



**DESERT GOLD VENTURES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

**(Unaudited - Expressed in US Dollars)**

## **NOTICE TO READERS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

**DESERT GOLD VENTURES INC.**  
**Condensed consolidated interim statements of financial position**  
**(Unaudited - Expressed in US dollars)**

	Note	September 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		157,392	1,216,664
Marketable securities	7	37,818	96,941
Other receivables	3	90,545	192,701
Prepaid		19,649	-
		305,404	1,506,306
<b>Non-current assets</b>			
Equipment		5,580	7,650
<b>Total assets</b>		<b>310,984</b>	<b>1,513,956</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4	387,971	476,937
Note payable	5	145,911	-
		533,882	476,937
<b>EQUITY (DEFICIENCY)</b>			
Share capital	8	34,736,252	33,612,892
Accumulated other comprehensive income		334,836	329,936
Reserves		18,936,816	18,936,524
Deficit		(54,230,802)	(51,842,333)
		(222,898)	1,037,019
<b>Total liabilities and shareholders' deficiency</b>		<b>310,984</b>	<b>1,513,956</b>

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

Approved for issuance by the board of directors on November 29, 2022

**"Sonny Janda"**

Director - Sonny Janda

**"Jared Scarf"**

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 loss and comprehensive loss  
(Unaudited - Expressed in US dollars)**

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Amortization		690	708	2,070	4,187
Investors and shareholders relationship		15,269	35,051	139,336	79,886
Office, occupancy, and administration		17,015	25,406	86,035	49,543
Professional and consulting fees		54,763	97,764	371,694	301,517
Prospecting rights and exploration	6	210,808	738,309	1,676,405	2,859,663
Share-based compensation	8	-	1,805	292	156,644
Transfer agent and listing fees		8,866	19,242	43,763	49,086
<b>Loss before the following:</b>		(307,411)	(918,285)	(2,319,595)	(3,500,526)
Change in fair value of marketable securities	7	(21,666)	(8,047)	(59,123)	7,992
Foreign exchange		(10,224)	(4,357)	(9,751)	(6,247)
Gain on write off of accounts payable		-	127,000	-	127,000
Others		-	18,379	-	38,204
<b>Net loss</b>		(339,301)	(785,310)	(2,388,469)	(3,333,577)
Other comprehensive loss:					
Foreign exchange translation gain (loss)		16,825	(34,727)	4,900	42,091
<b>Total comprehensive loss</b>		(322,476)	(820,037)	(2,383,569)	(3,291,486)
<b>Weighted average number of outstanding shares, basic and diluted</b>		162,224,202	138,191,173	157,179,418	138,190,571
<b>Loss per share, basic and diluted</b>		(0.00)	(0.01)	(0.01)	(0.02)

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

**DESERT GOLD VENTURES INC.**  
**Condensed consolidated interim statements of cash flows**  
**(Unaudited - Expressed in US dollars)**

<b>Nine months ended September 30,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(2,388,469)	(3,333,577)
Adjustments for non-cash items:		
Amortization	2,070	4,187
Foreign exchange loss	9,751	6,247
Change in fair value of marketable securities	59,123	(7,992)
Gain on write off on accounts payable	-	(127,000)
Mineral expenditure paid by the Company's share	23,988	55,160
Share-based compensation	292	156,644
Changes in non-cash working capital items:		
Other receivables	102,156	(101,247)
Prepaid	(19,649)	(2,056)
Accounts payable and accrued liabilities	(88,966)	53,958
Cash used in operating activities	(2,299,704)	(3,295,676)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from share issuance	1,099,372	74,315
Proceeds from issuance of promissory note	145,911	-
Cash provided by financing activities	1,245,283	74,315
Effect of foreign exchange rate on cash	(4,851)	42,893
Decrease in cash	(1,059,272)	(3,178,468)
Cash, beginning of period	1,216,664	3,910,341
Cash, end of period	157,392	731,873

