DESERT GOLD VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

(Expressed in US Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Desert Gold Ventures Inc.

We have audited the accompanying consolidated financial statements of Desert Gold Ventures Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Desert Gold Ventures Inc. as at December 31, 2017, and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Desert Gold Ventures Inc.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

As at	Note	December 31, 2017	December 31, 2016
		$	$
ASSETS			
Current assets			
Cash		290,011	151,700
GST receivable		9,907	1,143
Prepaid		2,808	-
		302,726	152,843
Non-current assets			
Equipment	3	220,245	-
TOTAL ASSETS		522,971	152,843
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	338,264	324,359
		338,264	324,359
EQUITY (DEFICIENCY)			
Share capital	6	18,396,509	16,603,967
Accumulated other comprehensive income		141,637	198,493
Reserves	6	17,360,803	16,916,508
Deficit		(35,714,242)	(33,890,484)
TOTAL EQUITY (DEFICENCY)		184,707	(171,516)
TOTAL LIABILITIES AND EQUITY		522,971	152,843

SUBSEQUENT EVENTS (Note 11)

Approved for issuance by the board of directors on April 30 , 2018

"Sonny Janda"	***"Jared Scarf"***
Director - Sonny Janda	**Director - Jared Scarf**

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

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US dollars)

Years ended December 31,	**Note**	**2017**	**2016**
		$	$
Operating expenses			
Amortization	3	13,881	-
Investors and shareholders relations		108,076	-
Office and administration		112,927	59,277
Professional and consulting fees	7	270,121	240,836
Prospecting rights and exploration	5	862,428	47,742
Rent		28,226	13,590
Share-based compensation	6	281,430	109,645
Transfer agent and listing fees		94,215	41,601
Travel		47,952	9,166
		(1,819,256)	(521,857)
Other items			
Finance charges		(4,502)	(2,022)
Foreign exchange gain		-	4,192
Net loss		(1,823,758)	(519,687)
Other comprehensive loss			
Foreign exchange translation gain (loss)		(56,856)	12,531
Total comprehensive loss		(1,880,614)	(507,156)
Weighted average number of shares outstanding - basic and diluted		21,114,572	14,470,091
Loss per share - basic and diluted		(0.09)	(0.04)

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

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in US dollars)

	Share capital		Reserves			Accumulated other comprehensive income		
	Number	Amount	Others	Warrants	Share-based compensation		Deficit	Total
		$	$	$	$	$	$	$
December 31, 2015	12,913,898	16,388,703	13,755,601	486,301	2,564,961	185,962	(33,370,797)	10,731
Share issuance for cash (Note 6)	4,000,000	215,264	-	-	-	-	-	215,264
Share-based compensation (Note 6)	-	-	-	-	109,645	-	-	109,645
Foreign currency translation	-	-	-	-	-	12,531	-	12,531
Loss for the year	-	-	-	-	-	-	(519,687)	(519,687)
December 31, 2016	16,913,898	16,603,967	13,755,601	486,301	2,674,606	198,493	(33,890,484)	(171,516)
Share issuance for cash (Note 6)	7,420,800	1,266,933	-	162,865	-	-	-	1,429,798
Shares issuance for exercise of warrants (Note 6)	7,502,142	525,609	-	-	-	-	-	525,609
Share-based compensation (Note 6)	-	-	-	-	281,430	-	-	281,430
Foreign currency translation	-	-	-	-	-	(56,856)	-	(56,856)
Loss for the year	-	-	-	-	-	-	(1,823,758)	(1,823,758)
December 31, 2017	31,836,840	18,396,509	13,755,601	649,166	2,956,036	141,637	(35,714,242)	184,707

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

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US dollars)

	Years ended	
	December 31, 2017	**December 31, 2016**
Operating activities		
Loss for the year	$ (1,823,758)	$ (519,687)
Adjustments for:		
Amortization	13,881	-
Foreign exchange	(24,483)	9,938
Stock-based compensation	281,430	109,645
Changes in non-cash working capital items:		
GST Receivable	(8,389)	3,704
Prepaid expense	(2,792)	446
Accounts payables and accrued liabilities	3,991	(13,099)
Net cash flows used in operating activities	(1,560,120)	(409,053)
Investing activities		
Purchase of equipment	(234,126)	-
Net cash flows used in investing activities	(234,126)	-
Financing activities		
Proceeds from issuance of common shares - net of share issue costs	1,890,239	215,364
Net cash flows provided from financing activities	1,890,239	215,364
Effect of exchange rates on cash holdings in foreign currencies	42,318	27,755
Increase (decrease) in cash	138,311	(165,934)
Cash, beginning of year	151,700	317,634
Cash, end of year	**$ 290,011**	**$ 151,700**

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

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, Senegal and Rwanda. 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 4770-72nd Street, Delta, BC V4K 3N3, and the registered and records office of the Company are located at 595 Burrard Street #700, Vancouver, BC V7X 1S8.

