



DESERT GOLD VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2019 and 2018

(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	June 30, 2019	December 31, 2018
		\$	\$
ASSETS			
Current assets			
Cash		787,445	112,331
GST receivables		4,485	12,180
Note receivable	7	8,787	-
Prepaid		88,315	-
		889,032	124,511
Non-current assets			
Equipment	3	48,479	46,829
Total assets		937,511	522,971
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	268,309	349,751
Notes payable	6	-	183,252
		268,309	533,003
EQUITY (DEFICIENCY)			
Share capital	8	21,174,211	19,274,667
Subscription received	8	-	175,920
Accumulated other comprehensive income		204,369	198,115
Reserves		17,716,947	17,499,477
Deficit		(38,426,325)	(37,509,842)
		(669,202)	(361,663)
Total liabilities and shareholders' deficiency		937,511	171,340

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 11)

Approved for issuance by the board of directors on August 29, 2019

"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)

		Three months ended June 30,		Six months ended June 30,	
	Note	2019	2018	2019	2018
		\$	\$	\$	\$
Amortization		5,854	5,854	11,708	11,708
Investors and shareholders relationship		25,040	1,058	43,790	48,961
Office and administration		19,328	9,656	28,388	14,835
Professional and consulting fees	6	92,732	70,792	159,992	261,380
Prospecting rights and exploration	3	391,444	194,145	493,597	649,222
Rent		7,132	3,913	11,018	7,971
Share-based compensation	4	-	104,718	135,440	104,718
Transfer agent and listing fees		5,859	3,963	12,793	15,393
Travel		5,062	10,558	14,475	43,004
Loss before the following:		(552,451)	(404,657)	(911,201)	(1,157,192)
Finance charges and foreign exchange		(536)	(6,717)	(5,282)	(13,068)
Net loss		(552,987)	(411,374)	(916,483)	(1,170,260)
Other comprehensive loss:					
-Foreign exchange translation gain (loss)		9,134	(8,574)	6,254	2,607
Total comprehensive loss		(543,853)	(419,948)	(910,229)	(1,167,653)
Weighted average number of outstanding shares, basic and diluted		46,534,051	35,428,479	44,878,073	35,071,549
Loss per share, basic and diluted		(0.01)	(0.01)	(0.02)	(0.03)

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)

	Number	Amount \$	Subscription received \$	Reserves			Accumulated other comprehensive income \$	Deficit \$	Total \$
				Others \$	Warrants \$	Share-based compensation \$			
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	-	-	-	-	-	-	2,607	-	2,607
Loss for the year	-	-	-	-	-	-	-	(1,170,260)	(1,170,260)
June 30, 2018	38,306,258	19,281,191	-	13,755,601	683,400	3,060,754	144,244	(36,884,502)	40,688
December 31, 2018	38,306,258	19,274,667	175,920	13,755,601	682,763	3,061,113	198,115	(37,509,842)	(361,663)
Share issuance for cash	17,709,916	1,899,544	(175,920)	-	2,000	-	-	-	1,805,654
Share-based compensation	-	-	-	-	-	135,440	-	-	135,440
Translation between functional and reporting currency	-	-	-	-	-	-	6,254	-	6,254
Loss for the year	-	-	-	-	-	-	-	(916,483)	(916,483)
June 30, 2018	55,867,674	21,174,211	-	13,755,601	764,793	3,196,553	204,369	(38,426,325)	669,202

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,	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(916,483)	(758,886)
Adjustments for non-cash items:		
Amortization	11,708	5,854
Share-based compensation	135,440	-
Changes in non-cash working capital items:		
GST receivables	7,695	(467)
Prepaid	(88,315)	(423)
Accounts payable and accrued liabilities	(81,442)	(6,455)
Cash used in operating activities	(931,397)	(760,337)
INVESTING ACTIVITIES		
Increase of promissory notes receivable	(8,787)	-
Purchase of equipment	(13,358)	-
Cash used in investing activities	(22,145)	-
FINANCING ACTIVITIES		
Issuance (repayment) of promissory notes	(183,252)	193,889
Net proceeds from share subscriptions	1,807,378	423,177
Cash provided by financing activities	1,624,126	617,066
Effect of foreign exchange rate on cash	4,530	4,530
Increase (decrease) in cash	675,114	(138,781)
Cash, beginning of period	112,331	290,011
Cash, end of period	787,445	151,230

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

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(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 V4K 3N3.