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

**DESERT GOLD VENTURES INC.**

**Condensed consolidated interim statements of change in shareholders' equity**

**(Unaudited - Expressed in US dollars)**

	Number	Amount \$	Reserves			Option \$	Accumulated other comprehensive income \$	Deficit	Total \$
			Others \$	Warrants \$					
December 31, 2020	137,118,173	32,334,013	13,755,601	1,205,035	3,662,823	277,186	(47,659,095)	3,575,563	
Share issuance for warrant exercise	623,000	74,315	-	-	-	-	-	74,315	
Share issuance for mineral interest	450,000	55,160	-	-	-	-	-	55,160	
Share-based compensation	-	-	-	-	154,839	-	-	154,839	
Foreign currency translation adjustment	-	-	-	-	-	76,818	-	76,818	
Loss for the period	-	-	-	-	-	-	(3,333,577)	(3,333,577)	
Balance, June 30, 2021	138,191,173	32,463,488	13,755,601	1,205,035	3,817,662	354,004	(50,992,672)	603,118	
December 31, 2021	150,181,868	33,612,892	13,755,601	1,358,842	3,822,081	329,936	(51,842,333)	1,037,019	
Share issuance for cash	11,742,334	1,099,372	-	-	-	-	-	1,099,372	
Share issuance for mineral interest	300,000	23,988	-	-	-	-	-	23,988	
Share-based compensation	-	-	-	-	292	-	-	292	
Foreign currency translation adjustment	-	-	-	-	-	4,900	-	4,900	
Loss for the period	-	-	-	-	-	-	(2,388,469)	(2,388,469)	
Balance, September 30, 2022	162,224,202	34,736,252	13,755,601	1,358,842	3,822,373	334,836	(54,230,802)	(222,898)	

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

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Desert Gold Ventures Inc. (the “Company”) is an exploration stage company and is engaged in the acquisition, exploration and development of mineral resource properties. The principal business of the Company is conducting mineral property exploration in Mali. The Company’s shares are traded on the TSX Venture Exchange (the “TSX-V”) under the symbol DAU.

The head office and principal address is located at 9648-128th Street, Suite 210, Surrey, BC, V3T 2X9.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

The Company had an accumulated deficit of \$54,230,802 at September 30, 2022 and did not have revenue since inception. 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. The Company’s continuing operations and its ability to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and/or to seek joint venture partners. Although the Company has been successful at raising capital in the past, there is no assurance that the Company will be able to raise adequate financing on terms that are acceptable to the Company, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Company would need to raise additional capital to accomplish its business objectives thereafter.

At the time these consolidated financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company’s business and financing opportunities and access to mineral properties to conduct exploration activities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards - 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the most recent year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

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

**Basis of consolidation and presentation**

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

Name	Country of incorporation	Ownership percentage	
		September 30, 2022	December 31, 2021
TransAfrika Belgique S.A. (dormant)	Belgium	100%	100%
Desert Gold Ltd.	Rwanda	100%	100%
TransAfrika Senegal S.A. (dormant)	Senegal	100%	100%
GoldBanks Nevada Ventures Inc. (dormant)	USA	100%	100%
Ashanti Gold Corp. (dormant)	Canada	100%	100%
Ashanti Gold Mali S.A.R.L.(dormant)	Mali	100%	100%
Desert Gold Mali S.A.R.L.	Mali	100%	100%
Legend Mali Holdings (BVI) Inc.(dormant)	BVI	100%	100%

*The Company has various dormant subsidiaries that hold the interests in resources properties.*

**Adoption of new accounting policies**

The Company has not adopted new accounting policies since its recent year ended December 31, 2021.

**Significant estimates and judgements**

Significant Estimates

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

*Recoverability and measurement of deferred tax assets*

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

*Assumptions used to assess share-based compensation*

In assessing the fair value of stock options granted and vested, the Company applies Black-Scholes Option pricing model. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

*Provision*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. The Company has not recorded any provisions for any of the financial years presented.

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

Significant Judgements

The most significant judgments in applying the Company's accounting policies in these consolidated financial statements are:

*Title to Mineral Property Interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

**3. OTHER RECEIVABLES**

The Company's other receivable consisted of the following:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Subscription receivable (Note 8)	-	110,648
Receivable from Indigo (Note 6)	65,733	65,733
GST recoverable	24,812	16,320
	<b>90,545</b>	<b>192,701</b>

**4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES**

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payable	303,971	331,669
Accrued liabilities	84,000	145,268
	<b>387,971</b>	<b>476,937</b>

**5. NOTE PAYABLE**

On September 30, 2022, the Company borrowed \$145,911 (CAD\$200,000) from an arm's length entity by issuance of a promissory note. This promissory note is unsecured, has an interest of 15% per annum, and is due on December 31, 2022. The Company also paid finance fees of \$12,472 (CAD\$16,000) to the lender.

