CONSOLIDATED FINANCIAL STATEMENTS December 31, 2018

(Expressed in US Dollars)

Approved by Chairman: Ilia Karas

Prepared by: Ousmane Tounkara

Profit and loss statement for the period ended 31st December 2018

(Unaudited - Expressed in US Dollars)

	Period ended As of December 31, 2018	**Period ended As of December 31, 2017**
REVENUE		
Revenue		
Total Revenue	**0**	**0**
Operating Expenses	(64,618)	(7,498)
Total Operating Expenses	**(64,618)**	**(7,498)**
Research and Development, payable	(30,000)	
License fees & taxes		(104,800)
Supplies		(18,951)
Total Research and Development Expenses	**(30,000)**	**(123,751)**
General and Administrative Expenses	(169,967)	(172,143)
Total General and Administrative Expenses	**(169,967)**	**(172,143)**
Depreciation	(115,242)	(131,066)
Total Operating Income or Loss	**(379,827)**	**(434,458)**
Below-the-Line Items		
Foreign Currency Translation	(968)	(631)
Net Income	**(380,795)**	**(435,089)**

Balance Sheet for the year ended 31st December 2018

(Expressed in US Dollars)

ASSETS	As of December 31, 2018	As of December 31, 2017
Current Assets		
Cash and cash equivalents	52,739	506,818
Short-term financial instruments	6,818	
Total Current Assets	**59,557**	**506,818**
Fixed Assets		
Property, plant & equipment	1,784,366	1,684,366
–Less: accumulated depreciation	(246,308)	(131,066)
Net property plan & equipment	1,538,058	1,553,300
Capitalized exploration and evaluation costs	5,793,765	5,286,501
Total Fixed Assets	**7,331,823**	**6,839,801**
TOTAL ASSETS	**7,391,380**	**7,346,619**
LIABILITIES		
Current Liabilities		
Option issued		15,000
Short term debt		328,258
Bonds Payable	127,656	
Total current liabilities	127,656	343,258
Long Term liabilities		
Accounts Payable	2,209,500	2,179,500
Accrued Liabilities	1,044,146	715,888
Deferred Income		500,000
Long Term Debt	167,900	
Total long-term liabilities	3,421,546	3,395,388
TOTAL LIABILITIES	**3,549,202**	**3,738,646**
SHAREHOLDERS EQUITY		
Additional Paid-In Capital	5,613,405	4,998,405

Retained Earnings	(1,771,227)	(1,390,432)
TOTAL SHAREHOLDERS EQUITY	**3,842,178**	**3,607,973**
TOTAL LIABILITIES AND EQUITY	**7,391,380**	**7,346,619**

Statement of Cash Flows for the Period ended 31st December 2018

(Unaudited - Expressed in US Dollars)

	Period ended As of December 31, 2018	Period ended As of December 31, 2017
Operating activities	(55,091)	(178,343)
Contract	(290,566)	
General and admistrative expenses	(169,967)	
Licensing fees and taxes	(20,000)	(104,800)
Professional fees	(96,698)	(400)
Other	(9,527)	(898)
Net cash from operating activities	**(641,849)**	**(284,441)**
Equipment purchase	(100,000)	
Investment in exploration and evaluation assets		(18,951)
Feasibility study	(100,000)	(51,001)
Cash flows from investing activities	**(200,000)**	**(69,952)**
Long-term loan	167,900	
Proceeds from issuance of common stock	100	87,084
Additional paid-in capital	599,900	198,899
Proceeds from issuance of debt and notes	127,656	556,857
Cash flows from financing activities	**895,556**	**842,840**
Net increase in cash and equivalents		500,000
Cash and cash equivalents at beginning of period	52,879	11,412
Cash and cash equivalents at the end of period	**106,586**	**499,859**
Total FX adjustments	**828**	**(141)**

Mineral Assets Report

This document serves as the annual update of the Group Mineral Resources and Mineral Reserves and informs shareholders and potential investors of the status of the Group mineral assets.

