



**DESERT GOLD VENTURES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

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

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

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

	Note	September 30, 2021	December 31, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		731,873	3,910,341
Marketable securities	6	54,941	47,125
Other receivables		150,251	49,004
Prepaid		15,063	13,007
		952,128	4,019,477
<b>Non-current assets</b>			
Equipment	3	8,815	13,628
<b>Total assets</b>		960,943	4,033,105
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4	390,747	457,542
		390,747	457,542
<b>EQUITY (DEFICIENCY)</b>			
Share capital	7	32,463,488	32,334,013
Accumulated other comprehensive income		319,277	277,186
Reserves		18,780,103	18,623,459
Deficit		(50,992,672)	(47,659,095)
		570,196	3,575,563
<b>Total liabilities and shareholders' deficiency</b>		960,943	4,033,105

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

Approved for issuance by the board of directors on

**"Sonny Janda"**

Director - Sonny Janda

**"Jared Scarf"**

Director - Jared Scarf

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

**DESERT GOLD VENTURES INC.****Condensed consolidated interim statements of loss and comprehensive loss****(Unaudited - Expressed in US dollars)**

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
				\$	\$
Amortization		708	5,850	4,187	17,550
Investors and shareholders relationship		35,051	55,428	79,886	135,930
Office, occupancy, and administration		25,406	11,765	49,543	43,273
Professional and consulting fees		97,764	110,402	301,517	319,188
Prospecting rights and exploration	5	738,309	607,972	2,859,663	1,255,533
Share-based compensation	7	1,805	-	156,644	213,750
Transfer agent and listing fees		19,242	1,863	49,086	27,510
<b>Loss before the following:</b>		(918,285)	(793,280)	(3,500,526)	(2,012,734)
Change in fair value of marketable securities	6	(8,047)	-	7,992	-
Gain on write off of accounts payable		127,000	27,460	127,000	125,518
Foreign exchange		(4,357)	(4,225)	(6,247)	(15,545)
Others		18,379	-	38,204	-
<b>Net loss</b>		(785,310)	(770,045)	(3,333,577)	(1,902,761)
Other comprehensive loss:					
Foreign exchange translation gain		(34,727)	5,794	42,091	16,664
<b>Total comprehensive loss</b>		(820,037)	(764,251)	(3,291,486)	(1,886,097)
<b>Weighted average number of outstanding shares, basic and diluted</b>		138,191,173	120,269,143	138,190,571	111,900,629
<b>Loss per share, basic and diluted</b>		(0.01)	(0.01)	(0.02)	(0.02)

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

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

<b>Nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(3,333,577)	(1,878,052)
Adjustments for non-cash items:		
Amortization	4,187	17,550
Accrued interest	-	5,500
Change in fair value of marketable securities	(7,992)	(14,940)
Gain on write off on accounts payable	(127,000)	(125,518)
Gain on settlement - promissory note	-	(10,500)
Foreign exchange loss	6,247	15,545
Mineral expenditure paid by the Company's share	55,160	18,047
Receipt of marketable securities for option payment	-	(37,340)
Share-based compensation	156,644	213,750
Changes in non-cash working capital items:		
Other receivables	(101,247)	(24,369)
Prepaid	(2,056)	(36,652)
Accounts payable and accrued liabilities	53,958	132,352
Cash used in operating activities	(3,295,676)	(1,724,627)
<b>FINANCING ACTIVITIES</b>		
Cash receipt from a promissory note	-	110,000
Repayment of a promissory note		(105,000)
Net proceeds from share issuance	74,315	5,990,025
Cash provided by financing activities	74,315	5,995,025
Effect of foreign exchange rate on cash	42,893	(15,667)
Increase (decrease) in cash	(3,178,468)	4,254,731
Cash, beginning of period	3,910,341	204,379
Cash, end of period	731,873	4,459,110

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**DESERT GOLD VENTURES INC.**

**Condensed consolidated interim statements of change in shareholders' equity (deficiency)**

(Unaudited - Expressed in US dollars)

	Number	Amount \$	Reserves			Accumulated other comprehensive income \$	Deficit \$	Total \$
			Others \$	Warrants \$	Option \$			
December 31, 2019	93,090,339	26,571,115	13,755,601	900,497	3,454,767	200,878	(44,936,039)	(53,181)
Share issuance for private placement	40,428,356	5,423,051	-	305,670	-	-	-	5,728,721
Share issuance for warrant exercise	3,834,438	304,944	-	(1,132)	-	-	-	303,812
Share issuance for option exercise	75,000	17,087	-	-	(7,800)	-	-	9,287
Share issuance for mineral interest	250,000	17,816	-	-	-	-	-	17,816
Share cancellation	(559,960)	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	215,856	-	-	215,856
Translation between functional and reporting currency	-	-	-	-	-	76,308	-	76,308
Loss for the year	-	-	-	-	-	-	(2,723,056)	(2,723,056)
<b>December 31, 2020</b>	<b>137,118,173</b>	<b>32,334,013</b>	<b>13,755,601</b>	<b>1,205,035</b>	<b>3,662,823</b>	<b>277,186</b>	<b>(47,659,095)</b>	<b>3,575,563</b>
Share issuance for warrant exercise	623,000	74,315	-	-	-	-	-	74,315
Share issuance for mineral interest (Note 5)	450,000	55,160	-	-	-	-	-	55,160
Share-based compensation	-	-	-	-	156,644	-	-	156,644
Translation between functional and reporting currency	-	-	-	-	-	42,091	-	42,091
Loss for the period	-	-	-	-	-	-	(3,333,577)	(3,333,577)
<b>September 30, 2021</b>	<b>138,191,173</b>	<b>32,463,488</b>	<b>13,755,601</b>	<b>1,205,035</b>	<b>3,819,467</b>	<b>319,277</b>	<b>(50,992,672)</b>	<b>570,196</b>

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

Desert Gold Ventures Inc. (the “Company”) is an exploration stage company and is engaged in the acquisition, exploration and development of mineral resource properties. The principal business of the Company is conducting mineral property exploration in Mali and Rwanda. The Company’s shares are traded on the TSX Venture Exchange (the “TSX-V”) under the symbol DAU. Commencing March 30, 2021, the Company’s shares began trading on the OTC market of the USA(OTCQB) under the symbol DAUGF.

