



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited - Expressed in US Dollars)**  
**Three and Nine Months ended September 30, 2016**



## **NOTICE TO READERS**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by management, and are not reviewed by the Company's independent auditor.

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in US dollars)

	Note	September 30, 2016	December 31, 2015
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		239,131	317,634
GST receivables		4,535	4,656
Prepaid		470	446
		244,136	322,736
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	332,663	312,005
<b>EQUITY (DEFICIENCY)</b>			
Share capital	4	16,603,967	16,388,703
Subscription receipt	4	-	-
Accumulated other comprehensive income		187,481	185,962
Reserves	4	16,890,463	16,806,863
Deficit		(33,770,438)	(33,370,797)
		(88,527)	10,731
		244,136	322,736

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

Approved for issuance by the board of directors on November 28, 2016

**"Sonny Janda"**

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**Director - Sonny Janda**

**"Jared Scarf"**

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**Director - Jared Scarf**

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in US dollars)

	Note	Three months ended Sept 30,		Nine months ended Sept 30,	
		2016	2015	2016	2015
		\$	\$	\$	\$
Office and administration		3,572	12,839	35,577	78,481
Professional and consulting fees	6	58,033	49,691	219,394	222,156
Prospecting rights and exploration	3	18,760	57,353	34,260	188,940
Rent		3,447	11,022	10,713	33,792
Share-based compensation	4	-	-	83,600	-
Transfer agent and listing fees		4,856	6,158	15,392	16,247
<b>Loss before the following:</b>		88,668	137,063	398,936	539,616
Finance charges and foreign exchange		375	207	705	4,165
<b>Net loss</b>		89,043	137,270	399,641	543,781
Other comprehensive loss					
Foreign exchange translation loss (gain)		4,346	(34,243)	(1,519)	20,981
<b>Total comprehensive loss</b>		93,389	103,027	398,122	564,762
<b>Weighted average number of outstanding shares, basic and diluted</b>		15,107,446	5,206,803	13,655,716	5,158,318
<b>Loss per share, basic and diluted</b>		0.01	0.03	0.03	0.11

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**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in US dollars)

<b>Nine month ended September 30,</b>	<b>2016</b>	<b>2015</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(399,641)	(543,781)
Adjustments for non-cash items:		
Share-based compensation	83,600	-
Changes in non-cash working capital items:		
Other receivables	121	(3,577)
Prepaid	(24)	4,105
Accounts payable and accrued liabilities	17,189	11,239
<b>Cash used in operating activities</b>	<b>(298,755)</b>	<b>(532,014)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuance	215,264	274,124
<b>Effect of foreign exchange rate on cash</b>	<b>4,988</b>	<b>(20,981)</b>
<b>Increase (decrease) in cash</b>	<b>(78,503)</b>	<b>(278,871)</b>
<b>Cash, beginning of period</b>	<b>317,634</b>	<b>298,717</b>
<b>Cash, end of period</b>	<b>239,131</b>	<b>19,846</b>
<b>Supplementary information:</b>		
Interest paid in cash	-	2,048
Income taxes paid in cash	-	-

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**DESERT GOLD VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
(Unaudited - Expressed in US dollars except the number of shares)

	Share capital		Subscription received	Reserves			Accumulated other comprehensive income	Deficit	Total equity
	Number	Amount		Others	Warrants	Share-based compensation			
		\$	\$	\$	\$	\$	\$	\$	\$
<b>December 31, 2014</b>	4,406,803	15,645,600	43,100	13,755,601	486,301	2,564,961	179,372	(32,635,611)	39,324
Share issuance - private placement	800,000	317,224	(43,100)	-	-	-	-	-	274,124
Translation between functional and reporting currency	-	-	-	-	-	-	(20,981)	-	(20,981)
Loss for the period	-	-	-	-	-	-	-	(543,781)	(543,781)
<b>September 30, 2015</b>	5,206,803	15,962,824	-	13,755,601	486,301	2,564,961	158,391	(33,179,392)	(251,314)
<b>December 31, 2015</b>	12,913,898	16,388,703	-	13,755,601	486,301	2,564,961	185,962	(33,370,797)	10,731
Share issuance - private placement	4,000,000	215,264	-	-	-	-	-	-	215,264
Share-based compensation	-	-	-	-	-	83,600	-	-	83,600
Translation between functional and reporting currency	-	-	-	-	-	-	1,519	-	1,519
Income (loss) for the period	-	-	-	-	-	-	-	(399,641)	(399,641)
<b>September 30, 2016</b>	16,913,898	16,603,967	-	13,755,601	486,301	2,648,561	187,481	(33,770,438)	(88,527)

