AVESORO RESOURCES INC.

Management's Discussion and Analysis
For the quarter and year ended December 31, 2018

March 13, 2019

The following discussion is management's assessment and analysis of the operating results, financial condition and future prospects of Avesoro Resources Inc. (the "Company" or "Avesoro") prepared in accordance with the requirements of Canadian National Instrument 51-102. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the accompanying audited consolidated financial statements and related notes for the years ended December 31, 2018 and 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A has been prepared based on information available to the Company as at March 13, 2019. The information provided herein supplements and discusses, but does not form part of, the audited consolidated financial statements for the year ended December 31, 2018 and 2017. Unless otherwise indicated all amounts are in US dollars.

Additional information relating to the Company is available, including a copy of the Company's annual information form, on SEDAR at www.sedar.com or on the Company's website at www.avesoro.com.

1. OVERVIEW

(A) DESCRIPTION OF BUSINESS

Avesoro is a West African focused gold producer and development company engaged in the exploration, development and operation of two principal gold mining assets across West Africa. The Company is listed on the Toronto Stock Exchange ("TSX") and the AIM market operated by the London Stock Exchange ("AIM") (Ticker ASO).

The Company's assets include the New Liberty Gold Mine located in Liberia ("New Liberty") and the Youga Gold Mine ("Youga"), located in Burkina Faso.

(B) VISION

The vision of Management is to advance the Company into an African mid-tier gold producer with a brand recognised for sustainability, innovation and strong relationships with the local communities. Avesoro's mission is to create value for all stakeholders by:

- producing profitable gold ounces from the New Liberty and Youga Gold Mines and any other mines that are successfully developed;
- increasing the Company's resources, reserves and expanding project pipeline; and
- strengthening and leveraging the exploration, development and production teams.

Avesoro intends to achieve these objectives while adhering to the Company's values and maintaining good corporate governance. Management endeavours to maintain and develop local stakeholder support through the Company's employment and training practices and through its sustainability initiatives.

(C) KEY STRENGTHS

Avesoro's key strengths are detailed as follows:

A Strong Portfolio of Assets

Avesoro produces from two mines, the New Liberty Gold Mine in Liberia and Youga Gold Mine in Burkina Faso, producing 220,458 ounces in the Group in 2018.

The completion of the acquisition of Youga and the Balogo satellite deposit in Burkina Faso on December 18, 2017 provided the Company with geographic diversity within West Africa and are highly complementary to the existing New Liberty Gold Mine in Liberia, where we have recently extended the Life of Mine ("LOM") and the Mineral Reserves base. Youga Gold Mine and the Balogo satellite deposit significantly increased Avesoro's gold production, in addition to adding high quality exploration upside that will provide for further future organic growth.

A promising portfolio of exploration stage gold projects in Liberia, Burkina Faso and Cameroon includes the Ndablama and Weaju Projects situated within close proximity to New Liberty on the same mining licence and the Ouaré Project located 36 kilometres to the north-east of Youga in Burkina Faso.

Technically Strong

The Company has experienced production and exploration teams in the countries in which it operates, who understand the geological settings and have the flexibility to work across the region. The Company employs up-to-date technological tools to better focus its exploration efforts.

Supportive Majority Shareholder

Avesoro Jersey Limited ("AJL") invested a total of $90 million in 2016 to become the Company's major shareholder.

AJL becoming the major shareholder provides Avesoro with an exciting future as it aims to optimise New Liberty to deliver on its full potential. AJL has strong financial backing, operational experience and is an existing operator in Liberia. As at December 31, 2018, AJL held 72.9% of the outstanding shares in the Company.

(stated in US dollars)

2. OPERATIONS REVIEW

(A) CONSOLIDATED MINERAL RESERVES AND MINERAL RESOURCES

In March 2019, the Company announced positive results from the Pre-Feasibility Study ("PFS") for New Liberty, including an updated Mineral Resource and Mineral Reserve Estimate, Maiden Mineral Reserves at the Ndablama satellite deposit and an updated Life of Mine ("LOM") plan, incorporating the transition to underground mining operations.

The following table discloses the Mineral Resources and Mineral Reserves on the Company's projects using the standards prescribed by the CIM and disclosed in accordance with NI 43-101:

Total Reserves by Deposit

Deposit	COG (g/t Au)	Category	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Koz Au)	Effective Date
New Liberty Open Pit	0.80	Proven & Probable	4.9	3.12	494	31 December 2018
New Liberty Underground	2.00	Proven & Probable	4.7	3.08	461	31 December 2018
Ndablama	1.00	Proven & Probable	7.3	1.71	400	31 December 2018
Youga	0.70	Proven & Probable	8.4	1.58	428	28 February 2017
Ouare	0.82	Proven & Probable	2.6	1.69	141	28 February 2017
Balogo	1.20	Proven & Probable	0.4	6.04	78	28 February 2017
Total	**Proven & Probable**		**28.3**	**2.20**	**2,002**	

Total Resources by Deposit

Deposit	COG (g/t Au)	Category	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Koz Au)	Effective Date
New Liberty Open Pit	0.80	Measured & Indicated	4.7	3.42	514	31 December 2018
New Liberty Underground	1.90	Measured & Indicated	6.1	3.30	646	31 December 2018
Ndablama	0.85	Measured & Indicated	9.7	1.88	588	01 December 2014
Youga	0.55	Measured & Indicated	11.2	1.69	610	28 February 2017
Ouare	0.55	Measured & Indicated	5.1	1.39	228	28 February 2017
Balogo	0.55	Measured & Indicated	0.3	8.36	86	28 February 2017
New Liberty Open Pit	0.80	Inferred	0.0	1.69	2	31 December 2018
New Liberty Underground	1.90	Inferred	2.7	2.95	253	31 December 2018
Ndablama	0.85	Inferred	0.3	1.60	16	01 December 2014
Weaju	1.00	Inferred	2.7	2.80	178	20 November 2013
Youga	0.55	Inferred	5.8	1.49	278	28 February 2017
Ouare	0.55	Inferred	7.2	1.80	406	28 February 2017
Balogo	0.55	Inferred	-	2.20	2	28 February 2017
Total	**Measured & Indicated**		**37.1**	**2.24**	**2,672**	
Total	**Inferred**		**18.7**	**1.89**	**1,135**	

Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Amounts may not add due to rounding.

(stated in US dollars)

(B) MINE OPERATING ACTIVITIES

NEW LIBERTY GOLD MINE, LIBERIA

Introduction

The New Liberty Gold Mine declared commercial production on March 1, 2016. New Liberty is easily accessible from Monrovia, Liberia's capital city, which is also home to Liberia's main commercial port facility.

The Company holds its interests in the New Liberty Gold Mine through its subsidiary Bea Mountain Mining Corporation ("Bea") which includes the New Liberty Gold Mine, along with the Ndablama Project (as defined below), Silver Hills, Gondoja, the Weaju Project (as defined below) and Leopard Rock exploration targets.

The Government of Liberia holds a 10% free carry interest in a Class A Mining Licence (the "Bea Mining Licence") within the Bea Mountain Mineral Development Agreement property.

Operational review for the financial year and quarter ended December 31, 2018 ("Q4 2018")

The following table summarises the operating results of the New Liberty Gold Mine for the three months ended December 31, 2018 and 2017, and the full year ended December 31, 2018 and 2017.

Operating data	Unit	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Ore mined *	kt	347	354	1,352	1,166
Waste mined *	kt	6,445	2,445	21,797	12,935
Total mined *	kt	6,792	2,799	23,149	14,101
Strip ratio	waste: ore	18.6	6.9	16.1	11.1
Ore milled	kt	362	315	1,411	1,144
Feed grade	g/t Au	2.44	2.97	2.73	2.39
Recovery	%	89%	90%	88%	89%
Gold ounces produced	oz	24,573	25,563	109,707	76,179
Gold ounces sold	oz	26,014	24,177	110,672	75,383
Average realised price	US$/oz	1,224	1,273	1,268	1,264
Operating cash cost	US$/oz sold	982	790	862	918
All in sustaining cash cost	US$/oz sold	1,246	1,262	1,120	1,427

** Including adjustments for year-end survey reconciliation.*

The Company has included certain non-IFRS financial measures in this MD&A, including operating cash costs and all-in sustaining costs ("AISC") per ounce of gold sold. These non-IFRS financial measures do not have any standardised meaning. Accordingly, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with International Financial Reporting Standards ("IFRS"). Operating cash costs and AISC are a common financial performance measure in the mining industry but have no standard definition under IFRS. Operating cash costs are reflective of the cost of production. AISC include operating cash costs, net-smelter royalty, corporate costs, sustaining capital expenditure, sustaining exploration expenditure and capitalised stripping costs.