Note on methodology: The Mineral Assets Report was prepared according to recommendation of evaluation of in-situ gold reserves.
http://www.alexanderresearch.com.au/images/stories/literature/what_are_insitu_resources_worth_an_empirical_study__bell_j_guj_p_standing_c_080710.pdf.

The outcome of the valuation analysis methodology described in this document was obtained by using a market-based approach, which is suitable for the valuation of individual assets for which a large amount of technical data has already been collected.

Market-based valuation is insightful, and inherently accounts for sovereign risk, discount rate and geological diversity that are reliant on a liquid, arbitrage-free market, relatively stable commodities prices and the assumption that mineral asset are comparable despite significant geological, metallurgical and engineering consideration.

The current market evaluates Farafina Gold Group SA mineral assets as high grade (higher than 3g/ton), high volume (more than 1 million ounces) in a low-risk environment. According to the recommendation for year 2007, these reserves are priced at $23/OZ (figure 7 of the document above).

The average gold price for 2007 was $700/OZ, from which this conservative gold price of $23/OZ was derived. Average gold price on December 31st, 2018 – $1278.30/Oz, therefore extrapolating the valuation methodology used in the report, gold price for estimates contained in this document are valued at $42.00/OZ.

Key features

Some key features relating to Farafina Gold Group SA Mineral resources and mineral reserves as at 31st December 2018 relative to 31st December 2017 are:

- Steady progress is being made to convert Mineral Resources across the Group from inferred category to an indicated and measured status.
- Additional work resulted in updated estimates for the Nzima and Kanguela East sites

Summary

The reporting of Mineral Resources and Mineral Reserves for Farafina Gold Group SA ("Company" or "Group") operations is conducted in accordance with the principles and guidelines contained in the Guinean Code for Reporting of Mineral Resources and Mineral Reserves.

The Company has grown its mineralized asset portfolio significantly in the past 5 years since the Group mineral assets portfolio was established. The company continues to explore promising horizons within the largest known auriferous Birimian Siguiri Basin and is situated within a mining region in which most of the gold mines of Guinea are located, such as Siguiri Ashanti Goldfields and Nordgold Lefa in the north and Kiniero in the southwest.

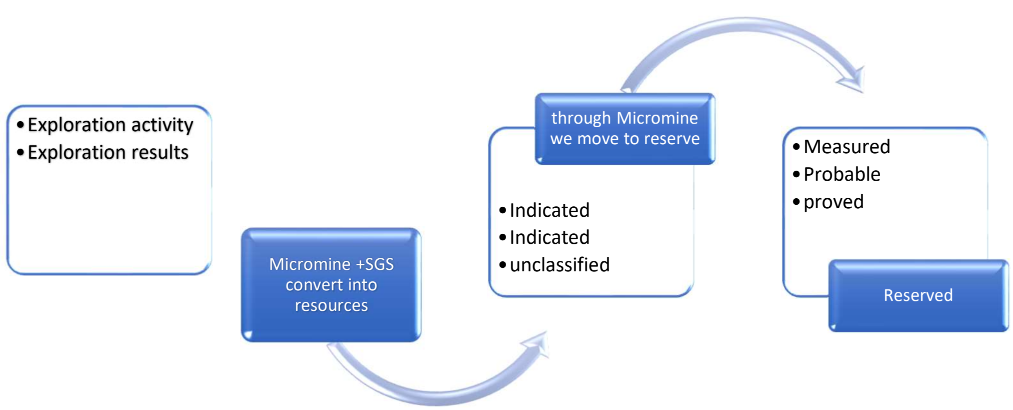
Integrated Mineral Resource Management at Farafina Gold Group SA.

Key Mineral Resource Management (MRM) areas, including exploration, geology, geostatistical modelling, mine-survey, sampling, MRM systems and mine planning have been integrated as a functional grouping over the past five and half years. The MRM function is the custodian of the mineral assets of the Group, which specifically strives to grow these assets in terms of both Resources and Reserves, and to unlock value through a constant search for optimal extraction plans which yield returns in line with the corporate and business objectives. The Group MRM function also strives to develop strategies and actions that are equal to best practice in the gold extraction industry.