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(Unaudited - Expressed in US dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

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Desert Gold Ventures Inc. (the “Company” or “Desert Gold”) is an exploration stage Company with a corporate office at 8338, 120<sup>th</sup> Street, Surrey, BC, Canada. The principal business of the Company is conducting mineral property exploration in Mali and Rwanda.

The Company is an exploration stage Company primarily involved in mining and exploration activities which has incurred recurring losses from inception. These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2016, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from equity and/or debt financing that is sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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**a) Basis of consolidation and presentation**

These condensed consolidated interim financial statements have been prepared on an historical cost basis, modified where applicable. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in US dollars, unless otherwise specified.

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries of the Company are as follows:

Name	Country of incorporation	Ownership percentage	
		Sept 30, 2016	Sept 30, 2015
TransAfrika Belgique S.A.	Belgium	100%	100%
Desert Gold Rwanda Ltd.	Rwanda	100%	100%
TransAfrika Mali S.A.	Mali	74%	74%
TransAfrika Senegal S.A.	Senegal	0%	100%
GoldBanks Nevada Ventures Inc.	USA	0%	100%



**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(Unaudited - Expressed in US dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**b) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the most recent audited consolidated financial statements for the year ended December 31, 2015.

**c) Change in accounting policies and new standards yet to adopted**

The Company has not adopted new accounting standards since its recent year ended December 31, 2015.

New accounting standards or amendments to existing standards that have been issued but are not yet effective are either not applicable or not expected to have a significant impact on the Company's financial statements.

**d) Use of judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

***Critical Judgments***

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 and the functional currency of the Company and its subsidiaries.

The estimates and underlying assumptions are reviewed on an ongoing 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.

***Key Sources of Estimation Uncertainty***

***Share-based compensation***

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(Unaudited - Expressed in US dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**d) Use of judgments and estimates (continued)**

*Deferred tax assets and liabilities*

The measurement of deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

**3. PROSPECTING RIGHTS AND EXPLORATION EXPENSES**

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**Farabantourou and Djimbali Project**

The Company has the Farabantourou exploration and Djimbala permits, through its subsidiary TransAfrika Mali S.A., located in Mali.

During the six months ended September 30, 2016, the Company incurred \$10,000 exploration expenditures (mainly in the maintenance of the existing permits) (2015 – 188,940).

**Rwanda Project**

During the six months ended September 30, 2016, the Company spent \$24,260 for exploration project in Rwanda mainly for the application of permits.

**4. SHARE CAPITAL**

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**(a) Share capital**

The authorized share capital of the Company consists of unlimited number of shares without par value, and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

The Company consolidated the number of outstanding shares on a 10 old to 1 new basis on July 24, 2015. As a result, the number of outstanding shares, warrants, options, and per share data presented in these interim financial statements, including comparative figures have been adjusted retrospectively.

During the nine months ended September 30, 2016, the Company issued 4,000,000 units at CAD\$0.07 per unit for proceeds of CAD \$280,000 (equivalent to \$215,264). Each unit consist of one common share of the Company and one share purchase warrant. Each warrant can be exercisable into one common share of the Company at CAD\$0.09 per share with an expiry date of August 11, 2021.

