



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited - Expressed in US Dollars)**  
**Three and Six Months ended June 30, 2015**

## **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	June 30, 2015	December 31, 2014
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		131,815	298,717
Other receivables	6	4,124	2,624
Prepaid		3,332	7,437
Investment in guaranteed investment certificate		-	-
		139,271	308,778
Plant and equipment	3	-	-
		139,271	308,778
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	287,558	269,454
<b>EQUITY</b>			
Share capital	5	15,962,824	15,645,600
Subscription receipt	5	-	43,100
Accumulated other comprehensive income		124,148	179,372
Reserves	5	16,806,863	16,806,863
Deficit		(33,042,122)	(32,635,611)
		(148,287)	39,324
		139,271	308,778

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

Approved for issuance by the board of directors on August 31, 2015

**"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 INTRERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in US dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
		\$	\$	\$	\$
Administrative expenses	8	141,149	193,318	270,966	392,561
Prospecting rights and exploration	8	20,394	159,111	131,587	376,810
<b>Loss before the following:</b>		161,543	352,429	402,553	769,371
Finance charges		504	(1,192)	3,958	2,048
Other income		-	(21,550)	-	(24,551)
<b>Net loss</b>		162,047	329,687	406,511	746,868
Other comprehensive loss					
Foreign exchange translation loss (gain)		12,213	(16,120)	55,224	(3,333)
<b>Total comprehensive loss</b>		174,260	313,567	461,735	743,535
<b>Weighted average number of outstanding shares, basic and diluted</b>		5,206,803	4,406,804	5,109,565	4,406,804
<b>Loss per share, basic and diluted</b>		0.03	0.07	0.08	0.17

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

**DESERT GOLD VENTURES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(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, 2013</b>	4,406,803	15,645,600	-	13,755,601	486,301	2,564,961	207,979	(31,177,999)	1,482,443
Translation between functional and reporting currency	-	-	-	-	-	-	3,333	-	3,333
Loss for the period	-	-	-	-	-	-	-	(746,868)	(746,868)
<b>June 30, 2014</b>	4,406,803	15,645,600	-	13,755,601	486,301	2,564,961	211,312	(31,924,867)	738,908
<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
Translation between functional and reporting currency	-	-	-	-	-	-	(55,224)	-	(55,224)
Option repricing						-			-
Shares issuance - private placement	800,000	317,224	(43,100)	-	-	-	-	-	274,124
Loss for the period	-	-	-	-	-	-	-	(406,511)	(406,511)
<b>June 30, 2015</b>	5,206,803	15,962,824	-	13,755,601	486,301	2,564,961	124,148	(33,042,122)	(148,287)

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

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

	Six months ended June 30,	
	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(406,511)	(746,868)
Adjustments for non-cash items:		
Amortization	-	6,607
Share-based compensation	-	-
Changes in non-cash working capital items:		
Other receivables	(1,500)	353,587
Prepaid	4,105	-
Accounts payable and accrued liabilities	(25,015)	(67,873)
<b>Cash used in operating activities</b>	<b>(428,921)</b>	<b>(454,547)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuance	274,124	-
<b>Effect of foreign exchange rate on cash</b>	<b>(12,105)</b>	<b>1,016</b>
<b>Increase (decrease) in cash</b>	<b>(166,902)</b>	<b>(453,531)</b>
<b>Cash, beginning of period</b>	<b>298,717</b>	<b>1,381,149</b>
<b>Cash, end of period</b>	<b>131,815</b>	<b>927,618</b>
<b>Supplementary information:</b>		
Interest paid in cash	-	2,048
Income taxes paid in cash	-	-

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 SIX MONTHS ENDED JUNE 30, 2015**  
**(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 Suite 200 – 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 June 30, 2015, 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 condensed financial statements include the accounts of Desert Gold Ventures Inc. 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	
			June 30, 2015	December 31, 2014
TransAfrika Belgique S.A.	Active	Belgium	100%	100%
TransAfrika Rwanda Gold S.A.R.L.	Active	Rwanda	100%	100%
TransAfrika Mali S.A.	Active	Mali	74%	74%
TransAfrika Senegal S.A.	Inactive	Senegal	100%	100%
GoldBanks Nevada Ventures Inc.	Inactive	USA	100%	100%

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(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, 2014.