The main objective of the MRM function is to add value to the organization, through:

- Appropriate investigation, study and understanding of the orebodies.
- Accurate and reconcilable Mineral Resource and Reserve estimates.
- Integrated and credible short-, medium- and long-term plans.
- Measured and managed outputs.
- Sound management information systems.

The following chart represents the key stages of the MRM process:



Gradually increasing level of geoscience knowledge and confidence

Functional liaison, co-operation and auditing have been imbedded in the MRM function throughout the Group. Specific focus is given to standardization and the development of protocols to govern the MRM function. The Group accordingly remains committed to:

- Continuously improving the management of mineral resources and related processes, whilst addressing skills development and retention
- Optimal exploitation of current assets, together with growth of the Mineral Resource base by leveraging and optimizing existing Group properties, exploration and acquisitions, including alliances and equity interests with third parties
- The legislative regime that governs mineral rights ownership
- The transparent, responsible disclosure of Mineral Resources and Mineral Reserves in line with the prescribed codes, SAMREC and JORC, giving due cognizance to materiality and competency.

The Group exploration strategy remained essentially unchanged from the previous, year i.e. focused on evaluation reverse circulation (RC) drilling and diamond drilling (DD) at or adjacent to existing local mining operations combined with pit and trench sampling. Estimated resources for the Kanguela East deposit are from the results of reconnaissance works, digital orthophotography, subsoil geochemistry, pit and trench sampling, drilling and analytical works. Specifically of note in the exploration on this deposit is the wide use of digital orthophotography for outlining of artisanal mining sites, and also carrying out of pilling tests.

The mineral resource estimates were carried out by wireframe and block modeling methods of ore zones using Micromine software and have been classified according to the JORC Code, sample of results below:

