gold Mauritius	99% of the issued shares
Hire Holdings Pte Ltd	100% of the issued shares
Bonikro Gold Min SA	89.89% of the issued shares
Hire Gold Mine SA	89.89% of the issued shares
Afrique Gold Exploration CI SA	100% of the issued shares

On October 27, 2020, Allied Gold Corp Limited entered into a further facility agreement where OMF Fund provided a $50,000 secured term facility to the Company. A first draw down of $30,000 was made in December 2020. The Facility Agreement was issued at a 1% discount plus facility and due diligence costs.

The loan proceeds were for the following purposes:

- Settlement of expenses arising from the Facility Agreement;
- Lending the proceeds to Allied Gold ML (a wholly owned subsidiary of Allied Gold) to pay for purchasing refined gold under the SEMOS SPA; and
- Any other mutually agreed purpose.

Allied Gold EG, Allied Gold ET, Allied Gold ML act as "Guarantors" under this Facility Agreement.

In addition, the Company pledged shares in various subsidiaries (including Guarantors) and their bank accounts as security for performance under the Facility Agreement. Certain restrictions on the balance to be maintained in SEMOS' bank account were agreed, including the bank balance should not be less than $55 million (or 110% of the drawn down facility amount if lower) at any time.

Expressed in thousands of United States Dollars, unless stated otherwise

14 BORROWINGS (continued)

Drawn down principal amounts accrued interest at a rate per annum of three-month LIBOR (floored at 1%) plus a margin of 14 % per annum. Interest was capitalised quarterly and added to the principal loan sum.

The Final Maturity Date is the date falling 2 years after the respective funding dates.

Repayment of the facility at the Final Maturity date was to be settled either:

- In cash; or
- "Stream Conversion": repayment by way of the Sadiola Gold Purchase Agreement (SGPA), wherein the amount repayable for the principal plus capitalised accrued interest will be deemed to a prepayment amount (not exceeding $50 million) for purchase of Refined Gold under the SGPA (an agreement between Allied Gold ML Corp as seller and OMF as purchaser of Refined Gold).

This option had to be exercised by OMF prior to the Final Maturity date. To the extent the SGPA was not entered into by the Final Maturity Date, the Company was to pay OMF in cash the prepayment fee on the drawn down principal amount from the Funding Date to Final Maturity Date, and entire amount (principal plus capitalised accrued interest plus prepayment fee). No prepayment fee was applicable should OMF choose to exercise the Stream Conversion.

In June 2022, the Group repaid all outstanding loan amounts relating to the further facility arrangement, including accrued interest pursuant to the funds drawn under the Facility Agreement of October 2020.

15 TRADE AND OTHER PAYABLES

	Dec. 31, 2022 $	Dec. 31, 2021 $
Trade payables	**70,510**	80,041
Other payables	**16,614**	7,651
Accrued expenses	**32,987**	24,317
Royalties	**9,827**	3,757
Total	**129,938**	115,766

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with their fair value being approximated by the carrying value.

16 PROVISIONS

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Balance at the beginning of the year	**7,885**	3,162
Increase in provisions during the year	**6,458**	5,933
Payments and releases of provisions during the year	**(6,601)**	(1,204)
Impact of foreign exchange rates	**18**	(6)
Balance at end of the year	**7,760**	7,885

Provisions relate primarily to employee compensation expenses and to corporate expenses. They are expected to be paid within one year.

Expressed in thousands of United States Dollars, unless stated otherwise

17 PROVISIONS FOR RECLAMATION AND CLOSURE COSTS

The Group's environmental liabilities relate to the restoration of soil and other related mining works cash outflows, which are due upon the closures of mines and production facilities. The full provision is classified as a non-current liability as the provision is expected to be utilized in at the end of the life of the mine. The present value of expected cash outflows were estimated using existing technology and discounted using the following real discount rates:

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Opening balance	**96,874**	74,538
Assumed on the acquisition of subsidiaries	**-**	24,395
Changes in estimates related to the discount rate recorded in profit or loss	**(22,535)**	(3,203)
Changes in estimates related to closure costs capitalized in property, plant & equipment	**7,522**	-
Accretion for the year	**3,250**	1,144
	85,111	96,874

The Company's mining operations are subject to various environmental protection laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded the asset retirement obligations of its mining site on the basis of management's best estimates of future costs, based on information available on the reporting date. Best estimates of future costs are the amount the Company would reasonably pay to settle its obligation on the site closing date. Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. Such estimates are subject to change based on amendments to laws and regulations, or as new events occur, in accordance with industry practice. The above provisions are to be settled between 2027 and 2043.

The key judgements and estimates when determining the provision are:

- The timing in terms of when the rehabilitation will take place;
- The cost of the rehabilitation upon the end of the life of the mine; and
- The discount rate used which is the US Risk-Free Treasury Rate for the applicable time range.

The Group's environmental liabilities relate to the restoration of soil and other related mining works cash outflows, which are due upon the closures of mines and production facilities. The full provision is classified as a non-current liability as the provision is expected to be utilized in at the end of the life of the mine. The present value of expected cash outflows were estimated using existing technology and discounted using the following real discount rates:

	Dec. 31, 2022	**Dec. 31, 2021**
Bonikro & Hiré mines	**3.96%**	1.44%
Agbaou mine	**3.99%**	1.26%
Sadiola mine	**4.14%**	1.94%

Management performed an analysis of the reasonably possible change of discount rates used and its effect on the environmental provision as at December 31, 2022 and 2021. The following scenarios were considered as reasonably possible and were used for this sensitivity analysis:

	Dec. 31, 2022 $	**Dec. 31, 2021 $**
1.0% decrease in discount rate applied	**8,694**	12,470
1.0% increase in discount rate applied	**(7,451)**	(10,602)

Expressed in thousands of United States Dollars, unless stated otherwise

18 STATED CAPITAL

The Company was incorporated on October 2, 2019 with an issued Stated capital of nil (one ordinary share of no-par value).