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**6. EXPLORATION AND EVALUATION PROPERTIES**

The Company is an exploration stage Company which holds various mineral property interests.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of resource properties in.

**MALI – SMSZ Projects**

In Mali, the Company is operating the Senegal Mali Shear Zone Project (“SMSZ”).

SMSZ: This Project consists of i) Farabantourou Project; ii) 100% interest of the Farikounda Project (acquired in 2019 through the acquisition of Ashanti Gold Corp.); iii) an option agreement with Mineral Management Consulting (“MMC”) (“MMC Option”) to acquire certain concessions; iv) two-concession block (the “Sebessoukoto Sud” Project and “Djelimangara” Project, collectively the “Altus Permits”); v) an option agreement (“SUD Option”) for the acquisition of a 95% interest in Linguekoto Property; vi) an option agreement (the “Harmattan Option”) for the acquisition of all the rights of a research permit in the Sola West area; v) the Kolomba Exploration Permit that is contiguous to other permits of the SMSZ projects.

i) **Farabantourou Project** - The Company’s Farabantourou project consists of a small-scale mining license (“Petite License”) issued in October 2018 for four years and a Farabantourou exploration permit (the “Farabantourou Quest Permit”) issued in November 2018 for an initial 3-year term renewal for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$138,000, \$ 333,000, and \$371,000 during the first, second, and third years respectively for the maintenance of the Farabantourou Quest Permit. As at September 30, 2022, the Company is awaiting final approval for renewal of the Petite License and the Farabantourou Quest Permit.

ii) **Farikounda Permit** – The Company acquired this property in 2019 through the acquisition of Ashanti Gold Corp. (“Ashanti”). The Farikounda permit in Mali was renewed in November 2019 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$158,000, \$419,000, and \$347,000 during the first, second, and third years respectively.

When the Company acquired the Farikounda permit through the acquisition of Ashanti, the Farikounda permit was held by a Malian subsidiary Ashanti Gold Mali S.A.R.L (“Ashanti Mali”) whereby a minority shareholder had a 5% interest. During the year ended December 31, 2020, the Company paid \$80,000 to acquire this remaining 5% interest in Ashanti Mali from the minority shareholder.

As at September 30, 2022, the renewal of the Farikounda permit is in the progress.

In addition, the Company acquired the Anumso Option through the acquisition of Ashanti for the Anumso Project in Ghana. The Company allowed this option to lapse in April 2021.

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**6. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

iii) **MMC Option** - During the year ended December 31, 2019, the Company entered into an option agreement with MMC to acquire a 100% interest in certain properties (the “Keniebandi-Est Permit” and “Kousilli West Permit”). The Company will earn a 100% interest in these two permits satisfying the following headline terms:

- Payment of CAD \$500,000, of which CAD \$250,000 was paid in July 2019 to earn an initial 55% interest with the balance of CAD \$250,000 to be paid over a three year period. The Company is also required to issue 1,000,000 common shares to MMC in four equal instalments between 2019 to 2023. The Company issued 250,000 common shares with a fair value of \$35,974 to fulfil the first instalment.
- On May 5, 2020, the Company issued 250,000 common shares with fair value of \$17,816 and paid \$74,550 (CAD\$100,000) to MMC to fulfil the annual obligation for fiscal 2020.
- The Company issued 250,000 common shares with fair value of \$31,910 (CAD\$40,000) and paid \$61,319 (CAD\$75,000) to MMC in May 2021 to fulfil the annual obligation for fiscal 2021.
- During May, 2022, the Company issued 250,000 common shares with fair value of \$19,662 and paid \$58,995 (CAD\$75,000) to MMC to fulfil the annual obligation for fiscal 2022.
- Incur exploration expenditures of CAD \$350,000 over a three year period.

The underlying exploration permit of this property was renewed in 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$125,000, \$416,000, and \$423,000 during the first, second, and third years respectively.

MMC shall retain a 2% NSR on all ore mined from the properties.