Q4 2018 Highlights:

- Total material movement for Q4 2018 increased to 6.8Mt, a 21% increase on that achieved during Q3 2018, primarily due to improvements in mining fleet availability and in-pit efficiencies following the culmination of the wet season in Q3 2018;
- The process plant remained stable throughout Q4 2018 with plant throughput increasing by 2% to 362kt during the quarter;
- New Liberty achieved a quarterly gold production of 24,573 ounces, an 11% decrease compared to Q3 2018 due to a reduction in plant feed grade;
- The decision to transition to underground mining operations and undertake an updated PFS at New Liberty reflected the significant improvement in the level of confidence in the Mineral Resource following an extensive drilling programme over the last 12 months; and
- Completion in March 2019 of the PFS underground study for New Liberty and an updated LOM plan, incorporating the transition to underground mining operations.

Full Year 2018 Highlights:

- Full year 2018 gold production at New Liberty was 109,707 ounces, a 44% increase on the 76,179 ounces produced during FY 2017;
- Significant improvement in operating cash costs of $862 per ounce sold (FY 2017: $918) and AISC of $1,120 per ounce sold (FY 2017: $1,427) compared to previous year;
- Total material movement ("TMM") increased by 64% for FY 2018, with TMM of 23.1Mt (FY 2017: 14.1Mt) as a result of the additional heavy mining equipment procured and commissioned during the year; and
- Process plant throughput also increased by 23% during the full year to 1.4Mt (FY 2017: 1.1Mt).

2019 Outlook:

- As part of the PFS, the Company has revised the mining schedule at New Liberty to take into account the transition of New Liberty from a solely open-pit operation to a combined open-pit and underground mining operation;
- The Company expects New Liberty to enter a period of higher waste stripping to complete the final open pit pushback and prepare the pit for the development of underground operations; and
- AISC for New Liberty will temporarily increase as the Company undertakes this waste stripping that will be completed during 2019.

Exploration

New Liberty

- Phase II infill drilling at New Liberty continued during Q4 2018, targeting an area within and below the current pit design of New Liberty resource model containing an Inferred Mineral Resource. This inferred material is located within and below the current pit design. Additionally, there are some holes that are intended to test the potential for underground mining. 49 holes totalling 20,223 metres have been drilled during Q4 2018; and
- 6 drill holes totalling 2,570 metres are remaining by the end of February 2019 and the programme is expected to be completed in April 2019.

YOUGA GOLD MINE, BURKINA FASO

On December 18, 2017 the Company completed the acquisition of the Youga gold mine and the Balogo satellite deposit in Burkina Faso through the acquisition of the entire issued share capital of MNG Gold Burkina SARL, Cayman Burkina Mines Ltd., MNG Gold Exploration Ltd., AAA Exploration Burkina Ltd. and Jersey Netiana Mining Ltd. and their subsidiaries from AJL for a total consideration of US$70.2 million which comprises of the issuance of US$51.5 million of new common shares in the Company and a cash component of US$18.7 million.

The Youga gold mine property consists of one Exploitation Permit (Youga), and two Exploration Permits (Songo and Zerbogo II).

The Balogo satellite deposit, and forming part of the Youga gold mine, comprises of two contiguous Exploration Permits (Balogo and Dabinyan III), covering a total area of 360 km^2 and one Exploitation Permit (Netiana) covering an area of 2km^2. These permits are in the Centre-Sud region of Burkina Faso, approximately 100 kilometres south of the capital, Ouagadougou, and about 22 kilometres from the Nazinon River.

The Youga Exploitation Permit covers an area of 29 km^2 and was granted to Burkina Mining Company S.A. ("BMC") on April 8, 2003 and is valid for twenty years with five-year renewal periods afterwards. First commercial production was declared during 2008. The government of Burkina Faso holds a 10% interest in BMC.

At Balogo, an Exploitation Permit was granted to Netiana Mining Company on January 23, 2017 and is valid for four years with five-year renewal periods afterwards. Mining commenced in March 2017 and ore is transported 160 km by road to the Youga processing plant where it is processed, with commercial production declared on June 15, 2017. The government of Burkina Faso holds a 10% interest in Netiana Mining Company S.A.

The Balogo permits were acquired from Golden Rim Resources Ltd. in April 2015 by AJL and the Youga and Ouaré properties were acquired from Endeavour Mining Corporation ("Endeavour") in February 2016 by AJL. All properties were subsequently acquired by the Company on December 18, 2017.

(stated in US dollars)

Operational review for the financial year and quarter ended December 31, 2018 ("Q4 2018")

Operating data	Unit	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Ore mined	kt	282	210	969	870
Waste mined	kt	3,998	1,951	14,472	8,645
Total mined	kt	4,280	2,161	15,441	9,515
Strip ratio	waste: ore	14.2	9.3	14.9	9.9
Ore milled	kt	345	306	1,237	1,200
Feed grade	g/t Au	2.04	3.30	3.09	3.34
Recovery	%	90%	89%	90%	90%
Gold ounces produced	oz	20,389	28,845	110,751	115,893
Gold ounces sold	oz	20,172	26,875	110,326	111,693
Average realised price	US$/oz	1,226	1,277	1,282	1,266
Operating cash cost	US$/oz sold	943	573	687	512
All in sustaining cash cost	US$/oz sold	1,069	884	888	760

The Company has included certain non-IFRS financial measures in this MD&A, including operating cash costs and all-in sustaining costs ("AISC") per ounce of gold sold. These non-IFRS financial measures do not have any standardised meaning. Accordingly, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with International Financial Reporting Standards ("IFRS"). Operating cash costs and AISC are a common financial performance measure in the mining industry but have no standard definition under IFRS. Operating cash costs are reflective of the cost of production. AISC include operating cash costs, net-smelter royalty, corporate costs, sustaining capital expenditure, sustaining exploration expenditure and capitalised stripping costs.

Q4 2018 Highlights:

- Youga achieved total gold production of 20,389 ounces during the Quarter, a 3% increase on the previous quarter. The reduction from 28,845 gold production in Q4 2017 is due to the fall in feed grade from Balogo;
- Total material movement of 4.3Mt (+3%), including 282kt of ore, split between 261kt of ore from Youga and 21kt of ore from Balogo; and
- Mined grade (2.62 g/t Au) and plant feed grades (2.04 g/t Au) were adversely impacted during the Quarter by unplanned ore dilution experienced during mining in the Gassore pit by -5% and -16% respectively.

Full Year 2018 Highlights:

- Full year gold production of 110,751 ounces, a reduction of 4% on 2017 production of 115,893 ounces;
- Full year operating cash costs of $687 per ounce sold (FY 2017: $512) and AISC of $888 per ounce sold (FY 2017: $760) higher than the previous year due to lower feed grades processed and increased strip ratio; and
- Total material movement increased by 62% to 15.4Mt on that achieved in 2017, with ore mined increasing by 11% to 969kt and waste mined increasing by 67% to 14.4Mt as a result of the increase in mining fleet purchased early during 2018.

2019 Outlook:

- The Company plans to update the current Mineral Resource and Mineral Reserve statements with an effective date of February 28, 2017, for both the Youga and Balogo Gold Mines during H1 2019.

Exploration

- During the period, exploration at Youga predominantly focussed on a 11,743-metre trenching programme at the WDES prospect, located east of the Youga processing plant. Trenching has intersected mineralisation at surface including a mineralised trend with a strike length of 650 metres to be drill tested towards in H1 2019;
- Drilling at Youga continued with 1,250 metres testing possible strike extensions of the East Pit and parallel mineralisation of West Pit 3; and
- Across the Balogo licence a follow up auger programme was undertaken at the Koumbili target which is located only 9km southeast of the Balogo open pit which confirmed gold-in-auger results with the presence of extensive oxidation. A shallow drilling programme for 1,000 metres is planned in H1 2019 to test possible mineralisation.