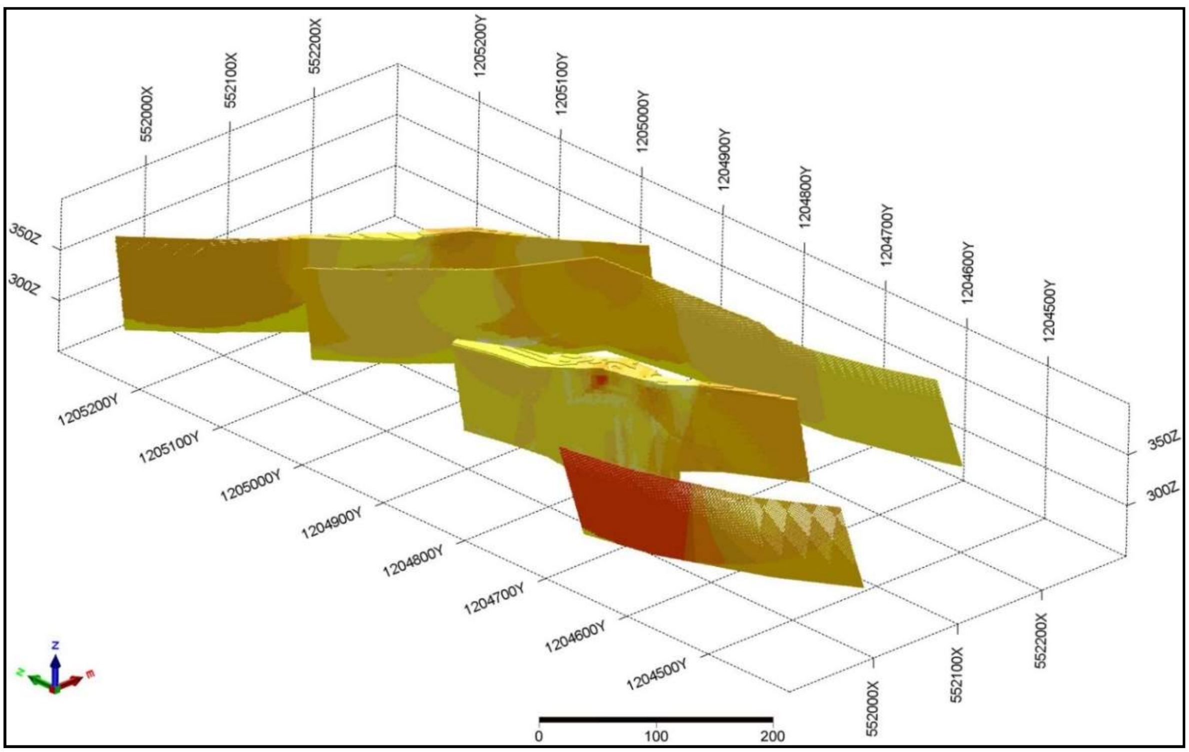


Figure 1. Block model for Wodokodoni site ore zones (3D-visualization)