During the three-year option period, the Company will be responsible for maintaining the permit in good standing and performing any and all obligations required by law and will take over operation control of the projects on closing of the transaction with MMC.

As at September 30, 2022, the Company is awaiting approval for renewal of the Keniebandi-Est Permit and Kousilli West Permit.

iv) **Altus Permits** - In August, 2019 the Company entered into an agreement with Altus Strategies PLC (“Altus”) to acquire a 100% interest in Altus’ Sebessoukoto Sud and Djelimangara projects (collectively the Altus Permits”). Terms of the agreement are as follows:

Part 1: Consideration

Upon signing of the agreement, the Company will:

- Within 5 business days make a cash payment of \$50,000 to Altus (paid in October 2019); and
- Within 14 business days and subject to any regulatory approval as may be required, issue 3,000,000 common shares to Altus (issued in October 2019).

Part 2: Milestone payments:

Upon the reception of a NI 43-101 compliant independent resource over the Project, which exceeds 500,000 ounces of gold, the Company will (in respect of the first 500,000 ounces only):

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**6. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

iv) **Altus Permits** (continued)

- Within 5 business days make a cash payment of \$100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 2,000,000 common shares to Altus.

Upon the reception of a NI 43-101 compliant independent resource over the Project which exceeds 1,000,000 ounces of gold, then the Company will (in respect of the second 500,000 ounces only):

- Within 5 business days make a cash payment of \$100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 3,000,000 shares to Altus.

Part 3: Project Royalties

Altus will retain a 2.5% NSR ("Altus NSR") royalty on the Project.

The Company will have the right to purchase up to 1.5% of the Altus NSR. The amount payable by the Company to Altus will be calculated by reference to the NI 43-101 gold reserve figure reported in an independent definitive feasibility study on the Project as follows:

- \$6,000,000 if the reserve is greater than 1,000,000 ounces;
- \$3,000,000 if the reserve is less than 1,000,000 ounces but greater than 500,000 ounces;
- \$1,000,000 if the reserve is less than 500,000 ounces but greater than 250,000 ounces;
- Furthermore, the Company will have a 60-day right of first refusal, to acquire such portion of the balance of the Altus NSR that Altus may, from time to time, wish to sell.

Altus will provide the Company a 10-day written notice of any intention to sell any of its shares of the Company. During that 10-day period, the Company will have the right to find a third party to acquire such shares of the Company directly from Altus.

The Sebessoukoto Sud project is comprised of an exploration permit renewed in July 2018 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$108,000, \$383,000 and \$607,000 during the first, second, and third years respectively. On October 11, 2022, the Company received a renewed Sebessoukoto Sud Permit which has a term of three years with the option to renew for one additional 3-year term. The Company is required to incur minimum exploration expenditures of \$220,000, \$220,000 and \$307,100 during the first, second, and third years respectively.

The Djelimangara project is comprised of an exploration permit renewed in October, 2019 for two years without a renewable option, which expired in 2021. A new permit (the "Kamana Permit") was granted on October 21, 2022 in approximately the same area. The Kamana Permit has a term of three years with the option to renew for two additional 3-year term. The Company is required to incur minimum exploration expenditures of \$166,500, \$370,600 and \$531,800 during the first, second, and third years respectively.

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**6. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

v) **SUD Option** - In September 2019, the Company entered into an option agreement with SUD Mining SARL ("SUD") to secure the right to acquire a 95% interest in the Linguekoto property (the "Linguekoto Project").

Terms of this option agreement are as follow:

- The Company will pay SUD \$150,000, of which \$50,000 was paid upon closing of the transaction in October 2019 with the balance of \$100,000 to be paid over a three-year period;
  - During fiscal 2020, the Company paid \$40,000 to fulfil the annual instalment obligation;
  - During the year ended December 31, 2021, the Company paid \$30,000 to fulfil the obligation for 2021.
  - The Company paid \$30,000 in September 2022 to fulfil the obligation for 2022.
- Incur exploration expenditures of \$120,000 over a three-year period.

During the three-year option period, the Company is responsible for maintaining the permit in good standing and perform any and all obligations required by law. In the event that, within 60 months from the transaction date, 100,000 oz gold, NI 43-101 compliant reserves are discovered at Linguekoto, the Company will issue 250,000 common shares to SUD. The Company will issue an additional 250,000 common shares for every additional 100,000 ounces of gold, NI compliant 43-101 reserves declared at Linguekoto, up to a maximum aggregate amount of 1,250,000 shares.