The Company is a no-par value company and there is no limit on the number of shares of any class which the Company is authorised to issue. All shares are authorized, issued and fully paid.

Save as otherwise provided, the Ordinary Shares and the Preferred Shares shall rank pari passu in all respects, including the right to attend and vote in general meetings, to receive dividends and any return of capital.

The issue of shares is summarised in the following table:

	Number of Ordinary Shares	Number of Preferred Shares	Stated Capital $	Total $
As at January 1, 2021	306,412,440	75,993,484	53,000	53,000
Issued to preferred shareholder	26,666,667	-	40,000	40,000
As at December 31, 2021	**333,079,107**	**75,993,484**	**93,000**	**93,000**
Issued in the year	-	-	-	-
As at December 31, 2022	**333,079,107**	**75,993,484**	**93,000**	**93,000**

19 SHARE-BASED PAYMENT RESERVE

Share-based payments reserve	**Year ended Dec. 31, 2022 $**	**Year ended Dec. 31, 2021 $**
Opening balance	**23,453**	7,815
Charge for the year	**6,053**	15,638
Closing balance	**29,506**	23,453

Long-Term Incentive Plan

Allied Gold Corp, the majority shareholder of the Company, operates a Long-Term Incentive Plan ("LTIP") for executives, senior employees and certain contractors of the Group. In accordance with the provisions of the plan, participants may be granted a conditional right to shares ("Performance Rights") and/or a share option to purchase a parcel of ordinary shares of Allied Gold Corp ("Options") at an exercise price determined by the Board. The objectives of the LTIP are to:

a) Assist in the reward, retention and motivation of eligible employees;

b) Link the reward of eligible employees to performance and the creation of shareholder value;

c) Align the interests of eligible employees more closely with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the form of shares and/or options;

d) Provide eligible employees/contractors with the opportunity to share in any future growth in value of the Company; and

e) Provide greater incentive for eligible employees to focus on the Group's longer-term goals.

Both the Performance Rights and Options are accounted for as an equity settled share-based payment transaction.

Expressed in thousands of United States Dollars, unless stated otherwise

19 SHARE-BASED PAYMENT RESERVE (Continued)

Performance Rights

A total of 17,567,946 Performance Rights over ordinary shares were granted by the majority shareholder to certain employees/directors of Allied Gold Corp Limited in 2022 (2021: 17,473,245) with an exercise price of nil.

At the discretion of management and in accordance to the objectives of the plan, the Performance Rights vest either immediately or in three annual tranches covering separate service periods subject to the participant remaining in the Company's service through to the vesting date of each tranche of the Performance Rights. The Performance Rights are not subject to any other performance conditions. Each Performance Right will be converted into one ordinary share of Allied Gold Corp upon vesting conditions being met.

Details of the Performance Rights outstanding during the year are as follows:

	Year ended Dec. 31, 2022		Year ended Dec. 31, 2021	
	Number of Performance Rights	Weighted average exercise price ($)	Number of Performance Rights	Weighted average exercise price ($)
Outstanding at beginning of year	7,275,721	0.00	4,922,408	0.00
Granted during the year	3,397,500	0.00	17,473,245	0.00
Forfeited during the year	(253,969)	0.00	(379,961)	0.00
Exercised during the year	(5,232,900)	0.00	(14,739,971)	0.00
Expired during the year	(305,943)	0.00	-	-
Outstanding at the end of the year	**4,880,409**	**0.00**	**7,275,721**	**0.00**

The fair value of the Performance Rights granted in 2022 were calculated based on the share price at the date of grant. Details of the share prices used are set out in note 20 on the preferred shareholder put option.

As the Performance Rights convert into ordinary shares automatically on vesting, there are no outstanding and exercisable Performance Rights at the end of the year.

The sum of $4,505 has been recognised as a share-based payment and charged to the Income Statement in 2022 (2021: $15,638).

Options Rights

No Options were granted in 2022 (2021: 120,000 with an exercise price of $1.50 per share). Options to purchase shares of the majority shareholder normally vest annually in three tranches and lapse after a maximum term of five years. The vesting of the Options is subject to the participants remaining in the Group's service until the vesting date. The Options are not subject to the achievement of any performance conditions.

Details of the Options outstanding during the year are as follows:

	Year ended Dec. 31, 2022		Year ended Dec. 31, 2021	
	Number of Performance Rights	Weighted average exercise price ($)	Number of Performance Rights	Weighted average exercise price ($)
Outstanding at beginning of year	3,163,674	0.48	4,495,196	0.53
Granted during the year	-	-	120,000	1.50
Forfeited during the year	(142,857)	0.17	(488,618)	0.63
Exercised during the year	(962,666)	0.42	(962,904)	0.74
Outstanding at the end of the year	**2,058,151**	**0.53**	**3,163,674**	**0.48**
Outstanding and exercisable	**1,930,156**	**0.51**	**2,389,331**	**0.47**

A total of 962,666 Options were exercised during 2022 (2021:962,904). The weighted average remaining life of the Options at the end of 2022 was 0.5 years (2021: 3.0 years) and the exercise prices of the Options were between $0.42 and $0.67 per share.

19 SHARE-BASED PAYMENT RESERVE (Continued)

Participation rights

Certain employees of the Company have earned participation rights, each of which entitles them to receive one share of the Company, vesting in semi-annual tranches spanning a 40-month period from the date of grant.

A total of 5,500,000 participation rights over ordinary shares of the Allied Gold Corp Limited were granted in 2022 (2021: nil) with an exercise price of nil. Of those, 3,000,000 participation rights are subject to a contractual put option whereby the holder of the shares issued upon vesting may require the Company to repurchase the shares at a fixed price of US$2 per share if there is no liquidity event prior to a specified date.