During the nine months ended September 30, 2015, the Company issued 800,000 units at CAD\$0.50 per unit for proceeds of CAD \$400,000 (equivalent to \$317,224). Each unit consist of one common share of the Company and one share purchase warrant. Each warrant can be exercisable into one common share of the Company for a period of five years from closing at CAD\$0.50 per share.

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**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(Unaudited - Expressed in US dollars)**

**4. SHARE CAPITAL (Continued)**

**(b) Stock options**

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2013	437,500	CAD\$ 8.00
Expired/cancelled	(35,000)	8.00
Balance, December 31, 2014	402,500	CAD\$ 8.00
Expired	(270,000)	8.00
Balance, December 31, 2015	132,500	CAD\$ 8.00
Issuance	1,100,000	CAD\$ 0.20
Balance, September 30, 2016	1,232,500	CAD\$ 1.04

On January 29, 2016, the Company granted 1,100,000 options to directors and key management. These options vested immediately and each option is exercisable to one common share at \$0.20/share. The Company recognized stock based compensation expense of \$83,600 in relation to these options.

The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2016 was \$0.076 per stock option. The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted:

Risk-free interest rate	0.67%
Expected life of options	5 years
Annualized volatility	195%
Dividend rate	0.00%

Stock options outstanding and exercisable as at September 30, 2016 are summarized as follows:

Exercise price (CAD\$)	Number of options outstanding and exercisable	Expiry date	Remaining life (year)
8.00	132,500	December 1, 2016	0.42
0.20	1,100,000	January 29, 2021	4.58

**(c) Warrants**

Warrants continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2014	-	N/A
Issuance	8,507,142	CAD\$ 0.13
Balance, December 31, 2015	8,507,142	CAD\$ 0.13
Issuance	4,000,000	CAD\$ 0.09
Balance, September 30, 2016	12,507,142	CAD\$ 0.12

As at June 30, 2016, the weighted average remaining life of the Company's outstanding warrants was 4.32 years.

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**(Unaudited - Expressed in US dollars)**

**4. SHARE CAPITAL (Continued)**

**(d) Reserves**

As at September 30, 2016 and December 31, 2015, the Company's reserve balance consisted of the following components:

- (i) Others - these are reserves to account for the net effect of the corporate restructuring in fiscal 2011.
- (ii) Warrants - these are the reserves to account for the issuance of warrants in prior periods
- (iii) Share-based compensation - these are the reserves to account options vested in prior period.

**5. ACCOUNT PAYABLES AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities consisted of the following:

	September 30, 2016	December 31, 2015
	\$	\$
Accounts payable	93,542	33,205
Accrued liabilities	125,593	168,747
Due to related parties	113,528	110,053
	<u>332,663</u>	<u>312,005</u>

**6. RELATED PARTY TRANSACTIONS**

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

Nine Months ended September 30,	Service	2016	2015
		\$	\$
Officers	Consulting	46,202	58,838
Directors	Consulting	-	7,107
A company with a director common with Desert Gold	Consulting	23,905	-
		<u>70,107</u>	<u>63,945</u>

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities included the following balances owing to related parties:

Due to Related parties	Nature	Sept 30, 2016	December 31, 2015
		\$	\$
Key management, companies related to a director and a former director.	Consulting fees	113,528	110,053

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(Unaudited - Expressed in US dollars)**

**7. SEGMENT**

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of resource properties located in Mali and Rwanda.

**8. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	Sept 30, 2016	December 31, 2015
		\$
FVTPL:		\$
Cash	239,131	317,634

Financial liabilities included in the statement of financial position are as follows:

	Sept 30, 2016	December 31, 2015
		\$
Non-derivative financial liabilities:		\$
Trade payables	93,542	33,205
Due to related parties	113,528	110,053
	207,070	143,258

**Fair value**

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of cash, other receivables, accounts payable and accrued liabilities approximated their fair values due to their short-term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 inputs.