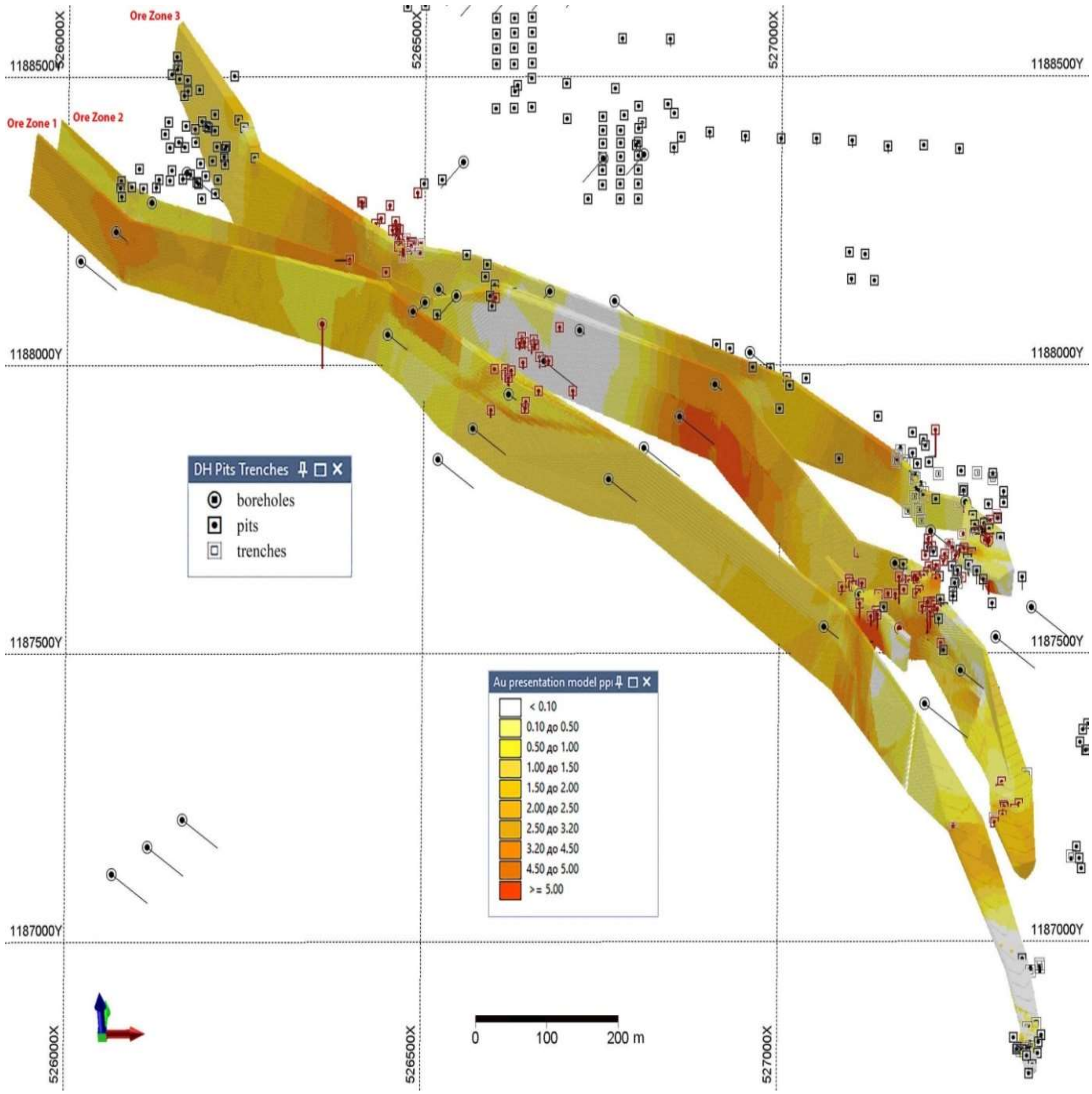


Figure 1 Block model for Nzima deposit ore zones (3D-visualization).

Attributable Mineral Resources

Attributable Mineral Resources 31st December 2018:

Metal Balance
As of 31 December,
2018

	Category	Tonnes (000s)	Grade (gm/t)	Attributable Ounces (000s)
(Nzima), kOuz	Indicated	1,755	2.3	130
	Inferred	3,619	1.7	199
	Unclassified	3,482	2.0	224
	Total	**8,856**	**1.9**	**553**
(Kanguela East), kOuz	Indicated	466	1	18
	Inferred	2,532	2	160
	Unclassified	3,000	3	258
	Total	**5,998**	**3.6**	**435**
(Faralako North), kOuz	Indicated	-	-	-
	Inferred	-	-	-
	Unclassified	1,800	2	116
	Total	**1,800**	**4.3**	**116**
(Paramangui), kOuz	Indicated	-	-	-
	Inferred	-	-	-
	Unclassified	3,000	1.3	125
	Total	**3,000**	**1.3**	**125**
ALL	**TOTAL**	**19,654**	**1.3**	**1,229**

Table 1. Attributable Mineral Resources as of 31st December 2018:

Attributable indicated, inferred and unclassified gold resources of more than 1.2 million ounces as of December 31, 2018 situated in the republic of Guinea. For 2018, taking into account factors such as sovereign risk, commodity prices, exploration and economic potential, mineralization styles, metallurgical and engineering qualities, mineral resources were estimated at a conservative gold price assumption of $42 per ounce with all other assumptions remaining constant.

NOTE:

- Attributable Mineral Resources as expressed in tonnes; gold ounces are based on the Farafina Gold Group SA equity interests
- These are summary estimates; any possible inaccuracies are derived from the rounding of numbers
- The Mineral Reserves are located within quartz veins and vein zones of mineralization in meta-sedimentary rocks and weathering crusts.

Indicated, inferred and unclassified reserves are based on extensive drilling, sampling, mine modeling and metallurgical testing. Metallurgical recovery rates vary depending on the metallurgical properties of each deposit and the production process used. The cut-off grade, or lowest grade of mineralization considered economic to process, varies with material type, price, operating costs and co- or by-product credits.

The indicated, inferred and unclassified mineral properties figures presented herein are estimates based on information available at the time of calculation. Mineral properties estimates may require revision based on actual production. Market fluctuations in the price of gold as well as increased production costs or reduced metallurgical recovery rates, could render certain mineral properties containing higher cost resources uneconomic to exploit and might result in a reduction of mineral assets.