The underlying exploration permit of the SUD option was renewed in September 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$112,000, \$229,000 and \$241,000 during the first, second, and third years respectively. SUD will retain a 5% carried interest, in the concession, before any interest retained by the government of Mali.

As at September 30, 2022, the Company is awaiting final approval for renewal of the permit for the Linguekoto Project.

vi) **Harmattan Option** - During the year ended December 31, 2020, the Company entered into an option agreement with Harmattan Consulting SARL (the "Optionor") to acquire a 95% interest in the rights of a research permit (the "Sola West Permit") of the Sola West Concession.

Terms of the option agreement are as follows:

- Cash payment of \$20,548 (12 million Mali CFA) to the Optionor for the option fees and taxes in connection with the mineral interests (paid);
- Issuance of 100,000 common shares of the Company to the Optionor (issued in March 2021 with a market value of \$11,169).

At the completion of the above payments, the Company would have acquired:

- the rights to carry out operations on the Sola West Permit;
- the exclusive option to acquire a 95% interest in the Permit after payments of the following:
  - \$33,183 (18 million Mali CFA) within 5 days at the publication of the Sola West Licensing Order (paid in February 2021);
  - \$82,957 (45 million Mali CFA) that was paid in June 2021, and 100,000 common shares of the Company issued in March 2021 with a market value of \$11,169;
  - \$54,846 (33 million Mali CFA) paid and 50,000 common shares of the Company issued in June 2022 with a market value of \$4,326.

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**6. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

vi) **Harmattan Option** (continued)

The underlying exploration permit of the Harmattan Option was renewed in December 2020 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$126,000, \$287,000 and \$160,000 during the first, second, and third years respectively.

After the Sola West Permit is transferred to the Company, the Company will pay \$56,507 (33 million Mali CFA) within ten days after the transfer and issue 50,000 common shares of the Company to the Optionor.

Within 10 days after the Company informs the Optionor of the production decision of the Sola West Permit, the Company will pay:

- \$250,000 in the event of mining operation based on a feasibility study that indicates proven and probable reserves of a maximum 500,000 oz of gold;
- \$1 per ounce for the exploitation of a deposit based on a feasibility study that indicates proven and probable reserves between 500,000 to 1,000,000 oz of gold.

In addition of the above, the Company will grant a 2% NSR in connection with the Sola West Permit. The Company has the right at any time to purchase 1% of the NSR for \$1,000,000.

vii) **Kolomba Permit** - In September 2021, the Company was granted the Kolomba Exploration Permit with an initial three-year terms from the date of issuance (November 1, 2021). The Company has the right to renew this permit for two additional two-year periods. The permit holder is required to incur minimum exploration expenditures of \$158,000, \$395,000 and \$485,000 during the first, second, and third years respectively.

**MALI – Djimbala Project**

The Company received the permit in October 2019 for an initial 3-year term, with an option to renew for two additional 2-year term. The Company is required to incur minimum exploration expenditures of \$123,000, \$321,000, and \$357,000 during the first, second, and third years respectively.

On April 9, 2020, the Company signed a four-year option agreement with Indigo Exploration Inc (“Indigo”), whereby Indigo can acquire up to 100% interest in the Djimbala Permit by the issuance of Indigo’s shares and completion of work program. As of September 30, 2022, Indigo has terminated the option agreement. As a result, the Company decided not to renew the permit of the Djimbala project.

**Indigo Option**

The Company received \$Nil of exploration funding from Indigo during the nine months ended September 30, 2022 to be applied towards the required work expenditures. As at September 30, 2022 and December 31, 2021, an excess of expenditures receipt of \$65,733 has been included in the Company’s other receivable. The Company also earned management fees income of \$Nil during the nine months ended September 30, 2022.

**RWANDA Project**

As at September 30, 2022, the Company decided not to advance this project .

