



August 17, 2018

VIA SEDAR

TO: Ontario Securities Commission

AND TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Nova Scotia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities Service Newfoundland and Labrador
Office of the Superintendent of Securities (Yukon Territory)
Office of the Superintendent of Securities (Northwest Territories)
Nunavut Securities Office

Dear Sirs/Mesdames:

Re: AVESORO RESOURCES INC. (the “Company”)

This cover letter explains the reason for the refiling today by the Company of:

1. The Company’s Audited Annual Financial Statements for the year ended December 31, 2017.
2. The Company’s Management Discussion and Analysis for the year ended December 31, 2017.
3. The Company’s Unaudited Interim Financial Statements for the three months ended March 31, 2018.
4. The Company’s Management Discussion and Analysis for the three months ended March 31, 2018.

In preparing the Company’s unaudited interim financial statements for the three and six months ended June 30, 2018, Management identified an error in the calculation of the fair valuation of related party loans with Mapa Insaat ve Ticaret A.S. The error requires the restatement of the audited consolidated statement of financial position as at December 31, 2017 and the unaudited interim consolidated statement of financial position as at March 31, 2018.

Avesoro Resources Inc. TSX: ASO | AIM: ASO

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Registered Office: 199 Bay Street, Suite 5300, Commerce Court West, Toronto, Ontario M5L 1B9, Canada

The impact of the restatement on the audited annual consolidated statement of financial position as at December 31, 2017 is to increase the current portion of borrowings by \$2.0 million, increase the non-current portion of borrowings by \$3.2 million and reduce the capital contribution in equity by \$5.2 million. The impact of the restatement of the audited annual consolidated statement of changes in equity as at December 31, 2017 is to reduce capital contribution by \$5.2 million. The adjustment has no impact on profit nor cash flows for the year ended December 31, 2017. The repayment terms, rates and amounts payable pursuant to the loan agreements are unchanged.

The impact of the restatement of the unaudited interim consolidated statement of financial position as at March 31, 2018 is to increase the current portion of borrowings by US\$2.8 million, increase the non-current portion of borrowings by US\$4.9 million and reduce the capital contribution in equity by US\$7.6 million. The impact of the restatement of the unaudited interim consolidated statement of changes in equity is to reduce capital contribution by \$7.6 million. The adjustments have no impact on profit nor cash flows for the year ended December 31, 2017 nor for the three months ended March 31, 2018. The repayment terms, rates and amounts payable pursuant to the loan agreements are unchanged.

The Amended and Restated Management Discussion and Analysis for the year ended December 31, 2017 and for the interim three months ended March 31, 2018 which follow this cover letter have been corrected to include the effects of the above restatement.

Yours truly,

AVESORO RESOURCES INC.

“Geoffrey Eyre”

Geoffrey Eyre
Chief Financial Officer

Condensed Interim Consolidated Financial Statements (Unaudited)

Avesoro Resources Inc.

For the Three Months Ended March 31, 2018 and 2017
(stated in thousands of US dollars)

(Amended and Restated)

Registered office: 199 Bay Street
Suite 5300
Commerce West Street
Toronto
Ontario M5L 1B9
Canada

Company registration number: 776831-1

Company incorporated on: 1 February 2011

Avesoro Resources Inc.

Interim Consolidated Statements of Income and Comprehensive Income

(stated in thousands of US dollars)

Unaudited

	Three months ended March 31, 2018 \$'000	Three months ended March 31, 2017 \$'000
Gold sales (Note 2)	91,370	19,699
Cost of sales		
- Production costs (Note 2)	(48,986)	(17,495)
- Depreciation (Note 2)	(16,610)	(6,751)
Gross profit/(loss)	25,774	(4,547)
Expenses		
Administrative and other expenses (Note 3)	(1,604)	(1,586)
Exploration and evaluation costs	(2,011)	(496)
Loss on lease termination	(566)	-
Profit/(Loss) from operations	21,593	(6,629)
Derivative liability gain/(loss)	104	(163)
Foreign exchange (loss)/gain	(1,095)	4
Finance costs	(4,341)	(2,770)
Finance income	175	3
Profit/(Loss) before tax	16,436	(9,555)
Tax for the period (Note 4)	(6,589)	-
Net profit/(loss) after tax	9,847	(9,555)
Attributable to:		
- Owners of the Company	8,019	(9,555)
- Non-controlling interest (Note 13)	1,828	-
	9,847	(9,555)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments	31	(18)
Currency translation differences	(37)	52
Total comprehensive income/(loss) for the period	9,841	(9,521)
Attributable to:		
- Owners of the Company	8,013	(9,521)
- Non-controlling interest	1,828	-
Earnings/(Loss) per share, basic and diluted (US\$) (Note 5)	0.10	(0.18)