As of 31st December 2018, using the conservative price assumption of $42.00 per ounce, our gold mineralized materials were comprised as follows:

1. 553,000 Ounces worth $23,211,000 (twenty -three million, two hundred and eleven thousand USD) in Nzima,
2. 435,000 Ounces worth $18,273,000 (Eighteen million two hundred and seventy-three thousand USD) in Kanguela East.
3. 116,000 Ounces worth $4,861,000 (Four million, eight hundred and sixty-one thousand USD) in Faralako North.
4. 125,000 Ounces worth $5,266,000 (Five million, two hundred and sixty-six thousand USD) in Paramangui,

This analysis yielded a conservative total mineral asset valuation of $51,611,000 (Fifty-one million, six hundred and eleven thousand USD)

Economic Chart as of 31st December 2018

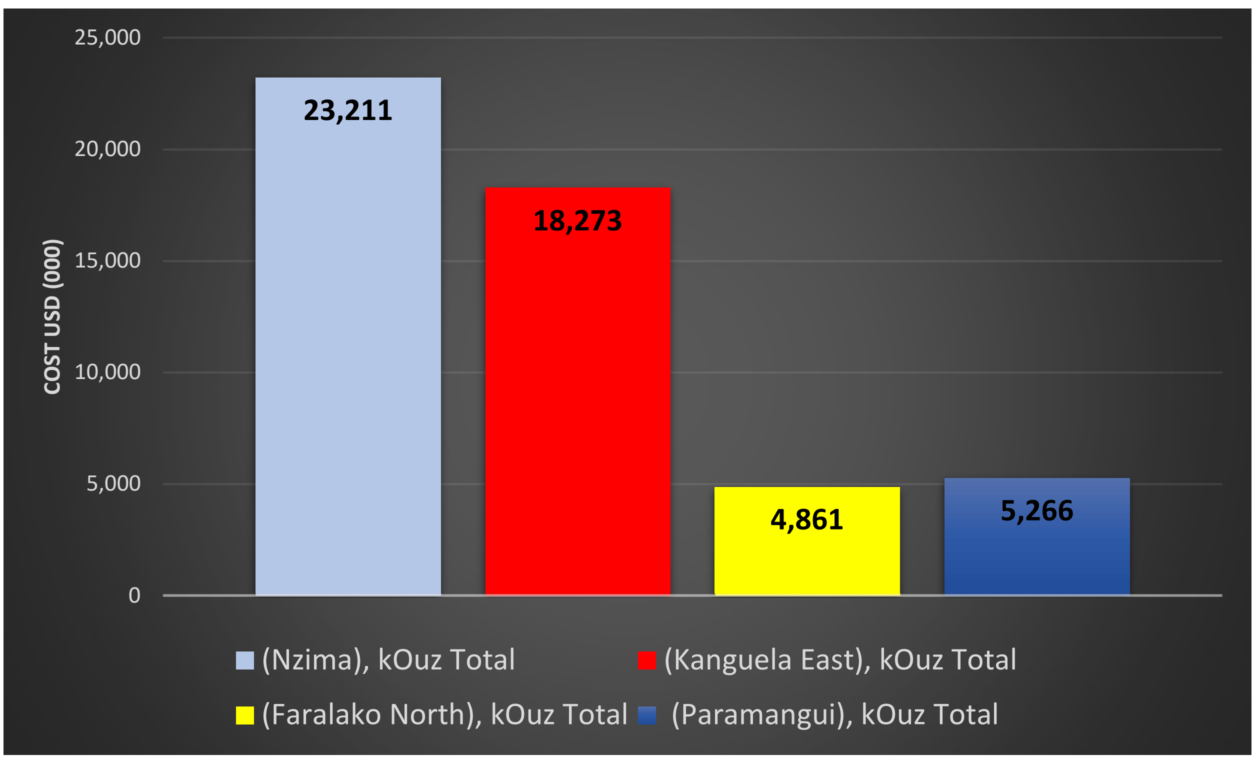


Figure 2. Economic Chart as of 31st December 2018

Note

A *mineral reserve* is classified as economically mineable when part of a measured or indicated mineral resource is demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Resources which are not reserves do not have demonstrated economic viability and therefore are not measured in this balance.

Determination:

The term "economically," as used in the definition of reserve, means that profitable extraction or production has been established or analytically demonstrated in a feasibility study to be viable and justifiable under reasonable investment and market assumptions.