Participation rights subject to put options are cash-settled stock-based compensation and are accrued in liabilities at their fair value over the vesting period, with a corresponding expense recorded in profit or loss. An expense of $2,385 was recorded in 2022 related to cash-settled participation rights granted in that same year (2021: $nil).

Participation rights for which no put option has been granted are treated as equity-settled stock-based compensation, with the fair value at the date of grant recorded as an expense over the vesting period with a corresponding credit to share based payment reserve within equity. Stock-based compensation expense of $1,548 was recorded in 2022 (2021: $nil) related to the equity-settled participation rights.

20 PREFERRED SHAREHOLDER PUT OPTION

In October 2019, the Group entered into a shareholder agreement, including a put option over 42,844,230 preferred shares of the Company issued on that date which permit the Company's preferred shareholder to put their shares in the Company back to the Group. A similar put option was written over 33,149,254 shares issued in October 2020.

In particular, if the Company fails to achieve a Liquidity Event on or prior to December 31, 2023 (the "Liquidity Date"), or the Board determines that the initiation of a Liquidity Event is not in the best interests of the Company and its Shareholders, the Preferred Shareholder shall be entitled to require within one year following the Liquidity Date (such period to be extended at the option of the Preferred Shareholder by periods of six months if the Company is engaged in an IPO process at the time any such period expires) that the Company purchase its Shares (which may be effectuated by a nominee of the Company), for as long as the Preferred Shareholder or an Affiliate of the Preferred Shareholder holds Preferred Shares. The Put shall be exercisable by written notice from the Preferred Shareholder to the Company. The Company's majority shareholder, Allied Gold Corp also holds a call option on the same 75,993,484 preferred shares, entitling it to require that the Preferred Shareholder sells all of its Shares to Allied Gold Corp for as long as the Preferred Shareholder or an Affiliate of the Preferred Shareholder holds Preferred Shares. The Call shall be exercisable after 18 months following the Completion Date of each issuance by written notice from Allied Gold Corp to the Preferred Shareholder which notice, to be valid, shall set forth in reasonable detail the purchase price and its calculation (including the assumptions utilized in such calculation and information supporting such assumptions) ("Call Notice"), with such Call Notice containing a period of not less than 30 days whereby the Preferred Shareholder can elect to convert all of its Preferred Shares to Ordinary Shares ("Conversion Period").

If during the Conversion Period the Preferred Shareholder converts its Preferred Shares to Ordinary Shares, the Call Option will lapse. If the Conversion Period expires and the Preferred Shareholder has not converted its Preferred Shares to Ordinary Shares, then, unless otherwise agreed between the parties, completion of the sale pursuant to the Call will occur on that date that is 30 days of the date the Conversion Period expired.

If either the put or the call options are exercised, the Company shall repurchase the preferred shares for the higher of:

a) the fair price of such Shares; and

b) the price for such shares as shall result in the Preferred Shareholder achieving a set Preferred Shareholder IRR; and

c) at any other time, the fair price of such Shares.

The preferred shareholder put option represents a put option on the entity's own shares. As such the liability to be recorded is the present value of the redemption amount, subsequently remeasured at each reporting date with the change in estimates of the present value recognized as a gain or loss in the period. Upon settlement or expiration of the option, the liability will be derecognised with a corresponding adjustment to equity.

Expressed in thousands of United States Dollars, unless stated otherwise

20 PREFERRED SHAREHOLDER PUT OPTION (Continued)

The redemption amount for the put liability was calculated as the higher of the fair market value of the preferred share and the cash flows needed to achieve the minimum IRR using a discounted cash flow valuation approach taking into consideration the returns on the aggregate of the Preferred Shareholder's investments in the Group.

At December 31, 2022 and 2021, the value of the put liability is based on the future share value, which requires management to make assumptions on the share price growth rate and the discount rate.

During the year ended December 31, 2022, the Directors reviewed the valuation approach due to the absence of market data for the share value, and concluded that the most appropriate valuation methodology is a multi-factor comparison to publicly traded peer group. A weighting to each factor was applied to arrive at final valuation adjustment.

- Share Price movement (60%) – total change in peer group share price movement from January 1, 2022 to December 31, 2022
- Regression Analysis (20%) – simulated share price movement based solely on movement in gold price
- Trading Multiples (20%) – change in peer from P/NAV multiple based on broker consensus information.

The weighted-average of the three factors resulted in 11% increase to the fair value of Allied shares during the year.

The directors considered the suitability of the peer group, which was comprised of similarly sized, African-focused gold producers.

In the absence of direct market-based transactions or a significant change to the Company's operating plan the Directors believe this approach will be the appropriate way to value the company's shares.

A 10-cent increase in the resulting share value would increase the value of the put liability by $7.6m at December 31, 2022 and 2021.

A summary of the preferred shareholder put option liability and finance expense is as follows:

	Fair value ($)
Preferred shareholder put option liability at December 31, 2020	**29,865**
Revaluation of preferred shareholder put option liability	76,603
Preferred shareholder put option liability at December 31, 2021	**106,467**
Revaluation of preferred shareholder put option liability	11,931
Preferred shareholder put option liability at December 31, 2022	**118,398**

Equity option granted to Endeavour Gold Corporation

As described in Note 4, the Company granted to Endeavour Gold Corporation a put option entitling it (at its absolute discretion) to require the Company to purchase any of the Company's consideration shares at a price of $1.50 per consideration share, a total of $40,000. The put option shall lapse if it is not duly exercised on the first to occur of (a) an IPO, and (b) December 31, 2022 (or such later date as the Company and Endeavour Gold Corporation may agree (at their absolute discretion)). The option was extended to February 28, 2023.