(C) NON-OPERATING PROJECTS

NDABLAMA GOLD PROJECT, LIBERIA

The Ndablama gold project (the "Ndablama Project") is located in the north-east corner of the northern block of the Bea MDA Property and is approximately 40 km north-east of the New Liberty Gold Mine. The Ndablama Project is defined by the presence of extensive artisanal mining activity and a 2 km gold in soil anomaly which trends in a north-south direction.

- Following completion of the infill drilling campaign at Ndablama in Q4 2018, the Company announced maiden Mineral Reserves of 7.28 Mt containing 400,000 ounces of gold grading 1.71g/t;
- Hydrological test work was also carried out in Q4 2018 on the Ndablama orebody to evaluate ground water parameters in anticipation of planned mining;
- An Environmental Social Impact Assessment was carried out to address social and environmental issues around the potential to transport the ore over a 43-kilometre distance to the New Liberty processing plant; and
- The potential for a heap leach operation at Ndablama with a view to further optimising the value of the asset is currently being assessed.

WEAJU GOLD PROJECT, LIBERIA

The Weaju Project (the "Weaju Project") is situated 30 km east-north-east of the New Liberty Gold Mine at the eastern end of the Bea Mountain ridge. Previously 48 diamond drill holes were drilled at the Weaju Project by Mano River Resources Inc. ("Mano River") during the period 2000 to 2005. The Weaju Project has been subjected to intense artisanal mining activity.

- During Q4 2018, pitting resumed based on the interpreted result of detailed mapping which traced prospective lithologies associated with gold mineralisation south west of the 178koz orebody; and

- Assay results received during the period for pitting carried out in Q3 2018 showed a 400m strike with continuity of mineralisation in saprolite. The results provide optimism for the remaining 600m of strike being tested by pitting for which assay results are expected before the end of Q1 2019.

(D) EXPLORATION ACTIVITIES

LEOPARD ROCK, LIBERIA

As announced on May 11, 2015 the Bea Mining Licence was enlarged to include the Leopard Rock gold target ("Leopard Rock") located immediately south of the Bea Mining Licence and host to the south eastern extension to the gold bearing rocks associated with the Ndablama Project. The shear structure hosting the Leopard Rock target can be traced in the north-west to the Ndablama Project over a distance of 3 kilometres. To date, 4,294 metres of diamond drilling has been completed and results from 27 diamond drill holes are available on the Company's website. Leopard Rock South is a continuation of the Leopard Rock projection and is identified by a series of gold anomalies to the south and west of Leopard Rock.

- In Q4 2018, a review of previous drilling results showed Leopard Rock's potential to contribute the project economics of the Ndablama orebody. Initial access road preparation was carried out in anticipation of drilling planned for 2019.

GONDOJA, LIBERIA

The Gondoja gold target ("Gondoja") is located 8 km north-east of the Ndablama Project and 45 km east-north-east of the New Liberty gold mine. Gondoja was trenched and mapped in detail as part of a campaign to map the Yambesei shear zone. Seven trenches for 577m and 13 holes for 2,699m were completed. Trenching and drill results are available on the Company's website.

- In Q4 2018, previous planned drilling programme was reviewed and modified for inclusion in the 2019 drilling programme targeted at providing upside to the Ndablama project.

KOINJA, GBALIDEE, MUSA AND WELINKUA, LIBERIA

The Koinja target ("Koinja") and the Gbalidee target ("Gbalidee") are located on the Yambesei shear zone and are part of an 8 km continuous zone of gold in soil anomalies that extends up to the Welinkua target ("Welinkua"), a target located to the north-east of Gondoja and Musa. Mineralisation is located within sheared mafics and ultramafics located between granites and can be followed over a strike length of more than 3.8 kilometres which remains open at both ends.

Detailed mapping of the 8 kilometre extent of the Yambesei shear zone was completed during Q4 2015. Pitting along the entire length of the Yambesei shear was completed in Q3 2016 and has been completed over Gondoja, Musa and Gbalidee.

- In Q4 2018, previous planned drilling programme was reviewed and modified for inclusion in the 2019 drilling programme targeted at providing upside to the Ndablama project.

SILVER HILLS, LIBERIA

The Silver Hills targets ("Silver Hills") are situated approximately 13 km north-east of the New Liberty gold mine. There has been artisanal activity in the past. Lithologies consist mainly of granite biotite gneisses, itabarites, ultramafics and amphibolite talc sericite schists. The mineralisation is related to zones of silicification occurring within amphibolites. Historical channel samples such as 2.27m at 7.9g/t (SHC001) and 4.3m at 3.2g/t (SHC008) highlighted the potential for high grade zones, associated with intense silicification along strike of the sampled areas.

- The 7,000-metre reconnaissance diamond drilling programme was completed during Q4 2018. The programme was designed to test the 1km long Belgium target, its extent along strike and is expected to produce results sufficient to declare a Maiden Inferred Resource;

- Assay results received during Q4 2018 show narrowed (<5m) mineralization contained within amphibolite with high grade zones (between 5 to 10 g/t). Results will be reviewed to identify areas for follow up drilling for preliminary resource delineation; and

- Silver Hills have another two kilometres of anomalous trend west of the Belgium target that have not been tested by drilling but has the potential to contain economic mineralization.

MATAMBO CORRIDOR, LIBERIA

During 2016, the Company acquired Sarama Investments Liberia Limited ("Sarama") which held three Liberian exploration licences. These licences, referred as to Cape Mount West (116.6 km^2), Cape Mount (96.6 km^2) and Cape Mount East (67.7 km^2), are contiguous to the Bea Mining Licence and are located close to the New Liberty Gold Mine.

Cape Mount and Cape Mount East licences host a 15km gold in soil anomaly. Prior to entering into the agreement with the Company, Sarama conducted a $1.8 million exploration programme over the licence areas starting with an airborne geophysics survey followed by regional soil sampling. This programme led to the identification of the 15 km gold in soil anomaly that straddles the two licences and that corresponds to the westerly extension of the Bea Mountain Greenstone Belt, the "Matambo Corridor". This Belt is interpreted as being folded over the licence areas with the southern limb corresponding to the Silver Hills target, located in the Company's Bea Mining Licence.

Geological mapping has covered the majority of the 15 km gold corridor. The Bomafa, Bangoma, Saanor prospects were all mapped and sampled. Locating a main band of greenstone which underlies the soil anomalism with lithosamples confirming multiple bands of mineralisation at surface.

- During Q4 2018, planned drill collars on the Cape Mount licence were located in the field in order to plan access road and logistics arrangement for drilling scheduled for 2019; and

- In addition, fact geological and regolith mapping commenced on the Cape Mount West licence to further investigate the subtle gold in soil anomaly and subsequently guide sub-surface investigation.

YAMBESEI, ARCHEAN WEST, MABONG, MAFA WEST, LIBERIA

The licence portfolio hosts multiple greenstone belts and associated shear structures, which to date have been the principal hosts to the Archean gold mineralisation systems discovered in Liberia. Over 80 km of north-east to south-west trending structural zones referred to as the Yambesei, Lofa and Mafa shear corridors, now locate within the licence portfolios and host multiple gold targets including the New Liberty Gold Mine, Weaju and Ndablama. These major structures can be traced for over 250 km within Liberia.

- In Q4 2018, a comprehensive desktop study was carried out on all the targets within the Yambesei licence with the objective of determining the most innovative approach in investigating the subtle gold in soil anomalies that have been encountered on the licence. The study took into account the regolith geochemistry, issues regarding particle size and homogeneity in addition to tools for near sub-surface probing;
- Pitting resumed on the Archean West licence to test anomalous gold in soil trend coincident with geophysical lineament and rheological contrast; and
- Mabong pitting assay results were reviewed within the context of the contrasting lithology and magnetic intensities leading to the conclusion to find other means of probing the subtle anomalism deeper given the experience of other targets where subtle gold tenor were probed deeper than 5 meters and returned ore grade results.