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**6. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

**SUMMARY OF EXPLORATION EXPENDITURES**

Exploration expenditures incurred during nine months ended September 30, 2022 are as follow:

	SMSZ Project	Djimbala Project	Rwanda Project	Total
	\$	\$	\$	\$
Option payment - Harmattan Option	59,133	-	-	59,133
Option payment - MMC Option	78,483	-	-	78,483
Option payment – SUD Option	30,000	-	-	30,000
Permit renewal and maintenance	294,799	-	-	294,799
Drilling	426,996	-	-	426,996
Geo-analysis	138,659	-	-	138,659
Camp supplies, exploration, and office	271,790	-	-	271,790
Salaries	376,545	-	-	376,545
<b>Total</b>	<b>1,676,405</b>	<b>-</b>	<b>-</b>	<b>1,676,405</b>

Exploration expenditures incurred during the year ended December 31, 2021 are as follow:

	SMSZ Project	Djimbala Project	Rwanda Project	Total
	\$	\$	\$	\$
Option payment - Harmattan Option	138,477	-	-	138,477
Option payment - MMC Option	93,229	-	-	93,229
Option payment - Sud Option	30,000	-	-	30,000
Acquisition of mineral permit	282,255	40,411	-	322,666
Permit renewal and maintenance	135,393	-	-	135,393
Drilling (ii)	1,252,504	228,391	-	1,480,895
Geo-analysis	537,355	108,295	-	645,650
Camp, supplies, exploration, and office	534,400	-	1,500	535,900
Salaries	541,937	87,849	4,500	634,286
Exploration expenses to be reimbursed by Indigo (i)	-	(464,946)	-	(464,946)
<b>Total</b>	<b>3,545,549</b>	<b>-</b>	<b>6,000</b>	<b>3,551,549</b>

(i) During the year ended December 31, 2021, the Company earned an income of \$94,728 from Indigo option (receipt of 890,892 common shares of Indigo with a fair value of \$63,957 and a charge of management fees of \$30,771). As at September 30, 2022 and December 31, 2021, the Company's other receivables included a \$65,733 due from Indigo (Note 4).

(ii) During the year ended December 31, 2021, the Company paid \$13,826 to a drilling contractor in Mali who failed to perform the agreed drilling services. As of December 31, 2021, the Company recorded a provision to write-off the balance as it was deemed unrecoverable. The Company is currently taking legal actions in Mali to recover this receivable.

**7. MARKETABLE SECURITIES**

As at September 30, 2022 and December 31, 2021, the Company held 1,890,892 shares of Indigo with a fair value of \$37,818 (2021/12/31- \$96,941).

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**8. SHARE CAPITAL**

**(a) Share capital**

**Authorized share capital**

Unlimited number of common 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.

**Issued share capital**

2022

In April 2022, the Company completed a non-brokered private placement for the issuance of 11,742,334 security unit ("Unit") at a price of CAD \$0.12 per Unit for net proceeds of \$1,099,372 (gross proceeds of \$1,108,185 (CAD\$1,409,080) less finder's fees of \$8,813 (CAD\$11,206).) Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share at a price of CAD \$0.18 per share for a period of two years from issuance.

During May and June 2022, the Company issued 250,000 and 50,000 common shares in connection with MMC Option and Harmattan Option (Note 6), with fair value of \$19,662 and \$4,326 respectively.

The Company applied the residual method and has not allocated \$Nil for the issuance of warrants in connection with this private placement.

2021

During the year ended December 31, 2021, the Company issued the following common shares:

- 623,000 common shares were issued for warrants exercised at CAD\$0.15 per share for proceeds of \$74,550,
- 200,000 common shares with a fair value of \$22,337 were issued as part of the option payments for the Harmattan Option (Note 6)
- 250,000 common shares with a fair value of \$31,910 were issued as part of the option payments for the MMC Option (Note 6)
- On November 22, 2021, the Company issued 11,990,695 units through a non-brokered private placement at a price of CAD \$0.14 per unit for gross proceeds of \$1,339,180 (CAD\$1,678,697). Each unit consists of one common share and a half share purchase warrant. Each share purchase warrant is exercisable to one common share at a price of CAD \$0.25 per share for a period of three (3) years from the closing of the Financing. The Company applied the residual value method to allocate \$143,475 (CAD\$179,860) from share capital to the Company's warrant reserve to account for the issuance of 5,995,347 share purchase warrants. In connection with this private placement, the Company issued 195,790 broker warrants with fair value of \$10,331 (CAD\$12951) which was credited to Company's warrant reserve and debit to the Company's share capital. The Company also paid cash commission of \$35,292 (CAD\$44,239) for this private placement.