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 June 30, 2019, 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, 2018.

The condensed consolidated interim financial statements of the Company for three and six months ended June 30, 2019 and 2018 were approved and authorized for issue by the Board of Directors on August 29, 2019.

Basis of consolidation and presentation

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

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

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	
		June 30, 2019	December 31, 2018
TransAfrika Belgique S.A.	Belgium	100%	100%
TransAfrika Rwanda Gold S.A.R.L.	Rwanda	100%	100%
TransAfrika Mali S.A. (dormant)	Mali	74%	74%
TransAfrika Senegal S.A. (dormant)	Senegal	100%	100%
GoldBanks Nevada Ventures Inc. (dormant)	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, 2018 except the adoption of IFRS 16, commencing January 1, 2019:

IFRS 16- Lease specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Lease. The adoption of this standard does not have a significant impact on the Company's consolidated financial statements.

3. EQUIPMENT

	Office equipment	Furniture and fixtures	Total
Cost:			
At December 31, 2018	\$ 43,082	\$ 41,044	\$ 84,126
Changes during the period	13,358	-	13,358
At June 30, 2019	\$ 56,440	\$ 41,044	\$ 97,484
Amortization:			
At December 31, 2018	\$ 19,101	\$ 18,196	\$ 37,297
Charge for the period	5,996	5,712	11,708
At June 30, 2019	\$ 25,097	\$ 23,908	\$ 49,005
Net book value:			
At December 31, 2018	\$ 23,981	\$ 22,848	\$ 46,829
At June 30, 2019	\$ 31,343	\$ 17,136	\$ 48,479

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

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

	June 30, 2019	December 31, 2018
Trade payable	\$ 239,655	\$ 316,985
Accrued liabilities	28,654	17,519
Interest payable (Note 6)	-	15,247
	\$ 268,309	\$ 349,751

5. EXPLORATION AND EVALUATION PROPERTIES

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 Desert Gold Ltd., 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 six months ended June 30, 2019, the Company incurred administration cost and back office of \$11,800(2018- \$10,700) for Rwanda project.

Mali Projects

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

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 2-year terms.

The Segala West permit expired during the year ended December 31, 2017 and was applied for renewal and is currently being processed.

The expiry date of the Djimbala permit was December 30, 2018. Desert Gold paid the concession renewal Convention fees on May 28, 2019 and are waiting for the government to issue an arete. As soon as the convention is issued, the company can assume that an arete will be issued and that they have the right to the property for an initial 3 years, followed by two, 2-year renewals.

During the six months ended June 30, 2019, the Company incurred \$493,627 (2018 - \$638,522) for the exploration, permit application, and back office support in Mali

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

6. NOTES PAYABLE

On March 6, 2018, the Company executed a promissory note of CAD\$250,000 (or US\$183,252) 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 was subsequently extended to December 31, 2018. The Company fully repaid the principal and accrued interest during the first quarter ended March 31, 2019.

7. NOTES RECEIVABLE

On June 3, 2019, the Company advanced \$11,500 to Ashanti Gold Corp. ("Ashanti") in the form of a unsecured promissory note that carries an interest of 8% per annum and is payable on demand (Note 11).

8. SHARE CAPITAL

(a) Share capital

Authorized share capital

Unlimited number of common shares without par value; and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

Issued share capital

i) On November 30, 2018, the Company initiated a non-brokered private placement of up to 5,000,000 units at a price of CAD \$0.15 per unit (the "Unit") to raise up to an aggregate of \$750,000 (the "Financing"). Each Unit will consist of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per common share for a period of two (2) years from the closing of the Financing, subject to a 30-day acceleration period, upon announcement by the Company of the common shares trading at \$0.75 or more for 10 consecutive trading days

The Company closed the Financing on January 25, 2019 by issuance of 5,851,500 Units for gross proceeds of CAD\$877,725 (CAD\$240,000 (\$175,920) subscriptions were received before December 31, 2018). \$3,706 cash has been paid and 24,710 Warrants (fair value of \$2,000) have been issued for finder's fees.

ii) On April 3, 2018, the Company issued 1 million common shares at CAD\$0.09 per share pursuant to the exercise of warrants.