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

Avesoro Resources Inc.

Amended and Restated Interim Consolidated Statements of Financial Position

(stated in thousands of US dollars)

Unaudited

	March 31, 2018 (as restated - see Note 15) \$'000	December 31, 2017 (as restated - see Note 15) \$'000
Assets		
Current assets		
Cash and cash equivalents	23,012	17,787
Trade and other receivables (Note 6)	31,321	25,286
Inventories (Note 7)	30,969	36,932
Other assets	1,769	1,710
	87,071	81,715
Non-current assets		
Intangible assets - Exploration and evaluation assets (Note 8)	1,760	-
Property, plant and equipment (Note 9)	252,815	249,552
Available-for-sale investments	52	21
Deferred tax asset	2,295	4,554
Other assets	1,196	1,196
	258,118	255,323
Total assets	345,189	337,038
Liabilities		
Current liabilities		
Borrowings (Note 10)	26,927	37,964
Trade and other payables	43,449	41,003
Income tax payable	16,750	12,358
Finance lease liability (Note 11)	436	1,913
Derivative liability	1	105
Provisions	1,590	523
	89,153	93,866
Non-current liabilities		
Borrowings (Note 10)	107,897	101,335
Trade and other payables	463	463
Finance lease liability (Note 11)	2,022	5,875
Provisions	11,276	10,439
	121,658	118,112
	210,811	211,978
Equity		
Share capital (Note 12)	353,653	353,653
Capital contribution	53,203	54,022
Share based payment reserve	8,136	7,840
Acquisition reserve	(33,060)	(33,060)
Available-for-sale investment reserve	(456)	(487)
Cumulative translation reserve	(503)	(466)
Deficit	(252,137)	(260,156)
Equity attributable to owners	128,836	121,346
Non-controlling interest (Note 13)	5,542	3,714
Total equity	134,378	125,060
Total liabilities and equity	345,189	337,038

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

Avesoro Resources Inc.**Amended and Restated Interim Consolidated Statements of Cash Flows**

(stated in thousands of US dollars)

Unaudited

	Three months ended March 31, 2018 \$'000	Three months ended March 31, 2017 \$'000
Operating activities		
Net profit/(loss) after tax	9,847	(9,555)
Tax for the period	6,589	-
Profit/(Loss) before tax	16,436	(9,555)
Items not affecting cash:		
Share-based payments (Note 3)	296	276
Depreciation (Note 6)	16,663	6,840
Unrealized foreign exchange loss	648	21
Derivative liability (gain)/loss	(104)	163
Interest expense	4,341	2,770
Loss on lease termination	567	-
Changes in non-cash working capital		
Increase in trade and other receivables	(6,035)	(1,037)
Increase in trade and other payables	597	1,216
Decrease in inventories	5,963	1,116
Cash flows from operating activities	39,372	1,810
Investing activities		
Payments to acquire property, plant and equipment	(11,798)	(4,992)
Payments to acquire intangible assets	(1,761)	-
Decrease in other assets	(60)	(261)
Cash flows used in investing activities	(13,619)	(5,253)
Financing activities		
Borrowings repayments	(19,175)	-
Finance charges	(1,353)	(3,277)
Cash flows used in financing activities	(20,528)	(3,277)
Impact of foreign exchange on cash balance	-	31
Net increase/(decrease) in cash and cash equivalents	5,225	(6,689)
Cash and cash equivalents at beginning of period	17,787	13,429
Cash and cash equivalents at end of period	23,012	6,740

Significant non-cash transactions during the three months ended March 31, 2018 includes the acquisition of new heavy mining equipment for \$10.3 million in exchange for new related party loans (Note 10c).