In February 2023, the Group and the minority put option holder agreed to defer the exercise and expiration dates of the put option and increased the redemption value of the puttable shares from $40,000 to $50,000. As a result of this agreement, the put option is now exercisable from October 1, 2023 and expires if not exercised by December 31, 2023. The option also lapses if not exercised prior to the company undertaking an Initial Public Offering.

Expressed in thousands of United States Dollars, unless stated otherwise

21 NATURE AND PURPOSE OF OTHER RESERVES

Other reserves

Other reserves comprise the net present value at inception that may become payable upon the exercise of put options (as described in Note 20).

Share-based payment reserve

Share-based payment reserve represents the cumulative share-based payment expense for the Company's share incentive schemes under which employees are granted shares of the Company's majority shareholder or shares of the Company.

Corporate reorganisation reserve

This represents account balances transferred from Allied Gold Corp as a result of the Share Swap which are not payable to Allied Gold Corp.

Retained earnings

Retained earnings represent distributable profits to shareholders and include all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

22 REVENUE

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Gold	**668,584**	488,500
Silver	**967**	835
Total sales revenue	**669,551**	489,335

23 COST OF SALES

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021** $
Mine production costs	**443,874**	333,878
Royalties	**40,597**	27,926
Refining	**2,350**	1,928
	486,821	363,732
Depreciation	**33,050**	36,962
Amortisation of mining interests	**20,277**	31,785
	540,148	432,479

24 ADMINISTRATIVE EXPENSES

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Consultancy expenses	**7,699**	10,014
Foreign currency losses	**5,947**	42
Salaries and related benefits	**18,759**	18,597
Legal, visa and professional costs	**11,395**	10,164
Travelling and entertainment expenses	**3,639**	1,947
Other expenses	**5,074**	3,242
	52,513	44,006

Expressed in thousands of United States Dollars, unless stated otherwise

25 FINANCE COSTS

Interest expenses from financial liabilities	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Interest expenses from financial liabilities		
Borrowings	**9,005**	10,045
Other finance costs		
Provisions	**3,250**	1,144
Financing component of streaming arrangement	**4,704**	5,014
Deferred and contingent consideration	**5,698**	4,823
Other interest expense	**1,340**	931
	23,997	21,957

26 FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 5 to the financial statements.

The accounting policies for financial instruments have been applied to the line items below:

Financial assets at amortised cost

	Dec. 31, 2022 $	Dec. 31, 2021 $
Cash and bank balances	**45,163**	56,603
Restricted cash	**6,656**	40,060
Loans to related party	**21,589**	29,336
Other receivables	**6,422**	7,157
	79,830	133,156

Financial liabilities at amortised cost

	Dec. 31, 2022 $	Dec. 31, 2021 $
Borrowings	**53,534**	89,474
Trade payables and other financial liabilities[1]	**129,938**	115,766
Deferred consideration – F&M Resources	-	242
	183,472	205,482

[1] Excludes certain accruals and provisions which do not meet the definition of financial liabilities.

Expressed in thousands of United States Dollars, unless stated otherwise

26 FINANCIAL INSTRUMENTS (continued)

Financial liabilities at fair value through profit or loss

	FV Hierarchy Level	Dec. 31, 2022 $	Dec. 31, 2021 $
Contingent consideration – Agbaou	**3**	**13,640**	5,880
Deferred consideration – Sadiola	**3**	**33,666**	28,058
Preferred shareholder put option liability	**3**	**118,398**	106,467
Minority shareholder put option liability	**3**	**40,000**	40,000
Derivative instruments on gold offtake agreements[1]	**3**	**-**	-
		205,704	180,405

[1] The Group recorded a loss of $1,543 on derivative instruments embedded in gold offtake agreements during the year ended December 31, 2022 (2021: $nil).

Contingent consideration – Agbaou
The contingent consideration recorded on the acquisition of Agbaou relates to a royalty on future production from the Agbaou mine applicable to ore that is mined in excess of 320,611 oz. The contingent consideration was valued using a discounted cash flow approach at each reporting date.

Deferred consideration – Sadiola

Deferred consideration recorded on the acquisition of Sadiola includes:

- Deferred consideration of $24.9 million ($12.45 million each to AGA and IMG) upon the production of the first 250,000 ounces from the Sadiola Sulphides Project (“SSP”); and
- Further deferred consideration of $24.9 million ($12.45 million each to AGA and IMG) upon the production of a further 250,000 ounces from the SSP.

The deferred consideration was valued using the discounted cash flow approach at the date of acquisition.

Financial assets at fair value through profit and loss - call option over Ethiopian joint venture

Pursuant to the 2017 agreement to acquire a 64.46% interest in the gold exploration assets of APM Ethiopia Limited (“APM") in Ethiopia, the Group was also granted a call option to acquire an additional 5.54% interest in the asset, which if exercised would take the Group’s interest in APM Ethiopia to 70%.

The Company has prepared a valuation of its Option adopting a mixture of the income and/or market approach to value the project assets depending on the stage of development. For each project valuation date and stage, the Company considered a range of enterprise values (EVs) and net asset values (NAVs) with a midpoint estimate used to estimate the value of each of the assets. The premise of value for each of the projects is fair market value. The fair value of the Group’s Option was estimated using the risked-NAV and the Black-Scholes-Merton (BSM) Option valuation model.

On the basis of these methodologies, as at December 31, 2022, the Group derived a fair market valuation of the Option of $940 (2021: $1,460).

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. At December 31, 2022, the fair value re-measurement has been reflected in profit and loss as a loss of $520 (2021: loss of $3,110).

