



DESERT GOLD VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2018 and 2017

(Unaudited - Expressed in US Dollars)

NOTICE TO READERS

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

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

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

	Note	September 30, 2018	December 31, 2017
		\$	\$
ASSETS			
Current assets			
Cash		143,010	290,011
GST receivables		10,640	9,907
Prepaid		2,330	2,808
		155,980	302,726
Non-current assets			
Equipment		201,014	220,245
Total assets		356,994	522,971
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		339,161	338,264
Note payable	5	193,125	-
		532,286	338,264
EQUITY (DEFICIENCY)			
Share capital	4	19,281,191	18,396,509
Accumulated other comprehensive income		137,176	141,637
Reserves		17,499,755	17,360,803
Deficit		(37,093,414)	(35,714,242)
		(175,292)	184,707
Total liabilities and shareholders' deficiency		356,994	522,971

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved for issuance by the board of directors on November 28, 2018

"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 COMPREHENSIVE LOSS
(Unaudited - Expressed in US dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
Amortization		5,854	-	17,562	-
Investors and shareholders relationship		5,611	771	54,572	38,243
Office and administration		7,358	29,215	22,193	65,912
Professional and consulting fees	6	62,405	88,837	323,785	267,531
Prospecting rights and exploration	3	116,884	234,060	766,106	297,363
Rent		3,885	3,581	11,856	10,326
Share-based compensation	4	-	80,112	104,718	168,972
Transfer agent and listing fees		1,387	5,716	16,780	26,854
Travel		-	12,898	43,004	46,099
Loss before the following:		(203,384)	(455,189)	(1,360,576)	(921,300)
Finance charges and foreign exchange		(12,245)	(1,509)	(18,596)	(2,112)
Net loss		(215,629)	(456,698)	(1,379,172)	(923,412)
Other comprehensive loss					
Foreign exchange translation gain (loss)		(15,642)	27,889	(4,461)	39,210
Total comprehensive loss		(231,271)	(428,809)	(1,383,633)	(884,202)
Weighted average number of outstanding shares, basic and diluted		38,306,258	22,874,645	35,374,876	21,709,545
Loss per share, basic and diluted		(0.01)	(0.02)	(0.04)	(0.04)

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
(DEFICIENCY)
(Unaudited - Expressed in US dollars except the number of
shares)**

	<u>Share capital</u>		<u>Reserves</u>			Accumulated other comprehensive income	Deficit	Total
	Number	Amount \$	Others \$	Warrants \$	Share-based compensation \$			
December 31, 2016	16,913,945	16,603,967	13,755,601	486,301	2,674,606	198,493	(33,890,484)	(171,516)
Share issuance for cash	7,260,800	1,225,033	-	-	-	-	-	1,225,033
Share-based compensation	-	-	-	-	168,972	-	-	168,972
Translation between functional and reporting currency	-	-	-	-	-	39,210	-	39,210
Income (loss) for the period	-	-	-	-	-	-	(923,412)	(923,412)
September 30, 2017	24,174,745	17,829,000	13,755,601	486,301	2,843,578	195,224	(34,813,896)	338,287
December 31, 2017	31,836,840	18,396,509	13,755,601	649,166	2,956,036	141,637	(35,714,242)	184,707
Share issuance for cash	6,469,418	884,682	-	34,234	-	-	-	918,916
Share-based compensation	-	-	-	-	104,718	-	-	104,718
Translation between functional and reporting currency	-	-	-	-	-	(4,461)	-	(4,461)
Income (loss) for the period	-	-	-	-	-	-	(1,379,172)	(1,379,172)
September 30, 2018	38,306,258	19,281,191	13,755,601	683,400	3,060,754	137,176	(37,093,414)	(175,292)

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)

Nine months ended September 30,	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(1,379,172)	(923,412)
Adjustments for non-cash items:		
Amortization	17,562	-
Share-based compensation	104,718	168,972
Changes in non-cash working capital items:		
GST receivables	(733)	(925)
Prepaid	478	-
Accounts payable and accrued liabilities	8,631	(53,588)
Cash used in operating activities	(1,248,516)	(808,953)
FINANCING ACTIVITIES		
Proceeds from issuance of a promissory note	189,854	-
Proceeds from share issuance and subscription receipt	918,916	1,225,033
	1,108,770	1,225,033
Effect of foreign exchange rate on cash	(7,255)	39,210
Increase (decrease) in cash	(147,001)	455,290
Cash, beginning of period	290,011	151,700
Cash, end of period	143,010	606,990

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DESERT GOLD VENTURES INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited - Expressed in US dollars)

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 Canada.

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 September 30, 2018, 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 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 recent year ended December 31, 2017.

The condensed consolidated interim financial statements of the Company for three and nine months ended September 30, 2018 and 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 28, 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.

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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:

Name	Country of incorporation	Ownership percentage	
		September 30, 2018	December 31, 2017
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%
Desert Gold Mali S.A.R.L.	Mali	100%	100%

Adoption of new accounting policies

The Company has not adopted new accounting policies since its recent year ended December 31, 2017 except the adoption of IFRS 9, commencing January 1, 2018:

IFRS 9 "Financial Instruments" 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.