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

Avesoro Resources Inc.

Interim Consolidated Statements of Changes in Equity

(stated in thousands of US dollars)

Unaudited

	Total Equity Attributable to Owners								Non-controlling Interest	Total Equity
	Share capital	Capital contribution (as restated - see Note 15)	Share-based payment reserve	Acquisition reserve	Available-for-sale investment Reserve	Cumulative translation reserve	Deficit	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at January 1, 2017	283,506	48,235	6,770	-	(453)	(400)	(232,682)	104,976	-	104,976
Loss for the period	-	-	-	-	-	-	(9,555)	(9,555)	-	(9,555)
Other comprehensive loss for period	-	-	-	-	(18)	52	-	34	-	34
Total comprehensive loss for period	-	-	-	-	(18)	52	(9,555)	(9,521)	-	(9,521)
Share-based payments	-	-	276	-	-	-	-	276	-	276
Balance at March 31, 2017	283,506	48,235	7,046	-	(471)	(348)	(242,237)	95,731	-	95,731
Balance at January 1, 2018, as previously stated	353,653	59,230	7,840	(33,060)	(487)	(466)	(260,156)	126,554	3,714	130,268
Restatement of related party loans (Note 15)	-	(5,208)	-	-	-	-	-	(5,208)	-	(5,208)
Balance at January 1, 2018, as restated	353,653	54,022	7,840	(33,060)	(487)	(466)	(260,156)	121,346	3,714	125,060
Profit for the period	-	-	-	-	-	-	8,019	8,019	1,828	9,847
Other comprehensive income/(loss) for period	-	-	-	-	31	(37)	-	(6)	-	(6)
Total comprehensive income/(loss) for period	-	-	-	-	31	(37)	8,019	8,013	1,828	9,841
Share-based payments	-	-	296	-	-	-	-	296	-	296
Related party loans (Note 10c) (as restated)	-	409	-	-	-	-	-	409	-	409
Payment of related party loans (Note 10b)	-	(1,228)	-	-	-	-	-	(1,228)	-	(1,228)
Balance at March 31, 2018	353,653	53,203	8,136	(33,060)	(456)	(503)	(252,137)	128,836	5,542	134,378

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

1 Nature of operations and basis of preparation

Avesoro Resources Inc. ("Avesoro" or the "Company"), was incorporated under the Canada Business Corporations Act on February 1, 2011. The focus of Avesoro's business is the exploration, development and operation of gold assets in West Africa, specifically the New Liberty Gold Mine in Liberia and the Youga and Balogo Gold Mines in Burkina Faso.

These amended and restated condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", they do not include all disclosures that would otherwise be required in a complete set of financial statements. They follow accounting policies and methods of their application consistent with the amended and restated audited consolidated financial statements for the year ended December 31, 2017. Accordingly, they should be read in conjunction with the Company's amended and restated audited consolidated financial statements for the year ended December 31, 2017.

These interim financial statements were authorised by the Board of Directors on August 17, 2018.

Going concern

The amended and restated condensed interim consolidated financial statements have been prepared on a going concern basis. As at March 31, 2018, the Company has net current liabilities of \$2.1 million and has approximately \$24.2 million of debt repayments due in the next twelve months.

The cash generation of the Company significantly improved following the acquisition of the Youga and Balogo Gold Mines in December 2017 and the continuing improvement of operations at New Liberty. In addition, the Company has an undrawn facility of \$21.3 million with the Company's majority shareholder, Avesoro Jersey Limited ("AJL") as at March 31, 2018 which it can call upon for general working capital purposes.

The Company's forecasts and projections show that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the amended and restated consolidated financial statements.