Expressed in thousands of United States Dollars, unless stated otherwise

26 FINANCIAL INSTRUMENTS (continued)

Financial assets at fair value through profit and loss - call option over Ethiopian joint venture (continued)

The movement in the fair market value of the Option is summarised below:

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Option value at beginning of year	**1,460**	4,570
Re-measurement at fair value through profit or loss	**(520)**	(3,110)
Derivative carried at fair value	**940**	1,460

27 FINANCIAL RISK MANAGEMENT OBJECTIVES

Capital risk management:

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. It also includes shareholder debt, including a streaming facility which contains a financing component, and a senior secured facility disclosed in notes 13 and 14 respectively. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value.

All such financing requires formal board approval. The Directors review the Company's monthly and quarterly reports through which they assess the effectiveness of the processes put in place and the appropriateness of the objectives and corporate governance policies it sets.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the funders to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions and the requirements of the financial covenants. The Group includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2022.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of obligations associated with financial liabilities of the Group and the availability of funds to meet those obligations. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Group's financial liabilities carried at amortised cost approximate their carrying balances as the impact of discounting is not significant.

Expressed in thousands of United States Dollars, unless stated otherwise

27 FINANCIAL RISK MANAGEMENT OBJECTIVES (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one year $	Between one and two years $	Between two and five years $	Over five years $
At December 31, 2022				
Borrowings	26,945	24,350	11,191	-
Trade and other payables	129,938	-	-	-
Preferred shareholder put option liability	-	-	153,917	-
Minority shareholder put option liability	40,000	-	-	-
Deferred and contingent consideration	3,999	29,686	33,187	-
At December 31, 2021				
Borrowings	47,440	25,925	34,839	-
Trade and other payables	115,766	-	-	-
Preferred shareholder put option liability	-	-	179,929	-
Minority shareholder put option liability	40,000	-	-	-
Deferred and contingent consideration	242	-	52,280	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's financial assets include trade and other receivables, deposits and cash and cash equivalents.

Ongoing credit evaluation is performed on the financial conditions of the counterparties to the trade and other receivables and deposits. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group manages the credit risk associated with cash by investing these funds with highly rated financial institutions, and by monitoring its concentration of cash held in any one institution. As such, the Group deems the credit risk on its cash to be low.

The Group closely monitors its financial assets (excluding cash) and does not have any significant concentration of credit risk.

The Group sells its gold to large international organisations with strong credit ratings, and the historical level of customer defaults is minimal. As at December 31, 2022, there were no outstanding amounts in respect of trade receivables (2021: US$ nil) and, as a result, the credit risk associated with gold trade receivables at December 31, 2022 is considered to be negligible. The Group does not rely on ratings issued by credit rating agencies in evaluating counterparties' related credit risk.

The Group's maximum exposure to credit risk is as follows:

	Dec. 31, 2022 **$**	Dec. 31, 2021 $
Cash and bank balances	**45,163**	56,603
Restricted cash	**6,656**	40,060
Loans to related party	**21,589**	29,336
Other receivables	**6,422**	7,157
Staff loan and advances	**408**	416
	80,238	133,572

Expressed in thousands of United States Dollars, unless stated otherwise

27 FINANCIAL RISK MANAGEMENT OBJECTIVES (Continued)

Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50-basis point increase or decrease is used for reporting interest rate risk internally to key management and represents management's assessment of the reasonable possible change in interest rates.

Interest rates on the Group's debt finance are either fixed or variable at a fixed spread over LIBOR for the duration of the contract. Changes in interest rates impact borrowings by changing their fair value (fixed rate debt) or future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. When raising new financing, management uses its judgment to decide whether fixed or variable rates would be more favourable over the expected period until maturity.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Group's loss before interest and tax for the year would increase / decrease by approximately $370 (2021: $447).

Foreign currency risk

Certain of the Group's transactions are carried out in currencies which differ from the functional currency, which is the US Dollar for all entities of the Group. Exposures to currency exchange rates arise primarily from the Group's receivables, cash and payable balances denominated in foreign currencies.

Foreign currency risk management

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies other than in $ are as follows:

	Liabilities $	**Assets** $
At December 31, 2022		
West African Franc (XOF)	27,745	-
Euro	1,979	-
South African Rand (ZAR)	577	-
Others	1,172	-
At December 31, 2021		
West African Franc (XOF)	37,170	-
Euro	1,604	-
South African Rand (ZAR)	419	-
Others	366	-

Expressed in thousands of United States Dollars, unless stated otherwise

27 FINANCIAL RISK MANAGEMENT OBJECTIVES (Continued)

The following table details the Entity's sensitivity to a 10% increase or decrease in the functional currency against the relevant foreign currencies. 10% is the sensitivity rate used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit or loss where the functional currency weakens 10% against the relevant currency. For a 10% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit or loss, and the balances below would be negative.

	Dec. 31, 2022 Profit or loss	Dec. 31, 2021 Profit or loss
	$	$
All foreign currencies combined	**(3,147)**	(3,956)

28 TAXATION

Income tax expense

The charge for the year can be reconciled to the profit / (loss) before tax as follows:

	Year ended Dec. 31, 2022	**Year ended Dec. 31, 2021**
Current tax:		
• Current year	**41,081**	24,711
• Adjustment in respect of prior years	**1,964**	3,343
Deferred tax		
• Origination and reversal of temporary differences	**6,069**	(7,938)
Income tax expense	**49,114**	20,116

No income tax is levied on the results of Allied Gold Corp Limited in Jersey. Cote d'Ivoire income is taxable at a rate of 25%. In Mali, the corporate of tax is 30%.