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

The Company has not adopted new accounting standards since its recent year ended March 31, 2015. adopted amended International Accounting Standard (“IAS”) 32 on January 1, 2014. This adoption

IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The impact of this new accounting standard has not been determined.

**d) Functional and reporting currency**

These condensed consolidated interim financial statements are prepared in US dollars which is the Company's reporting currency. The functional currency of the Company is the Canadian dollar. All the Company's subsidiaries use the US dollar as the functional currency except for TransAfrika Mali which uses the CFA franc. The exchange differences resulting from the translation of Desert Gold's financial statements from its functional currency to its reporting currency are included in other comprehensive loss.

**e) 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 circumstance.

***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, the functional currency of its subsidiaries and the classification of the Company's financial instruments.

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



**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

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

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

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.

*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.

*Useful life of equipment*

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.

**3. PLANT AND EQUIPMENT**

Continuity of the Company's plant and equipment is as follows:

	Plant and machinery	Motor vehicles	Computer equipment and software	Office equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, December 31 2013	149,986	138,255	39,836	32,040	360,117
Impairment	(149,986)	(138,255)	(39,836)	(32,040)	(360,117)
<b>Balance, December 31, 2014 and June 30, 2015</b>	-	-	-	-	-

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

**3. PLANT AND EQUIPMENT (Continued)**

**Accumulated depreciation**

Balance, December 31 2013	101,249	127,872	33,170	36,890	299,181
Depreciation	10,928	1,396	1,561	1,144	15,029
Impairment	(112,177)	(129,268)	(34,731)	(38,034)	(314,210)
<b>Balance, December 31, 2014 and June 30, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Carrying amounts**

As at December 31, 2014	-	-	-	-	-
<b>As at June 30, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at December 31, 2014, the carrying values of the Company's plant and equipment are not recoverable. As a result, the Company fully wrote down the plant and equipment. During three months ended March 31, 2015, there was no new addition to the plant and equipment.

**4. EXPLORATION AND EVALUATION ASSETS**

Desert Gold Ventures Inc. is an exploration stage Company which holds mining assets in Mali and Rwanda.

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 many resource properties.

The Company has investigated the titles to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

**Rwanda Project**

The Company, through its wholly owned subsidiary TransAfrika Rwanda Gold SARL, has 100% ownership of the Byumba exploration permit in Rwanda.

**Mali: Farabantourou Project**

The Company owns the exploration permit through its 74% owned joint venture Company, TransAfrika Mali SA. The project is located in Western Mali.

**Mali: Djimbali Project**

The Malian Government granted TransAfrika Mali SA, a subsidiary of the Company, the Djimbala gold permit in south-western Mali (the "Djimbala Permit").

**Mali: Segala-Ouest Project**

This project is located in Western Mali and is considered an early stage exploration project. The project previously consisted of the Loulo Est and Segala-Ouest projects, the two permits have been combined to form one permit. The exploration permit is held by the Company's subsidiary, TransAfrika Mali SA.

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

**5. SHARE CAPITAL**

**(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.

Subsequent to the period ended June 30, 2015, 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.

On January 8, 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. If at any time following the date of issuance, the closing price of the Company's common shares (post 10-to-a consolidation) on the TSX Venture Exchange is greater than CAD\$0.50 for 30 consecutive trading days, the Company may give notice to the holders of the warrants that the expiry time of the warrants has been accelerated and the warrants will expire on the 20th business day following the date of such notice. The Company applied residual method to account for the issuance of warrants and has recorded \$Nil to the reserve – warrants for this private placement (Note 5 (d)).

As at June 30, 2015 and December 31, 2014, the Company has 5,206,803 and 4,406,803 common shares outstanding.

The Company had no common shares held in escrow as at June 30, 2015 (2014/12/31 – 692,820 shares escrowed).