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

2 Segment information

The Company is engaged in the exploration, development and operation of gold projects in the West African countries of Liberia, Burkina Faso and Cameroon. Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the geographical location of mining operations. The reportable segments under IFRS 8 are as follows:

-) New Liberty operations;
-) Burkina operations which include the Youga and Balogo Gold Mines;
-) Exploration; and
-) Corporate.

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three months ended March 31, 2018:

	New Liberty operations	Burkina operations	Exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(Loss) for the period	(6,036)	18,280	(1,037)	(1,360)	9,847
Gold sales	37,323	54,047	-	-	91,370
Production costs					
- Mine operating costs	(23,261)	(20,687)	-	-	(43,948)
- Change in inventories	(1,752)	(3,286)	-	-	(5,038)
	(25,013)	(23,973)	-	-	(48,986)
Depreciation	(12,546)	(4,064)	(52)	(1)	(16,663)
Segment assets	237,445	99,346	4,000	4,398	345,189
Segment liabilities	(156,097)	(49,467)	(4,049)	(1,198)	(210,811)
Capital additions					
- property, plant and equipment	16,448	8,911	40	-	25,399
- intangible assets	-	1,760	-	-	1,760

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

2 Segment information (continued)

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three months ended March 31, 2017:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(7,631)	(517)	(63)	(1,344)	(9,555)
Gold sales	19,699	-	-	-	19,699
Production costs					
- Mine operating costs	(16,145)	-	-	-	(16,145)
- Change in inventories	(1,350)	-	-	-	(1,350)
	(17,495)	-	-	-	(17,495)
Depreciation	(6,751)	(80)	(3)	(6)	(6,840)
Segment assets	215,629	246	70	5,147	221,092
Segment liabilities	(125,043)	(95)	-	(223)	(125,361)
Capital additions – property, plant and equipment	7,180	-	-	27	7,207

3 Administrative expenses

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$'000	\$'000
Wages and salaries	536	378
Legal and professional	302	542
Depreciation	53	89
Share based payments	296	276
Other expenses	417	301
	1,604	1,586

Foreign exchange gains and losses have been reclassified as financing items rather than operational items. The above table has been restated to exclude the foreign exchange gain of US\$4 thousand for the three months ended March 31, 2017.

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

4 Income taxes

Tax for period comprises of:

	Three months ended March 31, 2018 \$'000	Three months ended March 31, 2017 \$'000
Current tax	4,330	-
Deferred tax	2,259	-
	6,589	-

5 Earnings per share ("EPS")

	Three months ended March 31, 2018 \$'000	Three months ended March 31, 2017 \$'000
Net profit/(loss) after tax attributable to Owners of the Company	8,019	(9,555)
Weighted average number of outstanding shares for basic EPS	81,560,260	53,247,590
Dilutive share options	402,715	-
Weighted average number of outstanding shares for diluted EPS	81,962,975	53,247,590
Basic EPS (US\$)	0.10	(0.18)
Diluted EPS (US\$)	0.10	(0.18)

6 Trade and other receivables

	March 31, 2018 \$'000	December 31, 2017 \$'000
Trade receivable	1,427	416
Other receivables	13,020	10,690
Due from related parties (Note 14)	2,225	1,015
Pre-payments	14,649	13,165
	31,321	25,286

Other receivables include a VAT receivable from the Burkina Faso Government amounting to \$11.2 million as at March 31, 2018 (December 31, 2017: \$8.9 million).

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

7 Inventories

	March 31, 2018	December 31, 2017
	\$'000	\$'000
Gold doré	-	3,986
Gold in circuit	3,442	2,561
Ore stockpiles	4,756	6,688
Consumables	22,771	23,697
	30,969	36,932

Ore stockpiles as at March 31, 2018 are stated at their net realisable values after cumulative write-down of \$1.8 million.

8 Intangible assets - Exploration and evaluation assets

	March 31, 2018	December 31, 2017
	\$'000	\$'000
Gassore East	1,327	-
Ouaré	433	-
	1,760	-

Gassore East is a new minable mineralisation located 2 kilometres from the Youga processing plant. Internal resource modelling and pit design shows it will add further mine life to the Youga Gold Mine beyond that reported in the National Instrument NI 43-101 - Standards of Disclosure of Mineral Projects ("NI 43-101") Technical Report dated June 19, 2017.