OUARE, BURKINA FASO

The Ouaré Project was acquired by the Company on December 18, 2017 and is comprised of one Exploration Permit (Bitou 2, 101 km^2), situated in the province of Boulgou, Burkina Faso, West Africa, approximately 200 km southeast of the capital city Ouagadougou. Ouaré is located within a Birimian package of volcanogenic schists. Extensive exploration was undertaken across the licences by the previous owners, with drilling occurring sporadically from 1999 through to 2013, resulting in the delineation of an Indicated Mineral Resource of 5.10Mt containing 228.3koz of gold grading 1.39 g/t Au and an Inferred Mineral Resource of 7.2Mt containing 406koz of gold grading 1.80 g/t Au and a Probable Mineral Reserve of 9.0Mt containing 141.4koz gold grading 1.67 g/t Au. Bitou2 licence has expired in 2018 and exploitation application was made, approval is pending.

- During Q4 2018, 16,095 metres of diamond drilling (96 holes) was completed as part of the resource conversion infill drilling programme; and
- Assay results have been received during the Quarter and shared with CSA Global to facilitate the updated mineral resources and reserves statement of the Ouaré deposit expected to be published in Q2 2019.

ZERBOGO, BURKINA FASO

The Zerbogo licence (39.44 km^2) is located only 13km south west of the Youga Gold Mine in Burkina Faso. The permit covers 14km strike of a shear corridor with favourable greenstone belt rocks found in the region. Endeavour Mining previously explored the area by regional soil sampling, trenching and drilling. Former work outlined 2 mineralised zones each 1km in length at the southwest and northeast portion of the permit presenting economic width and grades. Some selected drill intercepts include: RCZ-96-05 2m @ 5.27g/t AU from 22m, RCZ-96-12 2m @ 4.65mg/t Au from 20m, ZERRC-12-45 3m @ 2.8g/t from 40m, ZERBRC-12-54 3m @ 3.78g/t Au from 87m and ZERBRC-12-61 4m @ 3.77g/t AU from 2m.

The Company conducted additional trenching of 5,773 metres in Q4 2018 to confirm existing mineralisation and gathering better geological understanding on mineralisation. This trenching programme has also outlined new mineralisation traced for 1 kilometre and on strike of the existing mineralisation at the northeast which increases the potential of the mineralisation length being +3 kilometres in total.

Combined gold targets subsequent of finalised trenching programme in Q4 2018, proposed drill programme to commence in Q1 2019.

CAMEROON

The Batouri licence (168 km^2) is located 436 km east of Yaoundé, the administrative capital of Cameroon. The licence is a window of the Pan-African north equatorial fold belt composed of Paleo-Proterozoic and Neoproterozoic series and known as a result of collision between the West African craton and Congo craton. The region is affected by the Central African shear zone system generally following a north-east to south-west trend. The auriferous zones within the granite are considered to be controlled by the shear zone.

The Batouri project is defined by three prospects; i) Kambele (3.5 km long), ii) Dimako-Mongonam (3.5 km long) and iii) Amndobi (5 km long).

Exploration work continued on the interpretation of the mineralised systems of Kambele and Dimako targets following on from the core relogging. The work was recommended in order to produce a new interpretation of the mineralisation models and determine their potential to host economic deposits. A GIS study was undertaken over the licence area and resulted in the identification of structural lineaments along which field verification has shown the presence of artisanal sites.

3. SUMMARY OF ANNUAL AND QUARTERLY PERFORMANCE

(A) SUMMARY OF SELECTED ANNUAL INFORMATION

US$'000 except loss per Common Share	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Revenues	282,798	97,786	63,612
Net loss for the year	(26,862)	(27,407)	(112,990)
Loss per Common Share, basic and diluted (US$)	(0.37)	(0.51)	(9.97)
Total assets	310,088	337,038	227,243
Total non-current financial liabilities	108,396	107,673	82,949
Dividends declared	-	-	-

(B) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US$'000 except loss per Common Share	Quarter ended December 31, 2018	Quarter ended September 30, 2018	Quarter ended June 30, 2018	Quarter ended March 31, 2018
Revenue	57,651	59,247	74,530	91,370
Net (loss)/profit for the quarter	(17,700)	(16,119)	(2,889)	9,847
(Loss)/Earnings per Common Share, basic and diluted	(0.22)	(0.19)	(0.05)	0.10
Total comprehensive income/(loss) for the quarter	(17,615)	(16,155)	(2,901)	9,841
Total assets	310,088	329,945	337,399	345,189

US$'000 except loss per Common Share	Quarter ended December 31, 2017	Quarter ended September 30, 2017	Quarter ended June 30, 2017	Quarter ended March 31, 2017
Revenue	33,322	25,452	19,313	19,699
Net loss for the quarter	(3,723)	(4,651)	(9,478)	(9,555)
Loss per Common Share, basic and diluted	(0.07)	(0.09)	(0.18)	(0.18)
Total comprehensive income/(loss) for the quarter	(3,712)	(4,566)	(9,708)	(9,521)
Total assets	337,038	222,988	222,958	221,092

The Company's performance may be affected by the impact of the wet season on mining operations, which generally falls from April to November in Liberia and June to September in Burkina Faso.

(C) RESULTS OF OPERATIONS

Acquisition of Youga Gold Mine and Balogo satellite deposit

On December 18, 2017 the Company completed the acquisition of the Youga Gold Mine and the Balogo satellite deposit in Burkina Faso from AJL for a total consideration of $70.2 million comprised of the issuance of $51.5 million of new common shares in the Company and a cash component of $18.7 million. Therefore, the comparative information for the quarter ended December 31, 2017 and prior interim periods do not include the full results of operations of Youga Gold Mine and the Balogo satellite deposit ("Burkina operations").

(i) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Quarter ended December 31, 2018 ("Q4 2018") as compared to quarter ended December 31, 2017 ("Q4 2017")

The net loss for Q4 2018 was $17.7 million and comprises mainly gross loss from mining operations of $5.4 million, exploration and evaluation costs of $3.9 million, corporate and administrative expenses of $1.9 million, finance costs of $5.2 million and foreign exchange loss of $0.8 million. The net loss for Q4 2018 increased by $14.0 million from the net loss for Q4 2017 of $3.7 million mainly due to previous year gross profit from mining operations of $0.9 million as a result of higher feed grade, previous year gain on termination of finance leases of $4.0 million, higher exploration costs on the Ndablama infill drilling campaign, finance costs and corporate overheads.

The comprehensive loss for Q4 2018 amounted to $17.6 million (Q4 2017: $3.7 million).

Revenue of $57.7 million (Q4 2017: $33.3 million) was generated from the sale of 26,014 ounces of gold from New Liberty (Q4 2017: 24,177 ounces) and 20,172 ounces from Youga (Q4 2017: 2,013 ounces attributable to the Company for production between December 18, 2017 and December 31, 2017). Average realised price amounted to $1,248 per ounce (Q4 2017: $1,272 per ounce).

Cost of sales of $63.1 million (Q4 2017: $32.4 million) relating to production costs and mine depreciation have been recognised in the income statement during the quarter. Production costs include costs associated with mining, processing and mine administration of $44.2 million, royalties, freight and refining of $2.3 million and increase in inventories of $1.0 million. Depreciation amounted to $15.6 million or $348 per ounce produced.

Administrative and other expenses of $1.9 million, increased by $1.1 million from Q4 2017 mainly due to higher corporate overheads.

Exploration costs increased from $1.6 million in Q4 2017 to $3.9 million in Q4 2018 and is attributable to the Ndablama infill drilling programme which resulted in a maiden Mineral Reserves for the deposit. A delineation drilling programme also commenced at Silver Hills during Q4 2018 which was designed to test the 1km long Belgium target.

Interest expense of $5.2 million (Q4 2017: $3.5 million) represents mainly the effective interest on Tranches A and B of the Senior Facility, Subordinated Facility, loans payable to AJL and Mapa İnşaat ve Ticaret A.Ş. ("Mapa"), company controlled by Mehmet Nazif Gűnal, Non-Executive Chairman of the Company, finance lease liabilities and the unwinding of the discount on the mine closure provision. It also includes a discount fee of $0.6 million on the factoring of VAT receivable from the fiscal authority of Burkina Faso.

The variation in profit and loss over the eight quarters disclosed above is predominantly driven by the acquisition of the Youga Gold Mine and Balogo satellite deposit in December 2017, non-recurring gains or losses from termination of lease contracts, timing of exploration programme and foreign currency fluctuations. All other items of profit and loss are relatively consistent.