An amount of \$110,648 of subscription was received in 2022 and has been included in the Company's receivable as at December 31, 2021. The Company received the full amount in January 2022.

**(b) Stock options**

2022

There were no options granted or exercised during nine months ended September 30, 2022.

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**8. SHARE CAPITAL (Continued)**

**(b) Stock option (continued)**

2021

During the year ended December 31, 2021, the Company granted 1,600,000 incentive stock options to consultants, directors, and officers at exercise prices of CAD\$0.15 per share and have an expiry date five years from the date of grant. All options, except 200,000 options granted to an investor relationship consultant, were vested at issuance. The options granted to the investor relationship consultant are vested in four instalments (every three months after issuance).

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2020	9,490,512	CAD\$ 0.17
Granted	1,600,000	0.15
Expired	(550,000)	0.20
Balance, December 31, 2021	10,540,512	0.16
Expired	(586,769)	0.26
Balance, September 30, 2022	9,953,743	CAD\$ 0.16

Stock options outstanding and exercisable as at September 30, 2022 are summarized as follows:

Exercise price (CAD\$)	Number of outstanding	Expiry date	Number of options exercisable
0.25	508,743	08-Nov-22	508,743
0.25	645,000	01-May-23	645,000
0.19	1,125,000	08-Feb-24	1,125,000
0.16	2,925,000	04-Oct-24	2,925,000
0.10	2,900,000	13-May-25	2,900,000
0.20	250,000	29-May-25	250,000
0.15	1,600,000	22-Jan-26	1,600,000
	9,953,743		9,953,743

During nine months ended September 30, 2022, the Company incurred \$292 in share-based compensation (2021- \$154,839). The fair value of options have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2022	2021
Risk-free interest rate	0.4%	0.4%
Expected life of options	5 years	5 years
Annualized volatility	125%	125%
Dividend rate	0.00%	0.00%

As at September 30, 2022, the Company's options have a weighted average exercise price of CAD\$0.16 per share and remaining life of 2.15 years.

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**8. SHARE CAPITAL (Continued)**

**(c) Warrants**

On September 30, 2022 the weighted average remaining life of the Company's outstanding warrants was 1.16 years. Continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2020	62,442,970	CAD\$ 0.26
Issuance	6,191,138	0.25
Exercise of warrants	(623,000)	0.15
Expiry of warrants	(29,892,037)	0.22
Balance, December 31, 2021	38,119,071	CAD\$ 0.28
Issuance of warrants (Note 7 (a))	11,742,334	0.18
Expiry of warrants	(6,060,800)	0.30
Balance, September 30, 2022	43,800,605	CAD\$ 0.26

**9. 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 and companies related to key management are as follows:

<b>Nine months ended September 30,</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	255,235	263,399
Rent	14,031	14,385
Share-based compensation	-	100,697

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 (Note 3) included the following balances owing to related parties.

<b>Due to Related parties</b>	<b>Nature</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
A company related to a director	Rent	\$ -	\$ 8,835
Chief financial officer	Consulting fees	58,832	1,972
Directors	Consulting fees	1,524	3,546
		<b>\$ 60,356</b>	<b>\$ 14,353</b>

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**10. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

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

		<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>\$</b>	<b>\$</b>
Cash	Amortized cost	157,392	1,216,664
Marketable securities	FVTPL	37,818	96,941
Other receivables	Amortized cost	90,545	192,701
Accounts payable and accrued liabilities	Amortized cost	(387,971)	(476,937)
Note payable	Amortized cost	(145,911)	-

**Fair value**

The fair value hierarchy established by IFRS 13 Fair Value Measurement has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

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 assets or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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 accounts payable and accrued liabilities approximated their fair values due to their short-term maturities.

**Risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient cash on demand to meet its liabilities when they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company is subject to liquidity risk.

*Interest rate risk*

As at September 30, 2022, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to changes in interest rates.

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**10. FINANCIAL INSTRUMENTS (Continued)**

**Risk management (Continued)**

*Foreign currency risk*

Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from optionees and investment securities

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high quality credit standing. Receivables comprise mainly subscription receivable, receivable from optionee, and GST receivable from the government. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.