iii) On May 23, 2019, the Company initiated a non-brokered private placement ("Placement") to raise up to CAD\$2,500,00 by issuance of 15,625,000 units at CAD\$0.16 per share. Each unit consists of one common share and one share purchase warrant. Each warrant can be exercised into one common share at CAD\$0.24 per share for a period of 2 years after the issuance. In June, 2019, the Company closed the first tranche for gross proceeds of CAD\$1,713,586 through the issuance of 10,709,916 units. The Company has paid finder's fees of CAD\$36,785 and issued 229,897 non-transferable brokers warrants (a "Broker Warrant"). Each Broker Warrant entitles the holder to purchase one common share of the Company at a price of \$0.18 for a period of two (2) years.

The Company used residual method to account for this issuance and allocated CAD\$107,099 from the share capital to "reserve – warrants" to account for the issuance of warrants included in the units issued

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

8. SHARE CAPITAL (CONTINUED)

(b) Stock options

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	2,290,512	CAD\$ 0.24
Granted	1,125,000	0.19
Balance, June 30, 2019	3,415,512	CAD\$ 0.22

Stock options outstanding and exercisable as at June 30, 2019 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	550,000	1.83	January 29, 2021	550,000
0.30	156,305	2.78	January 10, 2022	156,305
0.25	430,464	3.32	July 26, 2022	430,464
0.25	508,743	3.61	November 8, 2022	508,743
0.25	645,000	4.08	May 1, 2023	645,000
0.19	1,125,000	4.86	February 8, 2024	1,125,000
	3,415,512	3.75		3,415,512

The Company granted 1,125,000 stock options to consultants, directors, and officers on February 8, 2019. These options have an exercise price of CAD\$0.19 per share and will expire 5 years after issuance.

For the six months ended June 30, 2019, the Company recognized share-based compensation expenses of \$135,000 (2018 - \$Nil) relating to the grant of options. The fair value of options have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2019	2018
Risk-free interest rate	2.17%	2.17%
Expected life of options	5 years	5 years
Annualized volatility	125%	130%
Dividend rate	0.00%	0.00%

(c) Warrants

As at June 30, 2019, the weighted average remaining life of the Company's outstanding warrants was 2.23 years. Continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	18,937,318	CAD\$ 0.24
Exercise of warrants	(1,000,000)	0.09
Issuance of finders' warrants	24,710	0.15
Issuance of warrants for private placement	5,851,500	0.15
Issuance of warrants for private placement	10,709,916	0.24
Issuance of Broker Warrants	229,897	0.18
Balance, June 30, 2019	34,753,341	CAD\$ 0.23

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

8. SHARE CAPITAL (Continued)

(c) Warrants (continued)

Details of warrants outstanding as at June 30, 2019 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	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
CAD\$ 0.15	January 25, 2021	5,876,210
CAD\$ 0.18	June 20, 2021	229,897
CAD\$ 0.24	June 20, 2021	10,709,946
		34,753,341

9. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel:

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

Six months ended June 30,	2019	2018
Consulting fees	\$ 107,043	\$ 109,493
Performance bonus	-	106,650
Share-based compensation	\$ 117,000	\$ 118,400

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	June 30, 2019	December 31, 2018
Chief executive officer	Consulting fees	\$ -	\$ 52,717
Chief financial officer	Consulting fees	5,338	4,325
Former Director	Consulting fees	1,500	1,531
President	Consulting fees	-	9,707
		\$ 6,838	\$ 68,280

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

		June 30, 2019	December 31, 2018
		\$	\$
Cash	Amortized cost	787,445	112,336
Note receivable	Amortized cost	8,787	-
Interest payable	Amortized cost	-	15,247
Note payable	Amortized cost	-	183,258
Trade payables	Amortized cost	239,655	316,985

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 approximated their fair values due to their short-term maturities.