Year ended December 31, 2018 vs year ended December 31, 2017

The net loss for the year ended December 31, 2018 reduced to $16.1 million (2017: $27.4 million) with the contribution of profitable Youga operations.

Revenues of US$282.8 million for the year ended December 31, 2018 (2017: $97.8 million) includes shipments of 110,326 ounces of gold from Youga amounting to $141.4 million (2017: $2.5 million) and 110,672 ounces from New Liberty amounting to US$140.3 million (2017: $95.2 million).

Cost of sales of $259.8 million for the year ended December 31, 2018 includes production costs of $185.3 million (2017: $73.5 million) and mine depreciation of $74.6 million (2017: $32.2 million). The increase in production costs year-on-year is due to the full year effect of Burkina production costs and higher costs at New Liberty with gold sales up by 47% during the year partly off-set by a 6% decline in unit operating cash costs. Higher depreciation is due to higher depletion rates with increased production.

Corporate and administrative expenses increased by $3.3 million to $8.9 million for the year ended December 31, 2018 mainly due to withholding taxes on dividends received from the Burkina subsidiaries of $1.8 million and higher head office costs by $1.0 million.

The Company charged exploration and evaluation costs of $13.0 million (2017: $3.0 million) to profit and loss and includes $5.5 million incurred within the New Liberty MDA licence (2017: $2.0 million), $2.8 million spent within the Youga exploitation permit, primarily on the Gassore prospect (2017: $0.8 million), $2.6 million within Balogo and $1.2 million on the Zerbogo and Songo deposits.

Loss on lease termination of $0.6 million for the year ended December 31, 2018 is in relation to the power generation contract at New Liberty which was replaced with newly acquired generators financed by Mapa, a related company. In the prior year, the Company cancelled poor performing heavy mining equipment held as finance leases and fully acquired those with acceptable performance. The derecognition of the finance lease liabilities resulted in a gain of $4.0 million and an impairment of $2.9 million was recognised on the equipment with low availabilities.

A foreign exchange loss of $2.1 million (2017: $0.1 million) is due to Euro-US dollar movements with an adverse effect on the settlement and revaluation of payables denominated in Euros and Central African Franc, which is also pegged to the Euro.

Income tax charge of $10.4 million (2017: $0.1 million) is in respect of net taxable profits generated from Burkina operations.

Total comprehensive loss for the year ended December 31, 2018 was $26.8 million (2017: $27.5 million).

The variation in profit and loss for the last two years is predominantly driven by the acquisition of the Youga Gold Mine and Balogo satellite deposit in December 2017, non-recurring gains or losses from termination of lease contracts, exploration activities, funding requirements which affect finance costs and foreign currency fluctuations. All other items of comprehensive loss are relatively consistent.

(ii) CONSOLIDATED STATEMENT OF FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Statement of financial position at December 31, 2018 vs. December 31, 2017

Trade and other receivables decreased from $25.3 million as at December 31, 2017 to $23.8 million as at December 31, 2018 predominantly due to a reduction in supplier pre-payments.

Inventories of $45.9 million at December 31, 2018 (December 31, 2017: $36.9 million) comprises of gold doré ($2.3 million), gold in circuit ($4.0 million), ore stockpiles ($3.8 million) and mining and plant consumables and spares ($35.7 million). Increase in inventories is driven by supplementary mining consumables required by the additional mining fleet at New Liberty and Youga.

Property, plant and equipment of $225.0 million as at December 31, 2018 (December 31, 2017: $249.6 million) relates predominantly to mining assets of $127.3 million, heavy mining equipment of $76.3 million, capitalised stripping costs of $12.3 million, assets held as finance leases of $3.7 million and mine closure and rehabilitation costs of $3.7 million. Asset additions of $53.9 million during the year include heavy mining equipment ($30.9 million), capitalised stripping at New Liberty ($15.0 million), improvements to the tailings storage facility, camp and office infrastructure ($6.7 million) and pre-mining costs at Gassore East in Youga ($1.8 million). Asset disposals during the year are in relation to leased power generators (carrying value of $5.5 million) and scrapped equipment (carrying value of $nil). Total depreciation for the year ended December 31, 2018 amounted to $74.8 million compared to previous year of $32.8 million due to increased gold produced resulting in higher units-of production charge for New Liberty and full year depreciation charge for Youga.

Other current and non-current assets of $3.0 million as at December 31, 2018 (December 31, 2017: $2.9 million) includes a supplier's deposit of $1.2 million, escrowed deposit for the Youga asset retirement obligation of $0.5 million and other deposits of $1.2 million.

Current liabilities of $92.2 million as at December 31, 2018 (December 31, 2017: $93.9 million) includes trade and other payables of $65.9 million (December 31, 2017: $41.0 million) arising mainly from mining and plant operations, current portion of borrowings of $17.7 million (December 31, 2017: $38.0 million), income tax payable in Burkina Faso of $4.3 million (December 31, 2017: $12.4 million), finance lease liabilities of $1.0 million (December 31, 2017: $1.9 million) and current legal and other provisions of $3.3 million (December 31, 2017: $0.5 million). Higher trade and other payables are attributable to the increase in consumables and increased exploration activity towards the end of 2018. Income tax payable reduced in line with the decline in year-to-year taxable profits generated from the Burkina operations.

Non-current liabilities of $119.3 million (December 31, 2017: $118.1 million) includes borrowings of $106.1 million

(December 31, 2017: $101.3 million), finance lease liabilities of $2.3 million (December 31, 2017: $5.9 million) and provisions of $10.9 million (December 31, 2017: $10.4 million). The reduction in finance lease liabilities is due to the termination of the leased power generators. Non-current provisions relate to mine closure and rehabilitation provision ($9.3 million) and provision for employee benefits ($1.6 million).

Borrowings (at gross, contractual and undiscounted amounts) include a Senior Facility of $59.6 million (December 31, 2017: $85.6 million), a Subordinated Facility of $12 million (December 31, 2017: $12 million), loans payable to AJL of $27.0 million (December 31, 2017: $23.0 million), loans payable to Mapa İnşaat ve Ticaret A.Ş. ("Mapa"), a related party, of $28.3 million (December 31, 2017: $23.2 million). Senior Facility borrowings have fallen during the year following scheduled repayments of $26.0 million. Loans payable to Mapa are in respect of equipment and finance facility agreements to facilitate the purchase of heavy mining equipment at New Liberty with new loans of $10.3 million agreed and principal instalment repayments of $4.8 million made during the year ended December 31, 2018.

Liquidity, Capital Resources and Financial Instruments

As at December 31, 2018, the Company had cash and cash equivalents of $3.5 million and net current liabilities of $17.3 million.

The cash generation capacity of the Company has significantly improved due to the acquisition of the Youga gold mine and the Balogo satellite deposit in December 2017 and the continuing improvement of mining operations at New Liberty. As a result, the Company expects to generate sufficient cash from operating activities to cover current liabilities and forecast expenditures in the foreseeable future.

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, borrowings, trade payables and accruals, finance lease liabilities and derivative liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A- long-term credit rating (15%) and financial institutions that are regulated by the Central Bank of the West African States (BCEAO) (80%). The operating subsidiaries in Burkina Faso are restricted from holding their cash accounts outside of Burkina Faso. 81% of the Company's cash and cash equivalents as at December 31, 2018 are denominated in West African Francs.

Future obligations and their maturities stated at their gross, contractual and undiscounted amounts, are given below:

At December 31, 2018	**Less than one year $'000**	**Between one and five years $'000**	**Over five years $'000**	**Total $'000**
Trade and other payables	65,909	-	-	65,909
Income tax payable	4,333	-	-	4,333
Finance lease liabilities	1,266	2,539	-	3,805
Borrowings principal	15,981	112,707	-	128,688
Operating and capital commitments	264	316	-	580
	87,753	115,562	-	203,315

(stated in US dollars)

Cash Flows for the year ended December 31, 2018 vs. December 31, 2017

The cash generation capacity of the Company significantly increased due to the acquisition of the Youga Gold Mine and the Balogo satellite deposit in December 2017 and the continuing improvement of operations at New Liberty. As a result, net cash generated during the year ended December 31, 2018 from the Group's mining operations less exploration costs, corporate expenses and movements in operating working capital increased to $73.1 million (2017: net cash generated of $11.0 million).