The term "legally," as used in the definition of reserve, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for a reserve to exist, the Group must have a justifiable expectation, based on applicable laws and regulations, that issuance of permits or resolution of legal issues necessary for mining and processing at a particular deposit will be accomplished in the ordinary course and in a timeframe consistent with the current mine plans.

The term "inferred mineral resources" means that part of mineral resource for which tonnage, quantity and grade or quality can be estimated on the basis of geological evidence, sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "An indicated mineral resource" is that part of a mineral resource for which tonnage, quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term "proven reserves" means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling; and (c) the sites for inspection, sampling and measurements are spaced so closely and the geologic character is sufficiently defined that size, shape, depth and mineral content of reserves are well established.

The term "probable reserves" means reserves for which quantity and grade are computed from information similar to that used for proven reserves, but the sites for sampling are farther apart or are otherwise less closely spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. FGG classifies all reserves as Probable on its development projects until a year of production has confirmed all assumptions made in the reserve estimates.

Proven and probable reserves were calculated using different cut-off grades. The term "cut-off grade" means the lowest grade of mineralized material considered economic to process. Cut-off grades vary between deposits depending upon prevailing economic conditions, mine ability of the deposit, by-products, amenability of the ore to gold extraction and type of milling or other facilities available.

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FARAFINA GOLD GROUP S.A.

1. NATURE OF OPERATIONS AND GOING CONCERN

In 2018, FARAFINA GOLD GROUP SA ("Company" or "Group") finalized its business structure for mining activity purposes, based on the 2017 strategic plan. We successfully completed administrative formalities to obtain two semi industrial mining licenses. The Group presented feasibility studies to the Guinea Ministry of Mines and Geology, which validated both feasibility studies and granted approval for the issuance of further licenses. The management successfully established a new joint-stock holding company and consolidated ownership and control over five subsidiaries with valuable exploration licenses. In addition, the Group launched exciting plans for issuance of the first ever securitized token offering (STO) in the Republic of Guinea.

Based on the Company's strategic plan for the year and financing needs, in order to continue funding its administrative and exploration expenditures from the date of presentation of the present Consolidated Financial Statement, the Group will need to obtain additional cash and anticipates raising additional financing or disposing of one or more of its assets. These material uncertainties may cast significant doubt upon the Group's ability to continue as a going concern.

We believe that issuance of bonds and/or the STO may help to eliminate these uncertainties.

Currency

The Group's consolidated financial statements are presented in US dollars. The Group does have foreign currency operations (IAS 1.51(d)). Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition (IAS 21.21). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income (IAS 21.23(a) IAS 21.28). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined (IAS 21.23(b) IAS 21.23(c)).

Most of the Group's activities for exploration and evaluation assets are located in Guinea (emerging market country in West Africa) and, consequently, may be subject to a higher level of risk compared to other developed countries. Operations, the status of mineral property rights and the recoverability of investments in non-developed nations can be affected by changing economic, legal, regulatory and political developments.

These Consolidated Financial Statements are presented in US Dollars.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Accounting Standard using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

FARAFINA GOLD GROUP S.A.

These results include all the information required for the full annual financial statements and should be read as the consolidated financial statements of the Group for the year ended December 31, 2018.

Summary of Significant Accounting Policies

The accounting policies applied by the Group in these unaudited Consolidated Financial Statements are consistent with those applied in the previous years.

Accounting pronouncements not yet effective

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Group is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The IASB has determined that the revised effective date for IFRS 9 will be January 1, 2018. The Group is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Significant Judgments and Estimates

The critical judgments and estimates applied in the preparation of the Company's unaudited Consolidated Financial Statements for the period ended June 31st, 2019 are consistent with those applied in the Company's December 31st, 2018 Unaudited Consolidated Financial Statements.

Financial Derivatives

According to IFRS 2 share-based payment requires an entity to recognize share-based payment transaction (such as granted shares, share option, or share appreciation rights) in its financial statement, including transaction with employees or other parties to be settles in cash, other assets, or equity instruments of the entity. Specific requirements are included for equity-settled and cash-steeled share-based payment transactions, as well as those where the entity or supplier has a choice of cash or equity instruments. As of June 31st, 2018, we have written off expired share option in the amount $15,000.