	Year ended Dec. 31, 2022	**Year ended Dec. 31, 2021**
Net profit / (loss) before tax	**54,320**	(90,226)
Tax at the Côte D'Ivoire corporation tax rate of 25% (2021: 25%)	**13,580**	(22,557)
Adjusting items:		
Non-assessable (income)/expenses	**11,438**	26,255
Non-deductible expenses	**13,377**	10,019
Impact of differences in foreign tax rates	**3,625**	92
Recognition of prior year tax charges	**1,964**	3,343
Others	**5,130**	2,964
	49,114	20,116

Income tax expense

No amounts relating to tax credit have been recognised in other comprehensive income or directly in equity.

Expressed in thousands of United States Dollars, unless stated otherwise

28 TAXATION (continued)

Deferred tax

The movement in the net deferred tax assets / (liabilities) was as follows:

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Balance brought forward	**2,100**	(5,559)
Amounts recognised on fair value adjustments arising on business combinations	**-**	(279)
Deferred tax assets on temporary differences recognised	**(6,069)**	7,938
Balance carried forward	**(3,969)**	2,100

Balance sheet presentation	Dec. 31, 2022 $	Dec. 31, 2021 $
Deferred tax assets	**8,156**	5,965
Deferred tax liabilities	**(12,125)**	(3,865)
Balance carried forward	**(3,969)**	2,100

The deferred tax amounts recognised on the business combination was recognised at the rate of 25% in respect of F&M Gold Resources Ltd and 30% in respect of Sadiola, being the rates of tax prevailing in Cote d'Ivoire and Mali respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

$	ARO	Deferred stripping	PP&E	Mining interests	Inventory	Financial liabilities	Total
As at January 1, 2021	**1,296**	**11,016**	**(4,874)**	**(17,657)**	**7,042**	**(2,382)**	**(5,559)**
Charge / (credit) to profit or loss	(689)	1,440	2,954	6,654	(1,266)	(1,155)	7,938
Arising on business combination	-	6,770	2,580	(10,125)	496	-	(279)
As at December 31, 2021	607	19,226	660	(21,128)	6,272	(3,537)	2,100
Charge / (credit) to profit or loss	(1,544)	(9,467)	1,399	4,129	(2,147)	1,561	(6,069)
As at December 31, 2022	**(937)**	**9,759**	**2,059**	**(16,999)**	**4,125**	**(1,976)**	**(3,969)**

At the reporting date, the Group has unrecognized deferred tax assets of $17,477 (2021: $16,954). The deferred tax assets have not been recognised as it is not considered probable that there will be future taxable profits available to offset them against. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Expressed in thousands of United States Dollars, unless stated otherwise

29 EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings (loss) per share and the reconciliation of the number of shares used to calculate basic and diluted earnings (loss) per share are as follows:

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Net loss attributable to the owners of the Company	**(7,420)**	(114,819)
Weighted-average shares outstanding – basic and diluted	**409,072,591**	404,689,029
Basic and diluted loss per share	**(0.02)**	(0.28)

There were no potential dilutive instruments during the years ended December 31, 2022 and 2021.

30 NON-CONTROLLING INTERESTS

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Bonikro Gold Mine CI SA & Hiré Gold Mine CI SA		
Current assets	**42,909**	33,954
Non-current assets	**109,748**	103,981
Current liabilities	**100,649**	84,196
Non-current liabilities	**4,437**	19,348
Equity attributable to owners of the Company	**36,132**	32,351
Non-controlling interests	**4,212**	2,040
Profit attributable to non-controlling interests	**2,385**	1,917
Dividends paid to non-controlling interests	**213**	-

	Year ended Dec. 31, 2022 $	**Year ended Dec. 31, 2021 $**
Société d'Exploitation des Mines d'Or de Sadiola S.A.		
Current assets	**70,304**	70,070
Non-current assets	**194,862**	153,716
Current liabilities	**108,029**	98,488
Non-current liabilities	**43,703**	51,723
Equity attributable to owners of the Company	**67,754**	31,559
Non-controlling interests	**49,988**	42,016
Profit attributable to non-controlling interests	**7,972**	2,154
Dividends paid to non-controlling interests	**-**	-

Expressed in thousands of United States Dollars, unless stated otherwise

30 NON-CONTROLLING INTERESTS (Continued)

	Year ended Dec. 31, 2022 $	Year ended Dec. 31, 2021 $
Agbaou Gold Operation S.A		
Current assets	**95,738**	67,111
Non-current assets	**12,532**	64,077
Current liabilities	**57,180**	22,301
Non-current liabilities	**33,805**	20,118
Equity attributable to owners of the Company	**5,611**	77,830
Non-controlling interests	**11,852**	10,939
Profit attributable to non-controlling interests	**2,269**	406
Dividends paid to non-controlling interests	**1,357**	-

The movements in the non-controlling interests balances for the years ended December 31, 2022 and 2021 are as follows:

	$
Balance at January 1, 2021	39,985
Share of profit for the year	4,477
Non-controlling interests arising on the acquisition of Agbaou Gold Operations S.A.	10,534
Balance at December 31, 2021	54,996
Share of profit for the year	12,626
Dividend paid to minority shareholder	(1,570)
Balance at December 31, 2022	**66,052**

Expressed in thousands of United States Dollars, unless stated otherwise

31 COMMITMENTS & CONTINGENCIES

	Dec. 31, 2022 $	Dec. 31, 2021 $
Capital commitments	**6,938**	6,768
Contingent payments	**302**	1,827
Outstanding letter of credit	**-**	5,000

COMMITMENTS & CONTINGENCIES UNDER EXPLORATION DEVELOPMENTS

	Dec. 31, 2022 $	Dec. 31, 2021 $
Development related commitments	**252,213**	252,213

a) The capital commitments include the amount which the Group has committed to invest in relation to capital expenditure and exploration activities in the Ivory Coast and Mali. Minimum funding requirements in relation to capital expenditure and exploration activities in Ethiopia have been met thus no further capital commitment is disclosed above.

b) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at December 31, 2022, no amounts have been accrued relating to such matters (December 31, 2021: nil).