Net cash used in investing activities during the year ended December 31, 2018 was $44.7 million (2017: $34.9 million) and includes deferred stripping spend at New Liberty, acquisition of heavy mining equipment in Burkina Faso to enhance the mining fleet and capitalised exploration costs on the Gassoré East and Ouare projects.

Net cash used in financing activities for the year ended December 31, 2018 of $42.4 million (2017: net cash generated of $28.3 million) comprises of scheduled bank loan repayments of $26.0 million, Mapa loan instalments of $4.8 million, dividends paid to the Government of Burkina Faso, who hold 10% interest in the local subsidiaries in Burkina Faso, of $3.1 million, finance lease payments of $0.9 million and financing charges of $11.7 million partly off-set by net proceeds from AJL shareholder loans of $4.0 million.

(D) OTHER INFORMATION

(i) Outstanding Share Data

As at December 31, 2018, the Company had an unlimited number of common shares authorized for issuance with 81,575,260 common shares issued and outstanding.

The Company has the following incentive stock options and warrants outstanding at the date hereof:

	Number	Exercise Price	Expiry Date
Stock Options	4,209,233	C$2.60-C$51.00	Jan 2019 – Dec 2023
Warrants	315,245	GBP7	Apr 2019

A 100:1 share consolidation became effective on January 24, 2018. Accordingly, the Company's issued and outstanding common shares was reduced to 81,560,260 of nil par value as of that date. The stock options and warrants were also reduced by a multiple of 100 with a consequent increase in exercise price by a multiple of 100.

(ii) Going concern

As at December 31, 2018, the Company had cash and cash equivalents of $3.5 million, net current liabilities of $17.3 million and debt and interest repayments of $24.6 million during 2019.

The free cash flow generation of the Company significantly improved following the acquisition of the Youga Gold Mine and the Balogo satellite deposit in December 2017 and the continuing improvement of mining operations at New Liberty. Accordingly, the Company expects to meet its current liabilities through its cash generation capacity.

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

(iii) Subsequent events

In March 2019, the Company entered into and had fully drawn down on an additional working capital facility of $10 million with AJL (the "New Facility"). The New Facility is unsecured, and ranks subordinated to the Company's existing facilities. Interest is charged on drawn amounts at a fixed rate of 8.0 per cent. per annum. The New Facility is due to repaid in full no later than twelve months following the drawdown and has no early repayment penalty. Following full draw down of the New Facility, the balance of working capital loans provided by AJL was $37.2 million.

(iv) Related party transactions

Following are the Company's related party transactions in addition to the acquisition of Youga Gold Mine and Balogo satellite deposit as discussed in section 3(C)(ii).

(a) Guarantee on the bank loans

In exchange for the revised and improved conditions and rescheduled repayment terms of the bank loans a personal guarantee was provided by Mehmet Nazif Gűnal, Non-Executive Chairman of the Company and corporate guarantees were provided by the Avesoro Holdings Limited group, the beneficial owner of 72.9% of the Company's issued equity.

(b) Working Capital Facility with AJL

During the year ended December 31, 2018, the Company borrowed $21.9 million from its majority shareholder (2017: US$18.8 million) and repaid principal instalments of $13.7 million (2017: $nil). Interest expense charged on the Working Capital Facility for the year ended December 31, 2018 was $1.1 million (2017: $0.7 million).

(c) Loans payable to Mapa

During the year ended December 31, 2018, the Company borrowed $10.3 million from Mapa (2017: $23.3 million) and repaid principal instalments of $4.8 million (2017: $nil) and interest of $1.4 million (2017: $nil). Interest expense charged on related party loans for the year ended December 31, 2018 was $2.4 million (year ended December 31, 2017: $0.4 million).

(d) Termination of mining services contract and acquisition of mining assets

During the year ended December 31, 2017, BMMC charged $2 million for management, procurement and operational assistance provided to ASLI and an additional $0.3 million for payments made on behalf of ASLI. The outstanding receivable from ASLI as at December 31, 2018 is $1 million (2017: $1 million).

(e) Other provision/(purchases) of goods and services

	Year ended December 31, 2018 $'000	Year ended December 31, 2017 $'000
*Sale of consumables * by the Company to:* MNG Gold Liberia Inc., a subsidiary of Company's parent company	**2,731**	-
Technical and support staff services provided to: MNG Gold Liberia Inc., a subsidiary of Company's parent company	**454**	-
*Sale of consumables * by the Company to:* Faso Drilling Company SA., a subsidiary of Company's parent company	**433**	-
Drilling services provided to the Company by: Faso Drilling Company SA., a subsidiary of Company's parent company	**(6,822)**	(742)
Drilling services provided to the Company by: Zwedru Mining Inc., a subsidiary of Company's parent company	**(3,302)**	(899)
Charter plane services provided to the Company by: MNG Gold Liberia Inc., a subsidiary of Company's parent company	**(360)**	(180)
Travel services provided to the Company by: MNG Turizm ve Ticaret A.S., an entity controlled by the Company's Chairman	**(20)**	(38)
Technical and managerial services provided to: Avesoro Services (Jersey) Limited, a subsidiary of Company's parent company	**-**	486
Administration services provided to the Company by: Avesoro Services (Jersey) Limited, a subsidiary of Company's parent company	**-**	(120)
Technical and procurement services provided to the Company by: MNG Orko Madencilik A.S., an entity controlled by the Company's Chairman	**-**	(350)

** Company's gross billings as agents in the procurement, shipping and handling of consumables*

Included in trade and other receivables is a receivable from a related party of $3.4 million as at December 31, 2018 (2017: $1 million) which represents mainly management, procurement, operational, technical and support services.

Included in trade and other payables is $3.3 million payable to related parties as at December 31, 2018 (2017: $0.5 million) which represents mainly drilling services.

(v) Off balance sheet arrangements

The Government of Liberia holds a 10% free carry interest in the Bea Mining Licence.

As part of the settlement for legacy mining claims at Weaju a third party is entitled to receive a 7.5% net profit interest ("NPI") on life-of-mine production at Weaju.

As part of the agreement to acquire Sarama Investments Liberia Limited, a third party is entitled to receive a royalty equal to 1% net smelter returns ("NSR") from the Cape Mount permit.

A 1.8% (minus withholding tax of 6.25%) NSR is payable to Endeavour Mining Corporation on revenues derived from mining at Youga and Ouaré. Burkina Mining Company, has the right to a buyback option and may exercise this right at an applicable price.

Other than the NPI interests disclosed above the Company does not have any off-balance sheet arrangements and does not contemplate having any in the foreseeable future.

(vi) Operating segments

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 gold mine and Balogo satellite deposit;
- Exploration; and
- Corporate.

.
Gold sales from New Liberty operations and Burkina operations are each sold to a single but different customer, both located in Switzerland.

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the year ended December 31, 2018:

	New Liberty operations $'000	Burkina operations $'000	Exploration $'000	Corporate $'000	Total $'000
Net income/(loss) for the year	(40,279)	33,352	(12,596)	(7,339)	**(26,862)**
Revenues	140,279	141,436	-	1,083	**282,798**
Production costs					
- Mine operating costs	98,315	82,523	-	300	**181,138**
- Change in inventories	1,680	2,443	-	-	**4,123**
	99,995	84,966	-	300	**185,261**
Depreciation	64,700	9,867	-	246	**74,813**
Segment assets	215,535	79,010	9,707	5,836	**310,088**
Segment liabilities	(160,181)	(42,103)	(5,759)	(3,449)	**(211,493)**
Capital additions and acquisitions					
– property, plant and equipment	41,447	12,457	-	-	**53,904**
– intangible assets	-	-	8,234	-	**8,234**

(vii) Non-IFRS financial measures

The Company has included certain non-IFRS financial measures in this MD&A, including operating cash costs and all-in sustaining costs ("AISC") per ounce of gold sold. These non-IFRS financial measures do not have any standardised meaning. Accordingly, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Operating cash costs and AISC are a common financial performance measure in the mining industry but have no standard definition under IFRS. Operating cash costs are reflective of the cost of production. AISC include operating cash costs, net-smelter royalty, corporate costs, sustaining capital expenditure, sustaining exploration expenditure and capitalised stripping costs.