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, 2017	\$ 150,000	\$ 43,082	\$ 41,044	\$ 234,126
Effect of foreign exchange rate	(1,669)	-	-	(1,669)
At September 30, 2018	\$ 148,331	\$ 43,082	\$ 41,044	\$ 232,457
Amortization:				
At December 31, 2017	\$ -	\$ 7,109	\$ 6,772	\$ 13,881
Charge for the period	-	8,994	8,568	17,562
At September 30, 2018	\$ -	\$ 16,103	\$ 15,340	\$ 31,443
Net book value:				
At December 31, 2017	\$ 150,000	\$ 35,973	\$ 34,272	\$ 220,245
At September 30, 2018	\$ 148,331	\$ 26,979	\$ 25,704	\$ 201,014

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4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

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

	September 30, 2018	December 31, 2017
Trade payable	\$ 302,474	\$ 318,334
Accrued liabilities	25,447	19,930
Interest payable (Note 6)	11,240	
	\$ 339,161	\$ 338,264

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.

During the nine months ended September 30, 2018, the Company incurred \$20,670 for the maintenance of the mining license in Rwanda

Mali Projects

The Company holds the Farabantourou exploration, Djimbala, and Segala Quest Project permits through its subsidiary Desert Gold 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.

The Company has successfully renewed its 100% owned Farabantourou permit for an initial 3-year term. Furthermore, the license terms grant Desert Gold the option to renew the permit for two additional 3-year terms giving the Company control of Farabantourou until November 2027.

Additionally, the expiry date of the Djimbala permit is December 30, 2018 and the Company will make the application for renewal upon its expiry as is permitted under the Malian mining code.

During the nine months ended the Company incurred \$745,436 for the exploration, permit application, and back office support in Mali

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6. NOTES PAYABLE

On January 23, 2018, the Company executed a promissory note of CAD\$150,000 plus a flat fee of 5% (CAD\$7,500), 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 issue 630,000 units at \$0.25 per unit (Note 7).

On March 6, 2018, the Company executed a promissory note of CAD\$250,000 (or US\$193,125) plus a cash fee of 2%. The loan is interest bearing at 10% per annum, unsecured and is initially due 60 days from the effective date, which has been subsequently extended to December 31, 2018. (Note 4)

7. 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

On March 26, 2018, the Company issued 2,152,750 units at a price of CAD\$0.25 per unit for gross proceeds of CAD \$538,187 (\$425,549). 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 two years from closing subject to a 30 days acceleration clause, at the Company's election, when the Company's shares have traded on a volume weighted average basis of CAD\$0.60 or more per share for at least ten consecutive trading days. The Company applied residual method to account for the issuance of warrants and has recorded CAD \$43,055 (\$34,043) to the reserve. The Company paid CAD\$3,000 and issued 12,000 share purchase warrants with fair value of CAD\$240 as finders' fees

On May 23, 2018 the Company issued 4,316,668 units at a price of CAD\$0.15 per unit for gross proceeds of CAD \$647,500 (\$505,515). 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\$0.20 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 CAD \$Nil (\$Nil) to the reserve. The Company paid CAD\$7,458 (\$5,777) professional fees in connection with this private placement.

(b) Stock options

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2016	1,358,880	CAD\$ 0.20
Granted	1,533,700	0.26
Balance, December 31, 2017	2,892,580	0.24
Granted	845,000	0.25
Cancelled	(419,964)	0.22
Balance, September 30, 2018	3,317,616	CAD\$ 0.24

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7. SHARE CAPITAL (Continued)

(b) Stock option (continued)

Stock options outstanding and exercisable as at September 30, 2018 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	825,000	2.58	January 29, 2021	825,000
0.30	232,992	0.31	October 24, 2018	232,912
0.30	221,432	3.53	January 10, 2022	221,432
0.25	538,080	4.14	July 26, 2022	538,880
0.25	655,112	4.36	November 8, 2022	655,112
0.25	845,000	4.84	May 1, 2023	845,000
	3,317,616			3,317,616

(c) Warrants

As at September 30, 2018, the weighted average remaining life of the Company's outstanding warrants was 3.37 years. Continuity is as follows:

	Number	Weighted average exercise price
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
Issuance of finders' warrant	12,000	CAD\$ 0.30
Issuance of warrants for private placement	2,152,750	CAD\$ 0.30
Issuance of warrants for private placement	4,316,668	CAD\$ 0.20
Balance, September 30, 2018	18,937,318	CAD\$ 0.24

Details of warrants outstanding as at June 30, 2018 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
CAD\$ 0.30	March 26, 2020	2,164,750
CAD\$ 0.20	May 23, 2023	4,316,668
		18,937,318

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8. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel:

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

Nine months ended September 30	2018	2017
Consulting fees	164,304	\$150,328
Performance bonus	106,650	-

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	September 30, 2018	December 31, 2017
Chief executive officer	Consulting fees	\$ 31,952	\$ -
Chief financial officer	Consulting fees	1,200	1,004
Former Director	Consulting fees	-	2,088
President	Consulting fees	12,572	3,189
		\$ 45,724	\$ 6,281

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

	September 30, 2018	December 31, 2017
Cash (fair value through profit and loss)	\$143,010	\$290,011
Trade payables (amortized cost)	\$302,474	\$318,334
Note payable (amortized cost)	\$193,125	-

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 note payable, 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

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

Cash is classified as Level 1.