The Company is an exploration stage company primarily involved in mining and exploration activities which has incurred recurring losses from inception. These consolidated 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 December 31, 2017, the Company had not advanced its property 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 there from and/or raise equity capital or borrowings 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. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company for the year ended December 31, 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 30, 2018.

Basis of consolidation and presentation

These consolidated 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. The consolidated financial statements are presented in US dollars, unless otherwise specified.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation and presentation (continued)

These consolidated 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:

		Ownership percentage	
Name	**Country of incorporation**	**December 31, 2017**	**December 31, 2016**
TransAfrika Belgique S.A.	Belgium	100%	100%
TransAfrika Rwanda Gold S.A.R.L.	Rwanda	100%	100%
TransAfrika Mali S.A.	Mali	74%	74%
TransAfrika Senegal S.A.	Senegal	100%	100%
GoldBanks Nevada Ventures Inc.	USA	100%	100%
DesertGold Mali S.A.R.L.	Mali	100%	-

Functional and reporting currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollar, which is the Company's reporting currency. The Company's functional currency is Canadian dollars. The functional currency of the subsidiaries is the United States dollar, except for TransAfrika Mali S.A. and DesertGold Mali S.A.R.L, which uses the CFA Franc.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

<u>Foreign operations:</u>

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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. 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.

Determination of Functional Currency
The Company determines the functional currency through its analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the reporting entity.

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.

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

Carrying value and the recoverability of exploration and evaluation assets
Management has determined that exploration, evaluation and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information and existing permits.

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.

Mining exploration

Mineral property acquisition and exploration costs are expensed as incurred. When a decision is taken that a commercially viable mineral deposit has been established all further pre-production expenditures including evaluation costs are capitalized. Cash flows associated with exploration and evaluation expenditures are classified as operating activities in the statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The carrying amount of the Company's non-financial assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in net loss.

Amortization
Amortization in profit or loss is provided on a straight-line basis over the estimated useful life of the assets as follows:

- Drilling equipment 20%
- Office equipment 33%
- Furniture and fixtures 33%

Fair value of Warrants

Warrants issued in unit private placements are valued using the residual method. Warrants issued as compensation from financings are valued using the Black–Scholes Option Pricing model. When warrants are issued, the fair value is recorded in the warrant reserve, with the corresponding entry to share capital. When warrants are exercised, their fair value is removed from the warrant reserve account and recorded as share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:
Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related parties

For the purpose of these financial statements parties are considered to be related to the Company if they have the ability to directly or indirectly control the Company or exercise significant influence over the Company in making financial and operating decisions or vice versa or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

Share-based payments

The Company operates a stock option plan. Share-based payments to directors, officers, employees and consultants are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share

assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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 with early adoption permitted. The Company has determined that the adoption of this standard has no impact on its financial statements.

3. EQUIPMENT

	Drilling equipment	Office equipment	Furniture and fixtures	Total
Cost:				
At December 31, 2016 and 2015	$ -	$ -	$ -	$ -
Additions	150,000	43,082	41,044	234,126
At December 31, 2017	$ 150,000	$ 43,082	$ 41,044	$ 234,126
Amortization:				
At December 31, 2016 and 2015	$ -	$ -	$ -	$ -
Charge for the year	-	7,109	6,772	13,881
At December 31, 2017	$ -	$ 7,109	$ 6,772	$ 13,881
Net book value:				
At December 31, 2016	$ -	$ -	$ -	$ -
At December 31, 2017	$ 150,000	$ 35,973	$ 34,272	$ 220,245

(Expressed in US dollars)

4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

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

	December 31, 2017	December 31, 2016
Trade payable (Note 7)	$ 318,334	$ 128,332
Accrued liabilities (Note 7)	19,930	196,027
	$ 338,264	$ 324,359

5. EXPLORATION AND EVALUATION ASSETS

The Company is an exploration stage Company which holds mineral property interests 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 resource properties in Mali and Rwanda.

Rwanda Project

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

On December 13, 2016 the Rwandan government issued the Company a commercial gold mining license, valid for a period of 10 years with an option to renew, which covers a 375 hectare block.

Mali Projects

The Company has the Farabantourou exploration, Djimbala, and Segala Quest Project permits through its subsidiary TransAfrika Mali S.A., located in Mali. The Farabantourou exploration permit and the Segala West permit expired during the year ended December 31, 2017. Management is in the process of the renewal application. Additionally, the expiry date of the Djimbala permit is December 30, 2018 and is non-renewable.