Cash Costs

Operating cash costs and AISC are common financial performance measures in the mining industry but have no standard definition under IFRS. The Company reports cash costs on a per ounce of gold sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, investors use this information to evaluate the Company's performance and ability to generate cash flow from its operations. Other companies may calculate these measures differently and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures:

In US$'000 except per ounce figures	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Gold ounces sold	**46,186**	48,974	57,285	68,553	26,209	19,797	15,382	16,008
Production costs	**47,436**	45,646	43,195	48,986	21,245	18,187	16,567	17,495
Royalty, freight and refining	**(2,301)**	(2,514)	(3,316)	(4,476)	(1,065)	(833)	(649)	(665)
Depreciation absorbed in change in inventories	**232**	(187)	125	(1,739)	-	-	-	-
Total operating cash costs	**45,367**	42,945	40,004	42,771	20,180	17,354	15,918	16,830
Total operating cash costs per ounce sold	**982**	877	698	624	770	877	1,035	1,051
Total operating cash costs	**45,367**	42,945	40,004	42,771	20,180	17,354	15,918	16,830
Royalty, freight and refining	**2,301**	2,514	3,316	4,476	1,065	833	649	665
Corporate administrative costs *	**1,548**	2,654	2,018	1,255	540	1,045	1,010	929
Share based compensation	**293**	288	270	296	179	301	314	276
Capitalised stripping and sustaining capital	**6,998**	8,248	10,230	11,646	9,510	8,965	6,588	4,992
Sustaining exploration	**-**	-	-	-	25	48	27	29
Accretion and depreciation on reclamation provision	**118**	(103)	576	467	121	93	101	96
Total all-in sustaining costs	**56,624**	56,546	56,414	60,911	31,620	28,639	24,607	23,817
Total all-in sustaining costs per ounce sold	**1,226**	1,155	985	899	1,206	1,447	1,600	1,488

* Corporate administrative costs include salaries and wages, legal and professional fees and other administrative expenses but exclude non-recurring transaction costs related to the acquisition of the Youga Gold Mine and the Balogo satellite deposit.

EBITDA and Adjusted EBITDA

A non-IFRS financial measure, the Company calculates EBITDA as net profit or loss for the period excluding finance costs, income tax expense and depreciation.

EBITDA does not have a standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes and the effects of changes in working capital balances and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

Adjusted EBITDA is a non-IFRS financial measure calculated by excluding one-off costs or credits relating to non-routine transactions from EBITDA. It excludes other credits and charges, that individually or aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance. Other companies may calculate adjusted EBITDA differently.

In US$'000	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	**Q4 2017**	**Q3 2017**	**Q2 2017**	**Q1 2017**
Net profit/(loss) after tax	**(17,700)**	(16,119)	(2,889)	9,846	(3,723)	(4,651)	(9,478)	(9,555)
Finance costs	**5,154**	3,177	2,832	4,341	3,463	2,726	2,853	2,770
Derivative liability loss/(gain)	**-**	-	-	(104)	(173)	(3)	13	163
Foreign exchange loss/(gain)	**840**	(644)	817	1,095	(101)	16	167	(4)
Income tax (credit)/charge	**796**	(219)	3,267	6,589	143	-	-	-
Depreciation	**15,667**	21,976	20,507	16,663	11,392	7,033	7,500	6,840
Depreciation included in change in inventories	**(90)**	44	(125)	1,739	-	-	-	-
EBITDA	**4,667**	8,215	24,409	40,169	11,001	5,121	1,055	214
Transaction fees related to the acquisition of Youga Gold Mine	**-**	-	-	-	344	342	-	-
Professional fees related to the arbitration with ICE	**-**	-	-	-	-	-	-	292
Loss/(gain) on lease termination	**-**	-	-	566	(3,988)	-	-	-
Impairment of assets	**-**	-	-	-	2,877	-	-	-
Back pay provision	**-**	157	608	-	-	-	-	-
Adjusted EBITDA	**4,667**	8,372	25,017	40,735	10,234	5,463	1,055	506

The increase in EBITDA and adjusted EBITDA from Q3 2017 is mainly due to the improvement in operating cash costs and gold production at New Liberty. The decline in EBITDA from Q2 2018 to Q4 2018 is predominantly due to reduced feed grades at Youga.

(viii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in Note 3.23 of the Company's annual financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following critical IFRS accounting policies and estimates are relevant to the presentation of the Company's audited consolidated financial statements for the year ended December 31, 2018:

Carrying value of cash generating units

The ability of the Company to realise the carrying values of the cash generating units is contingent upon future profitable production or proceeds from New Liberty, Youga and Balogo Gold Mines and influenced by operational, legal and political risks and future gold prices.

Management makes the judgements necessary when considering impairment at least annually with reference to indicators in IAS 36. If an indication exists, an assessment is made of the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected future cash flows) and fair value less costs to sell. Value in use is estimated based on operational forecasts with key inputs that include gold reserves, gold prices, production levels including grade and tonnes processed, production costs and capital expenditure. Because of the above-mentioned uncertainties, actual future cash flows could materially differ from those estimated. The consolidated financial statements for the year ended December 31, 2018 outlines the significant inputs used when performing the impairment test on the New Liberty cash generating unit.

Capitalisation of waste stripping

Capitalisation of waste stripping requires the Company to make judgments and rely on estimates in determining the amounts to be capitalised, which include the expected stripping ratio during the life of an ore body, the determination of the lowest level of components of an ore body and the expected number of ounces to be extracted from an ore body.

During the year ended December 31, 2018, Management considered the commencement of the pre-feasibility studies on the underground mine at New Liberty and the viability of transporting ore from the Ndablama satellite deposit to New Liberty processing plant as a trigger to change the level at which to capitalise waste stripping. The change in estimate was accounted for prospectively from October 1, 2018. Previously, the Company allocated waste stripping between production costs and capital based on the various pits at New Liberty only.

The impact of the change in estimate on the three months ended December 31, 2018 was to reduce the stripping asset by $3.6 million and reduce depreciation charge by $5.0 million, resulting in a net credit to the profit and loss of $1.4 million. It is expected that the overall capitalisation of waste stripping will reduce in the future, assuming all other things remain constant, but this cannot be reliably estimated as it is dependent on actual ore and waste mined.

Reserve estimates

The Company estimates its ore reserves and mineral resources in accordance with the National Instrument 43-101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators. Reserves determined in this way are used in the calculation of capitalised stripping costs, depreciation of mining assets, as well as the assessment of the carrying value of the cash generating units and timing of mine closure provision. Uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. The failure of the Company to achieve production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and/or financial condition.

Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

Provisions for mine closure and rehabilitation costs

Management uses its judgement and experience to provide for and amortise the estimated mine closure and site rehabilitation over the life of the mine. Provisions are discounted at a risk-free rate and cost base inflated at an appropriate rate. The ultimate closure and site rehabilitation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements or the emergence of new restoration techniques. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

Capitalisation of exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred until a decision is taken that a mining property is economically recoverable, after which subsequent expenditures are capitalised as intangible assets. Management estimates the economic feasibility of a property using key inputs such as gold resources, future gold prices, production levels, production costs and capital expenditure.

Inventories

Valuations of ore stockpile and gold in circuit require estimations of the amount of gold contained in, and recovery rates from, the various work in progress. These estimations are based on analysis of samples and prior experience. Judgement is also required regarding the timing of utilisation of stockpiles and the gold price to be applied in calculating net realisable value.

Share-based payments and warrants

The amounts used to estimate fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options, expected dividends to be paid by the Company and other relevant assumptions.

By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

4. NI 43-101 STATEMENT AND QUALIFIED PERSON

The Company's Qualified Person is Mark J. Pryor, who holds a BSc (Hons) in Geology & Mineralogy from Aberdeen University, United Kingdom and is a Fellow of the Geological Society of London, a Fellow of the Society of Economic Geologists and a registered Professional Natural Scientist (Pr.Sci.Nat) of the South African Council for Natural Scientific Professions. Mark Pryor is an independent technical consultant with over 30 years of extensive global experience in exploration, mining and mine development and is a "Qualified Person" as defined in NI 43-101 of the Canadian Securities Administrators. Mr. Pryor has reviewed and approved the scientific and technical information contained in this MD&A, and consents to the inclusion in this MD&A of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

Assay and sampling information are taken from the Company's database as prepared on the New Liberty and gold mine sites by the project geologists. Drill core is split on site and sent under custody to internationally recognised assayers.