**(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	(145,000)	8.00
Balance, June 30, 2015	257,500	CAD\$ 8.00

Stock options outstanding and exercisable as at June 30, 2015 are summarized as follows:

Exercise price	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable	Weighted average exercise price
CAD\$		Years		CAD\$
8.00	257,500	0.98	257,500	8.00

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

**5. SHARE CAPITAL (Continued)**

**(c) Warrants**

Warrants continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2013	9,000	CAD\$ 1.50
Expired	(9,000)	CAD\$ 1.50
Balance, December 31, 2014	-	N/A
Issuance (Note 5 (a))	800,000	CAD\$ 0.50
Balance, June 30, 2015	800,000	CAD\$ 0.50

**(d) Reserves**

As at June 30, 2014 and 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.

**6. OTHER RECEIVABLES**

The Company's other receivables consisted of the following:

	June 30, 2015	December 31, 2014
	\$	\$
Tax recoverable	4,124	2,624
	4,124	2,624

**7. ACCOUNT PAYABLES AND ACCRUED LIABILITIES**

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

	June 30, 2015	December 31, 2014
	\$	\$
Accounts payable	120,418	144,012
Accrued liabilities	142,436	102,383
Due to related parties (Note 9)	24,704	23,059
	287,558	269,454

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

**8. ADMINISTRATIVE, PROSPECTING RIGHTS AND EXPLORATION EXPENSES**

During year ended December 31, 2014 and 2013, the Company's administrative expenses consisted of the following significant components:

	<b>Six Months ended June 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Depreciation	-	6,607
Office and administration	65,642	34,009
Professional and consultant fees	172,465	308,299
Rental	22,770	30,400
Transfer agent and listing fees	10,089	10,545
Travel	-	2,701
	<u>270,966</u>	<u>392,561</u>

During six months ended June 30, 2015 and 2014, the Company's prospecting rights and exploration expenses consisted of the following significant components:

<b>Six Months ended June 30, 2015</b>	<b>Rwanda</b>	<b>Mali</b>			<b>Total</b>
		<b>Faraban- tourou</b>	<b>Segala- Ouest</b>	<b>Djimbala</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Maintenance and transport	-	3,991	3,327	2,243	9,561
Geological studies	-	2,206	-	-	2,206
Staff cost and support	-	45,083	42,983	31,754	119,820
	<u>-</u>	<u>51,280</u>	<u>46,310</u>	<u>33,997</u>	<u>131,587</u>

<b>Six Months ended June 30, 2014</b>	<b>Rwanda</b>	<b>Mali</b>			<b>Total</b>
		<b>Faraban- tourou</b>	<b>Segala- Ouest</b>	<b>Djimbala</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Drilling and assay	-	36,098	65,482	23,606	125,186
Maintenance and transport	4,280	4,880	14,643	4,880	28,683
Staff cost and support	78,007	57,974	57,973	28,987	222,941
	<u>82,287</u>	<u>98,952</u>	<u>138,098</u>	<u>57,473</u>	<u>376,810</u>

**9. RELATED PARTY TRANSACTIONS**

Related party transactions not disclosed elsewhere are as follows:

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:

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

**9. RELATED PARTY TRANSACTIONS (Continued)**

a) Transactions with key management personnel (continued):

During six months ended June 30, 2015, key management and directors charged the Company consulting fees of \$ 45,468 (six months ended June 30, 2014 - \$ 141,238).

b) Transactions with other related parties

During six months ended June 30, 2015, the Company paid rent of \$22,710 (six months ended June 30, 2014 - \$27,110) for office space from a company related to a relative of a director of the Company.

c) 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	June 30, 2015	December 31, 2014
		\$	\$
Key management and directors	Consulting fees	24,704	41,333

**10. SEGMENT INFORMATION**

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

**11. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

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

	June 30, 2014	December 31, 2014
	\$	\$
FVTPL:		
Cash	131,815	298,717
Loans and receivables:		
Other receivables	4,124	2,624
	135,939	301,341

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

	June 30, 2015	December 31, 2014
	\$	\$
Non-derivative financial liabilities:		
Trade payables	120,418	144,014
Due to related parties	24,704	23,059
	145,122	167,073

**11. FINANCIAL INSTRUMENTS (Continued)**

**DESERT GOLD VENTURES INC.**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JUNE 30, 2015**  
**(Unaudited - Expressed in US dollars)**

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**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 and investment in guaranteed investment certificate are classified as Level 1.

**12. SUBSEQUENT EVENT**

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Subsequent to the period ended June 30, 2015, 125,000 stock options were cancelled on August 4, 2015 unexercised.