11. SUBSEQUENT EVENTS

a) In May, 2019, the Company entered into an option agreement with Mineral Management Consulting ("MMC") to acquire a 100% interest in two properties contiguous and proximal to the Company's Farabantourou project in Mali. This transaction was closed after the period ended June 30, 2019 and key terms of the option agreements are as follows:

- Desert Gold to pay MMC CAD\$500,000, of which CAD \$250,000 was paid upon closing of the transaction (paid in July, 2019) to earn an initial fifty-five (55%) percent interest with the balance of CAD \$250,000 to be paid over a three (3) year period;
- The issuance of 1,000,000 Desert Gold common shares to MMC in four (4) equal instalments of which 250,000 shares were issued upon closing of the transaction (issued in August 2019) and the remaining instalments are to be issued annually over a three (3) year period;
- Incur exploration expenditures of CAD \$350,000 over a three (3) year period;
- MMC shall retain a two (2%) percent net smelter royalty on all ore mined from the properties;
- During the three (3) year option period, Desert Gold shall be responsible for maintaining the permit in good standing and performing any and all obligations required by law and will take over operation control of the projects on closing of the transaction with MMC.

b) On April 1, 2019, the Company and Ashanti Gold Corp. (TSXV: AGZ) ("Ashanti") entered into a definitive combination agreement (the "Definitive Agreement") to which Desert Gold will acquire all of the issued and outstanding common shares of Ashanti (the "Ashanti Shares"), (the "Transaction"). The Transaction is being carried out by way of amalgamation. Under the terms of the Definitive Agreement, all of the issued and outstanding Ashanti Shares will be exchanged on the basis of 0.2857 Desert Gold common shares (each whole share, a "Desert Gold Share") for each Ashanti Share. This business combination was closed in August 2019. Approximately 21,097,657 Desert Gold Shares were issued to Ashanti shareholders. In addition, 1,631,381 Desert Gold shares were issued to outgoing Ashanti management and directors to settle debts owing to them. These shares were issued at a deemed price of \$0.18 and are subject to voluntary trading restrictions, with half of the total legended for 6 months and the balance for 12 months.

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

11. SUBSEQUENT EVENTS (CONTINUED)

b) On April 1, 2019, the Company and Ashanti Gold Corp. (TSXV: AGZ) ("Ashanti") entered into a definitive combination agreement (the "Definitive Agreement") to which Desert Gold will acquire all of the issued and outstanding common shares of Ashanti (the "Ashanti Shares"), (the "Transaction"). The Transaction is being carried out by way of amalgamation. Under the terms of the Definitive Agreement, all of the issued and outstanding Ashanti Shares will be exchanged on the basis of 0.2857 Desert Gold common shares (each whole share, a "Desert Gold Share") for each Ashanti Share. This business combination was closed in August 2019. Approximately 21,097,657 Desert Gold Shares were issued to Ashanti shareholders. In addition, 1,631,381 Desert Gold shares were issued to outgoing Ashanti management and directors to settle debts owing to them. These shares were issued at a deemed price of \$0.18 and are subject to voluntary trading restrictions, with half of the total legended for 6 months and the balance for 12 months.

c) The Company closed the second and final tranche of its Placement (Note 8) in July 2019 to raise CAD\$1,789,980 through the sale of a further 11,243,627 units. The Company has paid finders' fees of \$64,274 and issued 1,016,102 Broker Warrants.

d) In August, 2019 the Company has entered into an agreement (the "Agreement") with Altus Strategies PLC ("Altus"), to acquire Altus' Sebessoukoto Sud and Djelimangara gold projects (the "Project") which are contiguous to the Company's Senegal Mali Shear Zone Project located in western Mali.

The Company will earn a 100% interest in the Project by satisfying the following headline terms:

Part 1: Consideration

Upon signing of the Agreements, Desert Gold will:

- Within 5 business days make a cash payment to Altus of \$50,000; and
- Within 14 business days and subject to any regulatory approval as may be required, issue 3,000,000 common shares of Desert Gold to Altus.

Part 2: Milestone payments:

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

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

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

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

DESERT GOLD VENTURES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited - Expressed in US dollars)

11. SUBSEQUENT EVENTS (CONTINUED)

Part 3: Project Royalties

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

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

- If the reserve is greater than 1,000,000 ounces, then \$6.0M
- If the reserve is less than 1,000,000 ounces but greater than 500,000 ounces, then \$3.0M
- If the reserve is less than 500,000 ounces but greater than 250,000 ounces, then \$1.0M
- Furthermore, Desert Gold will have a 60-day right of first refusal, to acquire such portion of the balance of the Altus NSR that Altus may, from time to time, wish to sell.

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