Quality control and quality assurance procedures include the regular and methodical implementation of field duplicates, blank samples, standards and laboratory repeats as well as regular and specific programmes of re-assaying and umpire laboratory assaying.

The current Mineral Reserve and Mineral Resource estimates and additional information in connection with the New Liberty gold mine is set out in a press release dated March 6, 2019 and entitled "New Liberty Pre-Feasibility Underground Study & 2019 Production Guidance". A supporting Technical Report summarising the PFS, prepared in accordance with the requirements of National Instrument 43-101 will be filed on SEDAR at www.sedar.com and on the Company's corporate website www.avesoro.com within 45 days. The Company has previously filed a Technical Report in respect of the New Liberty project entitled "New Liberty Gold Mine, BEA Mountain Mining Licence, Southern Block, Liberia, West Africa", dated 1 November 2017 and available at www.sedar.com and on the Company's website.

The Mineral Reserve and Mineral Resource estimates and additional information in connection with the Youga Gold Mine is set out in an NI 43-101 compliant Technical Report, dated July 31, 2018 entitled "Mineral Resource and Mineral Reserve Update for the Youga Gold Mine" and is available on SEDAR at www.sedar.com and on the Company's website.

5. FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward looking information or forward looking statements with the meaning of applicable securities laws. This information or statements may relate to future events, facts, or circumstances or the Company's future financial or operating performance or other future events or circumstances. All information other than historical fact is forward looking information and involves known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results, performance, events or circumstances expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "would", "project", "should", "believe", "target", "predict" and "potential". No assurance can be given that this information will prove to be correct and such forward looking information included in this MD&A should not be unduly relied upon. Forward looking information and statements speaks only as of the date of this MD&A.

Forward looking statements or information in this MD&A include, among other things, statements regarding an update during Q2 2019 with the results of the extensive exploration programme in Burkina Faso which aim to significantly add to the Mineral Reserves of the Youga Gold Mine; plans to update the current Mineral Resource and Mineral Reserve statements for both the Youga and Balogo Gold Mines during H1 2019; the transition of New Liberty from a solely open-pit operation to a combined open-pit and underground mining operation; the expectation that New Liberty enters a period of higher waste stripping to complete the final open pit pushback and prepare the pit for the development of underground operations; and an increase in AISC for New Liberty temporarily during 2019, and the expected operational and financial performance in 2019 for the Company's New Liberty and Youga mines.

In making the forward looking information or statements contained in this MD&A, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; interest rates and foreign exchange rates; the continuing accuracy of Mineral Resource and Reserve estimates; geological and metallurgical conditions (including with respect to the size, grade and recoverability of Mineral Resources and Reserves) and cost estimates on which the Mineral Resource and Reserve estimates are based; the supply and demand for commodities and precious and base metals and the level and volatility of the prices of gold; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities and that unforeseen events do not impact the ability of the Company to use existing funds to fund future plans and projects as currently contemplated; the stability and predictability of the political environments and legal and regulatory frameworks including with respect to, among other things, the ability of the Company to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities; that contractual counterparties perform as agreed; and the ability of the Company to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand.

Actual results could differ materially from those anticipated in the forward looking information or statements contained in this MD&A as a result of risks and uncertainties (both foreseen and unforeseen), and should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. These risks and uncertainties include the risks normally incidental to exploration and development of mineral projects and the conduct of mining operations (including exploration failure, cost overruns or increases, and operational difficulties resulting from plant or equipment failure, among others); the inability of the Company to obtain required financing when needed and/or on acceptable terms or at all; risks related to operating in West Africa, including potentially more limited infrastructure and/or less developed legal and regulatory regimes; health risks associated with the mining workforce in West Africa; risks related to the Company's title to its mineral properties; the risk of adverse changes in commodity prices; the risk that the Company's exploration for and development of mineral deposits may not be successful; the inability of the Company to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the legal and regulatory frameworks in jurisdictions where the Company operates, including adverse or arbitrary changes in applicable laws or regulations or in their enforcement; competitive conditions in the mineral exploration and mining industry; risks related to obtaining insurance or adequate levels of insurance for the Company's operations; that Mineral Resource and Reserve estimates are only estimates and actual metal produced may be less than estimated in a Mineral Resource or Reserve estimate; the risk that the Company will be unable to delineate additional Mineral Resources; risks related to environmental regulations and cost of compliance, as well as costs associated with possible breaches of such regulations; uncertainties in the interpretation of results from drilling; risks related to the tax residency of the Company; the possibility that future exploration, development or mining results will not be consistent with expectations; the risk of delays in construction resulting from, among others, the failure to obtain materials in a timely manner or on a delayed schedule; inflation pressures which may increase the cost of production or of consumables beyond what is estimated in studies and forecasts; changes in exchange and interest rates; risks related to the activities of artisanal miners, whose activities could delay or hinder exploration or mining operations; the risk that third parties to contracts may not perform as contracted or may breach their agreements; the risk that plant, equipment or labour may not be available at a reasonable cost or at all, or cease to be available, or in the case of labour, may undertake strike or other labour actions; the inability to attract and retain key management and personnel; and the risk of political uncertainty, terrorism, civil strife, or war in the jurisdictions in which the Company operates, or in neighbouring jurisdictions which could impact on the Company's exploration, development and operating activities.

This MD&A also contains Mineral Resource and Mineral Reserve estimates. Information relating to Mineral Resource and Mineral Reserve contained in this MD&A is considered forward looking information in nature, as such estimates are estimates only, and that involve the implied assessment of the amount of minerals that may be economically extracted in a given area based on certain judgments and assumptions made by qualified persons, including the future economic viability of the deposit based on, among other things, future estimates of commodity prices. Such estimates are expressions of judgment and opinion based on the knowledge, mining experience, analysis of drilling results and industry practices of the qualified persons making the estimate. Valid estimates made at a given time may significantly change when new information becomes available, and may have to change as a result of numerous factors, including changes in the prevailing price of gold. By their nature, Mineral Resource and Mineral Reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such Mineral Resource and Mineral Reserve estimates are inaccurate or are reduced in the future (including through changes in grade or tonnage), this could have a material adverse impact on the Company and its operating and financial performance. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot provide assurance that actual results or performance will be consistent with these forward-looking statements. The forward looking information and statements included in this MD&A are expressly qualified by this cautionary statement and are made only as of the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward looking information except as required by applicable securities laws.

6. RISKS AND UNCERTAINTIES

Avesoro is exposed to a number of potential risks due to the nature of the mining and exploration business in which it is engaged, the countries in which it operates, adverse movements in gold prices and foreign exchange and liquidity risk. Readers are referred to the Company's Annual Information Form, located on SEDAR at www.sedar.com, for a full list of applicable risk factors.

7. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting ("ICFR" as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52- 109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures ("DC&P" as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers.

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have each evaluated the design and operating effectiveness of the Company's DC&P and ICFR as of December 31, 2018 and, in accordance with the requirements established under NI 52-109, the CEO and CFO have each concluded that these controls and procedures have been designed and operate to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

Based upon the results of that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this MD&A, the Company's disclosure controls and procedures were effective.

The Company's CEO and CFO have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the design and operation of the Company's ICFR as of December 31, 2018 and have concluded that these controls and procedures have been designed and operated effectively to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the year ended December 31, 2018, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting

8. OUTLOOK

As part of the New Liberty PFS, the Company has revised the mining schedule at New Liberty to take into account the transition of New Liberty from a solely open-pit operation to a combined open-pit and underground mining operation. New Liberty is now entering a period of higher waste mining which will provide a platform for the final open pit pushback and the development of underground operations.

The Company looks forward to updating the market during Q2 2019 with the results of the extensive exploration programme in Burkina Faso which aim to significantly add to the Mineral Reserves of the Youga Gold Mine.