Ouaré, located 36 kilometres north east of the Youga processing plant, is the subject of an infill drilling campaign to upgrade the confidence level and classification of the existing mineral resources reported in the NI 43-101 Technical Report dated June 19, 2017.

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

9. Property, plant and equipment

	Mining assets \$'000	Stripping asset \$'000	Mine closure and rehabilitation \$'000	Assets held under finance lease \$'000	Machinery and equipment \$'000	Vehicles \$'000	Leasehold improvement \$'000	Total \$'000
Cost								
At January 1, 2017	175,290	-	2,223	13,629	16,392	1,884	83	209,501
Additions	8,322	16,229	544	2,025	27,752	996	-	55,868
Acquisitions	24,895	-	3,445	-	30,639	204	-	59,183
Impairment	-	-	-	(3,896)	-	-	-	(3,896)
Foreign exchange	-	-	-	-	10	8	3	21
At December 31, 2017	208,507	16,229	6,212	11,758	74,793	3,092	86	320,677
Additions	2,448	3,739	-	-	19,212	-	-	25,399
Disposals	-	-	-	(7,000)	-	-	-	(7,000)
At March 31, 2018	210,955	19,968	6,212	4,758	94,005	3,092	86	339,076
Accumulated depreciation								
At January 1, 2017	14,909	-	116	651	1,622	1,020	66	18,384
Charge for the period	23,754	1,838	296	2,933	3,622	303	19	32,765
Acquisitions	13,442	-	1,878	-	5,633	39	-	20,992
Impairment	-	-	-	(1,020)	-	-	-	(1,020)
Foreign exchange	-	-	-	-	3	-	1	4
At December 31, 2017	52,105	1,838	2,290	2,564	10,880	1,362	86	71,125
Charge for the period	10,622	1,839	449	293	3,305	155	-	16,663
Disposals	-	-	-	(1,527)	-	-	-	(1,527)
At March 31, 2018	62,727	3,677	2,739	1,330	14,185	1,517	86	86,261
Net book value								
At December 31, 2017	156,402	14,391	3,922	9,194	63,913	1,730	-	249,552
At March 31, 2018	148,228	16,291	3,473	3,428	79,820	1,575	-	252,815

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

10 Borrowings

	March 31, 2018 (as restated - Note 15)	December 31, 2017 (as restated - Note 15)
	\$'000	\$'000
Current		
Bank loan - Senior Facility Tranche A	15,040	14,741
Bank loan - Senior Facility Tranche B	-	9,737
Shareholder loan	4,046	8,106
Related party loan	7,841	5,380
	26,927	37,964
Non-current		
Bank loan - Senior Facility Tranche A	59,856	58,668
Bank loan – Subordinated Facility	10,675	10,846
Shareholder loan	11,354	14,938
Related party loan	26,012	16,883
	107,897	101,335

(a) Bank loans

On December 17, 2013 the Company entered into an agreement for an \$88 million project finance loan facility with Nedbank Limited and FirstRand Bank Limited (collectively the “Lenders”), (the “Senior Facility”), and also entered into a subordinated loan facility agreement for \$12 million with RMB Resources (the “Subordinated Facility”). On December 9, 2015 the Company entered into an agreement for an additional \$10 million Tranche B Senior Facility (“Tranche B Facility”, together with the Senior Facility and the Subordinated Facility the “Loan Facilities”) provided by the Lenders. These Loan Facilities, which have been fully drawn, financed the development of the Company’s New Liberty Gold Mine. \$22.4 million of the Senior Facility principal has been repaid to date including \$10 million during the three months ended March 31, 2018.

(b) Shareholder loan

Current

The current shareholder loan payable to AJL was assumed on acquisition of the Youga and Balogo Gold Mines of which \$4.1 million was repaid during the three months ended March 31, 2018.

Non-current

In 2017, the Group borrowed \$18.8 million from AJL through a working capital facility to meet liabilities arising on the termination of legacy procurement contracts, make advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will increase process plant throughput at New Liberty.