d) A Net Smelter Royalty on future production from the "PB5" extension of the Bonikro mine on a maximum of 560,000 ounces of gold production, as follows:

Average Gold Price	**Percentage of Net Smelter Return**
$1,250 or less	0%
$1,251 to $1,299	2.5%
$1,300 to $1,349	3.0%
$1,350 to $1,399	3.5%
$1,400 to $1,449	4.0%
$1,450 and above	4.5%

Expressed in thousands of United States Dollars, unless stated otherwise

32 RECONCILIATION OF FINANCING CASH FLOWS

Year ended December 31, 2022	Opening balances $	Increase of put option $	Accrued interest $	Adjustment at fair value $	Cash payments $	Closing balance $
Borrowings	**89,474**	**-**	**9,005**	**-**	**(44,945)**	**53,534**
Preferred shareholder put option liability	**106,467**	**-**	**-**	**11,931**	**-**	**118,398**
Minority shareholder put option liability	**40,000**	**-**	**-**	**-**	**-**	**40,000**
Totals	**235,941**	**-**	**9,005**	**11,931**	**(44,945)**	**211,932**

Year ended December 31, 2021	Opening balances $	Inception of put option $	Accrued interest $	Adjustment at fair value $	Cash payments $	Closing balance $
Borrowings	80,469	-	10,045	-	(1,040)	89,474
Preferred shareholder put option liability	29,865	-	-	76,602	-	106,467
Minority shareholder put option liability	-	40,000	-	-	-	40,000
Totals	**110,334**	**40,000**	**10,045**	**76,602**	**(1,040)**	**235,941**

33 ULTIMATE CONTROLLING PARTY

Allied Gold Corp, a company incorporated in the Seychelles, is the majority shareholder of the Company. However, in their roles as shareholder and lender to the Group, Orion Mine Finance has the right to prevent the Group from entering into certain transactions provided they have a reasonable basis to do so. As a result of this contractual right, the Directors have concluded that there is no single ultimate controlling party for the Group.

34 RELATED PARTIES BALANCES AND TRANSACTIONS

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

Other than as disclosed herein, related party transactions have been entered into and disclosed separately within these financial statements in respect of the following:

- Note 18: The issue of preferred shares to Orion Mine Finance in 2021
- Note 19: The operation of a Long-term Incentive Plan by the majority shareholder
- Note 20: The preferred shareholder put option held by Orion Mine Finance
- Note 14: Orion Mine Finance’s interests in loans made to the Group

a) Allied Gold Corp Limited and its subsidiaries

All subsidiaries and the Directors of the Company are considered to be related parties. The following parties are the significant related parties to Allied Gold Corp Limited:

Name	*Relationship*
Allied Gold Corp	Majority shareholder
Allied Holdings Group	Controlled by Justin Dibb
Incipient Capital	Controlled by Justin Dibb / Phillip Shamieh
OB Capital	Controlled by Phillip Shamieh
Allied Resources Group	Under common management
Allied Resources Commercial Brokers (L.L.C)	Controlled by Justin Dibb / Phillip Shamieh
Top Rock Mining Plc	Under common management
TheSiger Pty Limited	Controlled by Greg Winch
Orion Mine Finance (OMF Fund III)	Preferred shareholder in the Company
APM Ethiopia Limited	Investment in exploration vehicle
SMW Gold Limited	Investment in exploration vehicle
Oak Valley Limited	Shareholder in AGC, controlled by Justin Dibb
Blue Oak Limited	Shareholder in AGC, controlled by Phillip Shamieh
Cordell Pty Ltd Provident Fund	Shareholder in AGC, controlled by Richard White
Dharma Investment Limited	Shareholder in AGC, controlled by Roy Lyon
Endeavour Mining Plc	Shareholder in AGCL

Expressed in thousands of United States Dollars, unless stated otherwise

b) Key management personnel and Directors' compensation

	Year ended Dec. 31, 2022	**Year ended Dec. 31, 2021**
	$	**$**
Salaries and bonuses	**8,231**	1,380
Share-based payment expense	**5,039**	13,035
	13,270	14,415

No compensation for key management personnel and Directors is in the form of post-employment benefits, long-term benefits or termination benefits.

In addition, an amount of $285 (2021: $74) was paid to TheSiger Pty Limited in respect of services provided to the Group. The amounts outstanding and payable to TheSiger Pty Limited as at December 31, 2022 were $7 (2021: $8). These services were entered into on terms equivalent to those that prevail in arm's length transactions and the amounts owing are to be settled in cash.

During the year ended December 31, 2022, the Group received funds of $3,000 on behalf of Allied Resources Commercial Brokers. The funds were immediately remitted to Allied Resources Commercial Brokers upon receipt.

c) Owed to related parties

	Relationship	**Dec. 31, 2022**	**Dec. 31, 2021**
		$	**$**
Loan from related parties	Preferred shareholder: Orion Mine Finance (OMF Fund III - Note 14)	**53,534**	84,293
		53,534	84,293

d) Due from related party

	Relationship	**Dec. 31, 2022**	**Dec. 31, 2021**
		$	**$**
Due from related party	Majority shareholder (AGC)	**21,264**	22,210
Due from related party	Endeavour Mining Corporation	**325**	7,126
		21,589	29,336

The amounts due from AGC are non-interest bearing unsecured and repayable on demand. The Group applied the General Approach in order to estimate the expected credit losses on the amounts due from related party and concluded that no material credit losses are expected.

A current income tax liability of $7,126 has been recognized in respect of historic tax claims made in 2023 against Agbaou Gold Operations relating to the fiscal years under previous ownership.