In 2017, the Company incurred exploration cost, including planning and administration cost, of $40,118 for the Rwanda project and $822,310 for the Mali Projects; totaling $862,428 (2016 - $47,742).

6. 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.

(Expressed in US dollars)

6. SHARE CAPITAL (continued)

Issued share capital

During the year ended December 31, 2017, the Company issued the following securities:

- On March 10, 2017, the Company issued 1,200,000 units at a price of CAD$0.25 per unit for gross proceeds of CAD $300,000 (USD $222,810). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CAD$0.30 per share for a period of five years from closing. The Company applied residual method to account for the issuance of warrants and has recorded $Nil to the reserve. The Company paid cash of CAD $3,450 (USD $2,562) for finder's fees.

- In April 2017, the Company closed a non-brokered private placement for the issuance of 2,860,800 units at CAD$0.25 per unit for gross proceeds of CAD $715,200 (USD $550,919). Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD$0.30 per share for a period of five years from issuance. The Company applied residual method to account for the issuance of warrants and has recorded CAD $143,040 (USD $110,183) to the reserve.

- During the year ended December 31, 2017, 7,502,142 share purchase warrants were exercised into common shares on one-to-one basis at CAD$0.09 per share for gross proceeds of CAD $675,193 (USD $525,609).

- On August 22, 2017, the Company issued 2,000,000 units at CAD $0.25 per unit for gross proceeds of CAD $500,000 (USD $398,350). Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at CAD$0.30 per share for a period of five years from issuance. The Company applied residual method to account for the issuance of warrants and has recorded CAD $60,000 (USD $47,801) to the reserve. The Company incurred CAD $5,853 (USD $4,668) for legal expenses for share issuance.

- In October 2017, the Company issued 1,360,000 units at CAD$0.25 per unit for gross proceeds of CAD $340,000 (USD $270,946). Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at CAD$0.30 per share for a period of five years from issuance. The Company applied residual method to account for the issuance of warrants and has recorded $Nil to the reserve. The Company has paid cash of CAD$7,525 (USD $5,997) and 30,100 share purchase warrants (exercisable into common share at CAD$0.30 per share) for a period of five years after issuance. The fair value of the warrants was determined to be CAD $6,125 (USD $4,881).

  The finder warrants were measured using the Black-Scholes option pricing model and the following input assumptions:

Weighted average fair value of finder warrants issue in October 2017	$0.5
Risk-free interest rate	1.51%
Expected life of options	5 years
Annualized volatility	112%
Dividend rate	0.00%

(Expressed in US dollars)

6. SHARE CAPITAL (continued)

Issued share capital (continued)

During the year ended December 31, 2016, the Company issued the following securities:

- On August 11, 2016, the Company issued 4,000,000 units at CAD$0.07 per unit for proceeds of CAD $280,000 (USD $215,264). Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD$0.09 per share for a period of five years from issuance. The Company applied residual method to account for the issuance of warrants and has recorded $Nil to the reserve.

(b) Stock options

In January, 2017, the Company terminated the Company's 2012 fixed option plan and the implementation of a 10% rolling option plan that is subject to the approval by applicable regulatory entity.

Stock option continuity is as follows:

	Number	Weighted average exercise price	
Balance, December 31, 2015	132,500	CAD$	8.00
Granted	1,358,880		0,20
Expired	(132,500)		8.00
Balance, December 31, 2016	1,358,880	CAD$	0.20
Granted	1,533,700		0.26
Balance, December 31, 2017	2,892,580	CAD$	0.24

Stock options outstanding and exercisable as at December 31, 2017 are summarized as follows:

Exercise price (CAD$)	Number of options outstanding	Weighted average remaining contractual life (Year)	Expiry date	Number of options exercisable
0.20	1,100,000	3.08	January 29, 2021	1,100,000
0.30	258,880	0.81	October 24, 2018	258,880
0.30	260,508	4.03	January 10, 2022	260,508
0.25	538,880	4.64	July 26, 2022	538,880
0.25	735,112	4.86	November 8, 2022	655,112
	2,892,580			2,812,580

Estimated fair value of stock options

During the year ended December 31, 2017, the Company granted 1,533,700 options (December 31, 2016 – 1,358,880) to acquire common shares. Share-based payments relating to options vesting during the year using the Black-Scholes option pricing model was $281,430 (December 31, 2016 - $109,645).