The loan payable to AJL was initially recognised at fair value calculated as its present value at a market rate of interest and subsequently measured at amortised cost. The difference between fair value and loan amount of \$4.5 million has been credited to equity as a capital contribution as the loan is from its majority shareholder.

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

10 Borrowings (continued)

Principal repayments totalling \$5.1 million were made during the three months ended March 31, 2018 of which \$3.9 million was allocated as a reduction to the loan payable and \$1.2 million as a reduction to capital contribution.

Interest expense on the non-current loan payable to AJL for the three months ended March 31, 2018 was US\$0.3 million (three months ended March 31, 2017: US\$nil).

(c) Related party loan

In 2017 the Company entered into equipment and finance facility agreements with Mapa n aat ve Ticaret A. . ("Mapa"), a company controlled by Mehmet Nazif G nal, Non-Executive Chairman of the Company, to facilitate the purchase of heavy mining equipment. The loan principal of these agreements includes a mark-up of 2.5% over the cost incurred by Mapa in procuring the equipment. The equipment finance loans are unsecured, with interest charged at 6.5% per annum on the US\$ denominated loan and 5.5% per annum on the Euro denominated loan amount. The loans are repayable in cash in eight equal semi-annual instalments, the first of which will fall due six months after utilisation of the loan.

During the three months ended March 31, 2018, the Company entered into further equipment and finance facility agreements with Mapa amounting to \$10.3 million. Similar to the loans entered into in 2017, these loans were initially recognised at fair value calculated as its present value at a market rate of interest and subsequently measured at amortised cost. The difference of \$0.5 million between the loan amount of \$10.3 million and fair value of \$9.8 million has been credited to equity as a capital contribution from a related party.

Interest expense on the related party loan to Mapa for the three months ended March 31, 2018 was US\$1.2 million (three months ended March 31, 2017: US\$nil). Interest repayment was \$0.1 million during the three months ended March 31, 2018 (three months ended March 31, 2017: US\$nil).

11 Finance lease liability

The remaining finance lease liability relates to the fuel storage facility at New Liberty Gold Mine following termination of the lease arrangement on the generators at nil consideration. Such assets have been classified as finance leases as the rental period amounts to a major portion of the estimated useful economic life of the lease assets and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased assets.

	March 31, 2018	December 31, 2017
	\$'000	\$'000
Gross finance lease liability		
- Within one year	707	2,820
- Between two and five years	2,541	7,191
	3,248	10,011
Future finance cost	(790)	(2,223)
Present value of lease liability	2,458	7,788
Current portion	436	1,913
Non-current portion	2,022	5,875

Avesoro Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

12 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	\$'000
Balance at January 1, 2017	53,247,590	283,506
Issued to AJL on acquisition of Youga and Balogo Gold Mines (i)	20,334,928	51,459
Equity financing (i)	7,974,490	20,248
Share issuance costs (i)	-	(1,568)
Exercise of stock options (ii)	3,750	8
Share consolidation adjustment	(498)	-
Balance at December 31, 2017 and March 31, 2018	81,560,260	353,653

The Company's number of outstanding and issued shares, stock options and warrants are retrospectively presented to reflect a 100:1 share consolidation which became effective on January 16, 2018.

- (i) The company acquired Youga and Balogo Gold Mines on December 18, 2017 for a total consideration of US\$70.2 million which comprises of the issuance of 20,334,928 new common shares in the Company at a price of GBP£1.90 per share and a cash component of US\$18.7 million. The cash component was funded through the issuance of 7,974,490 new common shares at a price of GBP£1.90 per share through a private placing. The directly attributable costs of issuance of these new common shares amounted to \$1.6 million.
- (ii) In 2017, the Company issued 3,750 new common shares on exercise of 3,750 stock options at a price of GBP£1.575 per stock option.