A corresponding indemnification asset of $7,126 was recognized in respect of these tax claims. Tax claims pre-dating the acquisition were indemnified under the terms of the Sale and Purchase Agreement entered into with Endeavour Mining Corporation. The final amount was agreed and settled by the previous owners subsequent to the year-end during 2023.

Expressed in thousands of United States Dollars, unless stated otherwise

35 OPERATING SEGMENTS

The Group operates in two countries, Côte d'Ivoire (Bonikro & Hiré mines and Agbaou mine) and Mali (Sadiola mine). The following table provides the Group's results by operating segment in the way information is provided to and used by the Company's Board of Directors as the chief operating decision maker to make decisions about the allocation of resources to the segments and assess their performance. The Group considers each of its operational mines to be a separate segment, with the exception of the Bonikro and Hiré mines which form a single segment due to the interrelationships in the operations of the mines. Corporate legal entities are aggregated and presented together as part of the "other" segment on the basis of them sharing similar economic characteristics.

Year ended December 31, 2022	**Bonikro & Hiré mines**	**Agbaou mine**	**Sadiola mine**	**Other**	**Total**
Revenue	163,557	189,936	316,058	-	669,551
Cost of sales	121,577	153,465	265,106	-	540,148
Gross profit	**41,980**	**36,471**	**50,951**	**-**	**129,402**

Year ended December 31, 2021	**Bonikro & Hiré mines**	**Agbaou mine**	**Sadiola mine**	**Other**	**Total**
Revenue	144,455	168,602	176,278	-	489,335
Cost of sales	111,218	155,312	165,949	-	432,479
Gross profit	**33,237**	**13,290**	**10,329**	**-**	**56,856**

Balances at December 31, 2022	**Bonikro & Hiré mines**	**Agbaou mine**	**Sadiola mine**	**Other**	**Total**
Current assets	42,387	38,221	70,448	9,856	160,912
Mining interests	57,887	10,113	85,985	-	153,985
Other non-current assets	122,720	18,946	108,904	93,531	344,101
Total assets	**222,994**	**67,280**	**265,337**	**103,387**	**658,998**
Current liabilities	55,527	86,696	58,278	37,845	238,346
Non-current liabilities	44,545	33,805	77,368	153,569	309,287
Total liabilities	**100,072**	**120,501**	**135,646**	**191,414**	**547,633**

Balances at December 31, 2021	**Bonikro & Hiré mines**	**Agbaou mine**	**Sadiola mine**	**Other**	**Total**
Current assets	35,421	61,381	60,129	17,192	174,123
Mining interests	66,049	19,265	88,948	-	174,262
Other non-current assets	106,771	31,714	97,805	68,528	304,818
Total assets	208,241	112,360	246,882	85,720	653,203
Current liabilities	60,925	47,494	43,908	88,276	240,603
Non-current liabilities	45,361	30,214	79,781	155,568	310,924
Total liabilities	106,286	77,708	123,689	243,844	551,527

36 SUBSEQUENT EVENTS

Endeavour put option deferral

In February 2023, the Group and the minority put option holder, Endeavour Mining, agreed to defer the exercise and expiration dates of the put option expiry date entered into as part of consideration paid for the Agbaou mine and increased the redemption value of the puttable shares from $40,000 to $50,000. As a result of this agreement, the put option is now exercisable from 1 October 2023 and expires if not exercised by December 31, 2023. The option also lapses if not exercised prior to the company undertaking an Initial Public Offering.

Potential Capital raise and public listing of the Group

In April 2023, the Group announced the potential to merge with an issuer in Canada ("Listco"), which will then be traded on a North American market by August 31, 2023.

In May 2023 the Group entered into an agreement with Listco and other parties, which Allied may terminate at any time at its discretion, which could result in the Reverse Take-Over ("RTO") of Listco.

In July 2023 the Group announced the achievement of a capital raise of approximately US$250 million through the issuance of common shares and convertible debentures of Listco. The closing of the Going Public Event and the listing of the Listco shares and the Listco debentures on the Toronto Stock Exchange ("TSX") are anticipated to take place Iin the second half of August, subject to obtaining all necessary regulatory, corporate, shareholder, and third-party approvals and consents, including approval from the TSX. The common shares of Listco will be issued at a price of US$1.97 (CAD$2.62). In connection with the Going Public Event, the Common Shares will be consolidated on a 1:2.2585 basis prior to the issuance of the Resulting Issuer Shares, which are expected to trade in Canadian Dollars reflecting an effective price of approximately C$5.92 per Resulting Issuer Share. The convertible debentures, maturing five years from the date of issuance and bearing interest at 8.75% per annum will be issued for US$1,000 units, with a maximum of US$100 million issued, inclusive of the agents' option. The debentures will be convertible at the holder's option into Listco shares at any time following the issuance thereof at a price of US$5.79 (C$7.71) per share, representing a 30% conversion premium on a reference price of US$4.45 (C$5.92).

Although this proposed transaction continues to proceed, its completion remains subject to conditions that have not yet been met at the date of approving these financial statements, and so the outcome of this potential transaction is not certain.

Acquisition of the Diba Project

In July 2023, the Group announced that it has agreed to acquire the permitted Korali-Sud Small Scale Mining License as well as the highly prospective Lakanfla Exploration License (together, the "Diba Project") from Elemental Altus Royalties Corp, subject to regulatory approvals.

The agreed purchase price consists of cash payments and a Net Smelter Returns ("NSR") royalty:

- Cash Payments totalling up to $6m, with an initial amount of $1m payable on closing, followed by deferred amounts of up to $5m payable upon the attainment of defined production milestones of up to 200,000 ounces produced from Korali-Sud; and
- NSR Royalty: The remainder of the purchase price consists of an NSR royalty at a rate of 3% for the first 226,000 ounces of gold produced from Korali-Sud, and at a rate of 2% for ounces from Korali-Sud and Lakanfla thereafter.