(Expressed in US dollars)

6. SHARE CAPITAL (continued)

(b) Stock options (continued)

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31, 2017	December 31, 2106
Risk-free interest rate	1.51%	0.67%
Expected life of options	5 years	5 years
Annualized volatility	197%	195%
Dividend rate	0.00%	0.00%

(c) Warrants

Warrants continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2015	8,507,142	CAD$ 0.13
Issuance	4,000,000	CAD$ 0.09
Balance, December 31, 2016	12,507,142	CAD$ 0.11
Issuance	7,450,900	CAD$ 0.30
Exercise	(7,502,142)	CAD$ 0.09
Balance, December 31, 2017	12,455,900	CAD$ 0.24

As at December 31, 2017, the weighted average remaining life of the Company's outstanding warrants was 4 years.

Details of warrants outstanding as at December 31, 2017 are as follows:

Exercise price	**Expiration Date**	**Number of warrants outstanding**
CAD$ 0.50	January 8, 2020	800,000
CAD$ 0.09	November 20, 2020	1,405,000
CAD$ 0.09	August 11, 2021	2,800,000
CAD$ 0.30	March 10, 2022	1,200,000
CAD$ 0.30	July 5, 2022	100,000
CAD$ 0.30	July 5, 2022	2,760,800
CAD$ 0.30	September 19, 2022	2,000,000
CAD$ 0.30	October 10, 2022	1,390,100
		12,455,900

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in US dollars)

6. SHARE CAPITAL (continued)

(c) Warrants (continued)

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

7. 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:

	December 31, 2017	December 31, 2016
Consulting fees	$ 183,972	$ -
Prospecting rights and exploration expense	40,118	31,458
Share-based compensation	184,281	
	$ 408,371	$ 94,556

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 4) included the following balances owing to related parties.

Due to Related parties	**Nature**	**December 31, 2017**	**December 31, 2016**
Chief financial officer	Consulting fees	$ 1,004	$ -
Former Director	Consulting fees	2,088	2,088
Former Chief financial officer	Consulting fees	3,189	5,586
		$ 6,281	$ 7,674

(Expressed in US dollars)

8. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

	December 31, 2017	December 31, 2016
FVTPL:		
Cash	$ 290,011	$ 151,700

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

	December 31, 2017	December 31, 2016
Non-derivative financial liabilities:		
Trade payables	$ 318,334	$ 128,332

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 classified as Level 1.

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.

8. FINANCIAL INSTRUMENTS (continued)

Risk management (continued)

Interest rate risk
As at December 31, 2016, 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.

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 customers 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. 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.

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.

9. CAPITAL DISCLOSURE

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year.

The Company is not exposed to any external capital requirements.

(Expressed in US dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported dates is as follows:

	December 31, 2017	December 31, 2016
Loss for the year	$ (1,823,758)	$ (519,687)
	26%	26%
Expected income taxes recovery at statutory	(474,000)	(135,000)
Non-deductible items	73,000	29,000
Impact of different foreign statutory tax rates on earnings on subsidiaries	-	(9,000)
Adjustments to prior year versus statutory returns	(90,000)	(42,000)
Foreign exchange, expired losses and other	180,000	165,000
Change in unrecognized deductible temporary differences	311,000	(8,000)
	$ -	$ -

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	2017	2016
Evaluation and exploration assets	$ 781,000	$ 667,000
Non-capital losses	2,208,000	2,011,000
	2,989,000	2,678000
Unrecognized deferred tax assets	(2,989,000)	(2,678,000)
Net deferred tax assets	$ -	$ -

The Company has approximately $5,140,140 in Canadian non-capital losses which expire between 2026 and 2037, $1,525,837 in foreign non–capital losses which expire between 2016 and 2021.

Tax attributes are subject to revision and potential adjustment by tax authorities

11. SUBSEQUENT EVENTS

On January 23, 2018, the Company executed a promissory note of CAD$150,000 plus a flat fee of 5%, to a relative of the CEO of the Company. The loan is non-interest bearing, unsecured and due 45 days from the effective date. On March 5, 2018, the principal amount plus the flat fee was converted into an obligation to issues units for the March 2018 non-brokered private placement.

On March 6, 2018, the Company executed a promissory note of CAD$250,000 plus a cash fee of 2%. The loan is interest bearing at 10% per annum, unsecured and due 60 days from the effective date.

On March 26, 2018, the Company issued 2,152,750 Units for gross proceeds of CAD 538,187 (USD 417,633). Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CDN $0.30 per share for a period of 2 years from the closing of the financing, subject to a 30 day acceleration clause, at the Company's option, upon announcement by the Company that its shares have traded on a volume weighted average basis of CDN $0.60 per common share, or more, for at least 10 consecutive trading days. In connection with the private placement, the Company paid finder's fee consisting of a cash fee of $3,000 and 12,000 share purchase warrants on the same terms as the warrant terms set out above.