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3. CASH AND CASH EQUIVALENTS

At December 31, 2018, the balance of cash and cash equivalents is as follows:

CASH AND CASH EQUIVALENTS At December 31, 2018, the balance of cash and cash equivalent is as follows:	12/31/18	12/31/17
Balance at the beginning of the period	506,818	336,777
Net increase in cash	(500,140)	11,412
Net increase in cash equivalents	52,879	158,629
Balance at the end of the period	**59,557**	**506,818**

4. EXPLORATION AND EVALUATION ASSETS

At December 31, 2018, the Group had the following exploration and evaluation assets:

4. EXPLORATION AND EVALUATION ASSETS At December 31, 2018, the Group had the following E and E assets:	12/31/18	12/31/17
Balance at the beginning of the period	5,286,501	3,311,603
Net increase in paid	507,264	1,974,898
Net increase in prepaid		
Balance at the end of the period	**5,793,765**	**5,286,501**

Upon acquiring the legal right to explore a mineral property, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to operations as incurred. IFRS 6.24

5. PROPERTY AND EQUIPMENT

During this period ended December 31, 2018, the balance of property, plants and equipment is as follows:

5. PROPERTY AND EQUIPMENT During this period ended December 31, 2018, the balance of assets is as follows:	12/31/18	12/31/17
Balance at the beginning of the period	1,553,300	1,246,355
Additions	100,000	438,011
Accumulated depreciation	(115,242)	(131,066)
Balance at the end of the period	**1,538,058**	**1,553,300**

FARAFINA GOLD GROUP S.A.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2018, the balances of accounts payable & accrued liabilities are as follows:

ACCOUNT PAYABLES AND ACCRUED LIABILITIES	12/31/18	12/31/17
At December 31, 2018, the balances of accounts payable and accrued liabilities are as follows:		
Balance at the beginning of the period	2,895,388	742,230
Decrease		
Increase	31,100	2,153,158
Balance at the end of the period	**2,926,488**	**2,895,388**

7. COMMON STOCK

As at December 31, 2018, the balance of common stock is as follows:

8. COMMON STOCK	12/31/18	12/31/17
As at December 31, 2018, the balance of capital stock is as follows:		
Balance at the beginning of the period	4,998,405	4,112,421
Additional paid in capital	600,000	885,984
Expired share option	15,000	
Balance at the end of the period	**5,613,405**	**4,998,405**

8. RETAINED EARNINGS

As at December 31, 2018, the retained earnings are as follows:

RETAINED EARNINGS	12/31/18	12/31/17
As at December 31, 2018, retain earning is:		
Balance at the beginning of the year	(1,390,432)	(955,343)
Changes incurred during the reporting period	(380,795)	(435,089)
Balance at year end	**(1,771,227)**	**(1,390,432)**

9. PROFESSIONAL FEES

11. PROFESSIONAL FEES **As at December 31, 2018, salaries & Consultants are comprised of:**	**12/31/18**	**12/31/17**
Research and Development expenses	96,698	400
Other		
Total Professional fees	**96,698**	**400**

10. RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they come due. The Group manages this risk by careful assessment of its working capital needs to ensure the Group's expenditures will not exceed available resources.

Commodity Risk

The Group's primary income will be derived from the sale of processed ore and will be based on the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Group may affect the marketability of metals discovered. Metal prices have historically fluctuated widely. Consequently, the economic viability of the Group's royalty interests cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Currency Risk

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group operates in Guinea and other developed countries. The Group funds cash calls to its subsidiary companies outside of Guinea in U.S. dollars ("USD") and a portion of its expenditures are also incurred in local currencies (Guinean franc, "GNF").

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There is no significant non-cash investing and financing transactions during the year ended December 31, 2018.

12. EVENT AFTER THE REPORTING DATE

No material events impacting this report had taken place after the reporting date.

FARAFINA GOLD GROUP S.A.