(c) Stock options

Information relating to stock options outstanding at March 31, 2018 is as follows:

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	2,829,428	4.96	1,242,695	9.12
Options granted	11,000	3.19	1,745,000	3.41
Options exercised	-	-	(3,750)	2.66
Options expired	(10,862)	72.00	(5,570)	105.00
Options forfeited	(85,967)	3.61	(148,947)	17.86
Share consolidation adjustment	(5)	-	-	-
End of the period	2,743,594	4.73	2,829,428	4.96

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

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13 Non-controlling interest

Non-controlling interest represents the Government of Burkina Faso's 10% share of Burkina Mining Company and Netiana Mining Company, the subsidiaries which respectively holds the Youga Gold Mine and Balogo Gold Mine.

14 Related party transactions

(a) Borrowings

Principal repayments of the shareholder loan to AJL, new equipment finance loans with Mapa and interest repayments to Mapa in relation to the equipment finance loans during the three months ended March 31, 2018 are disclosed in Note 10.

(b) Acquisition of heavy mining equipment

In addition to the heavy mining equipment financed by Mapa, the Company also acquired five mining trucks from Mapa for US\$0.4 million during the three months ended March 31, 2018 to supplement the hauling capacity at Balogo.

(c) Provision/(purchases) of goods and services

The Company also provided/(purchased) the following services from related parties:

	Three months ended March 31, 2018 \$'000	Three months ended March 31, 2017 \$'000
<i>Technical and managerial services provided to:</i>		
Avesoro Services (Jersey) Limited, a subsidiary of Company's parent company	-	105
<i>Drilling services provided to the Company by:</i>		
Zwedru Mining Inc., a subsidiary of Company's parent company	(887)	(143)
<i>Drilling services provided to the Company by:</i>		
Faso Drilling Company SA., a subsidiary of Company's parent company	(1,450)	-
<i>Charter plane services provided to the Company by:</i>		
MNG Gold Liberia Inc., a subsidiary of Company's parent company	(90)	-
<i>Travel services provided to the Company by:</i>		
MNG Turizm ve Ticaret A.S., an entity controlled by the Company's Chairman	-	(8)

Included in trade and other receivables is a receivable from related parties of \$2.2 million as at March 31, 2018 (December 31, 2017: \$1 million).

Included in trade and other payables is \$2.1 million payable to related parties as at March 31, 2018 (December 31, 2017: \$0.5 million).

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2018 and 2017

(in thousands of US dollars unless otherwise stated)

15 Restatement of related party loans and capital contribution as at December 31, 2017 and March 31, 2018

In preparing the Company's unaudited interim financial statements for the period ended June 30, 2018, Management identified an error in the calculation of the fair valuation of related party loans with Mapa Insaat ve Ticaret A.S. that requires the restatement of the audited consolidated statement of financial position as at December 31, 2017 and unaudited interim consolidated statement of financial position as at March 31, 2018.

The impact of the restatement of the audited consolidated statement of financial position as at December 31, 2017 is to increase the current portion of borrowings by US\$2.0 million, increase the non-current portion of borrowings by US\$3.2 million and reduce the capital contribution in equity by US\$5.2 million.

	As previously stated at December 31, 2017	Increase/ (Decrease)	As restated at December 31, 2017
	\$'000	\$'000	\$'000
Liabilities			
Borrowings, current portion	35,999	1,965	37,964
Borrowings, non-current portion	98,092	3,243	101,335
Equity			
Capital contribution	59,230	(5,208)	54,022

The impact of the restatement of the unaudited interim consolidated statement of financial position as at March 31, 2018 is to increase the current portion of borrowings by US\$2.8 million, increase the non-current portion of borrowings by US\$4.9 million and reduce the capital contribution in equity by US\$7.6 million.

	As previously stated at March 31, 2018	Increase/ (Decrease)	As restated at March 31, 2018
	\$'000	\$'000	\$'000
Liabilities			
Borrowings, current portion	24,157	2,770	26,927
Borrowings, non-current portion	103,018	4,879	107,897
Equity			
Capital contribution	60,852	(7,649)	53,203

The adjustments have no impact on profit nor cash flows for the year ended December 31, 2017 nor for the three months ended March 31, 2018. The repayment terms, rates and amounts payable pursuant to the loan agreements are unchanged.