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

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

The Company has recurring losses since inception and has an accumulated deficit of \$50,992,672 at September 30, 2021. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations and its ability to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and/or to seek joint venture partners. Although the Company has been successful at raising capital in the past, there is no assurance that the Company will be able to raise adequate financing on terms that are acceptable to the Company, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Company would need to raise additional capital to accomplish its business objectives thereafter.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“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, 2020.

The condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 were approved and authorized for issue by the Board of Directors on November 29, 2021.

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

**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.

These condensed consolidated interim 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, 2021	December 31, 2020
TransAfrika Belgique S.A. (dormant)	Belgium	100%	100%
Desert Gold Ltd.	Rwanda	100%	100%
TransAfrika Senegal S.A. (dormant)	Senegal	100%	100%
GoldBanks Nevada Ventures Inc. (dormant)	USA	100%	100%
Ashanti Gold Corp. (dormant)	Canada	100%	100%
Ashanti Gold Mali S.A.R.L.(dormant)	Mali	100%	100%
Desert Gold Mali S.A.R.L.	Mali	100%	100%
Etruscan Resources Mali SARL (dormant)	Mali	N/A	100%
Legend Mali Holdings (BVI) Inc.(dormant)	BVI	100%	100%

*The Company has various dormant subsidiaries that hold the interests in resources properties. During the period ended September 30, 2021, Etruscan Resources Mali SARL was dissolved. The Mineral Properties previously held by Etruscan Resources Mali SARL has been transferred to Desert Gold Mali. S.A.R.L.*

**Adoption of new accounting policies**

The Company has not adopted new accounting policies since its recent year ended December 31, 2020.

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**3. EQUIPMENT**

	Exploration equipment	Office equipment	Furniture and fixtures	Total
<b>Cost:</b>	\$	\$	\$	\$
December 31, 2019	-	43,082	41,044	84,126
Addition	13,043	-	-	13,043
Effect of foreign exchange	923	4,092	3,898	8,913
December 31, 2020	13,966	47,174	44,942	106,082
Effect of foreign exchange	(829)	(1,365)	(1,300)	(3,494)
<b>September 30, 2021</b>	<b>13,137</b>	<b>45,809</b>	<b>43,642</b>	<b>102,588</b>
<b>Amortization:</b>				
At December 31, 2019	-	27,717	26,405	54,122
Charge for the period	2,609	14,538	13,851	30,998
Effect of foreign exchange	184	3,662	3,488	7,334
December 31, 2020	2,793	45,917	43,744	92,454
Charge for the period	1,802	1,221	1,164	4,187
Effect of foreign exchange	(273)	(1,329)	(1,266)	(2,868)
<b>September 30, 2021</b>	<b>4,322</b>	<b>45,809</b>	<b>43,642</b>	<b>93,773</b>
<b>Net book value:</b>				
At December 31, 2020	11,173	1,257	1,198	13,628
<b>September 30, 2021</b>	<b>8,815</b>	<b>-</b>	<b>-</b>	<b>8,815</b>

**4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES**

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Trade payable	\$ 216,319	\$ 262,230
Accrued liabilities	174,428	195,312
	<b>\$ 390,747</b>	<b>\$ 457,542</b>

**5. EXPLORATION AND EVALUATION PROPERTIES**

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

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

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

**MALI – SMSZ Projects**

In Mali, the Company is operating two projects. The projects are referred to as, Senegal Mali Shear Zone (“SMSZ”) and Djimbala.

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

i) **Farabantourou Project** - The Company's Farabantourou project consists of a small-scale mining license issued in October 2018 for four years and a Farabantourou exploration permit (the “Farabantourou Permit”) issued in November 2018 for an initial 3-year term renewal for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$151,000, \$ 364,000, and \$406,000 during the first, second, and third years respectively for the maintenance of the Farabantourou Permit.

ii) **Farikounda Permit** – The Company acquired this property in 2019 through the acquisition of Ashanti Gold Corp. (“Ashanti”). Details of the acquisition and the related mineral interests are as follows:

On August 22, 2019, the Company acquired Ashanti by issuance of shares, replacement warrants and options. At the transaction date, the Company determined that Ashanti did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. Consideration paid was \$4,058,677 including \$3,903,974 of shares, warrants, options issued to Ashanti's shareholders and assumption of net liabilities of \$154,703.

As at September 30, 2021, Ashanti held this exploration permit in Mali (the “Farikounda Permit”)

*The Farikounda permit in Mali was renewed in November 2019 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$173,000, \$459,000, and \$380,000 during the first, second, and third years respectively. The seller of this property retains a 1.5% NSR on this property. The Company has the right to purchase some or all of the 1.5% NSR by paying CAD\$100,000 for each 0.1% NSR purchased.*

*On September 14, 2016, Ashanti entered into an option agreement for the Anumso Project in Ghana (the “Anumso Option”) with Goldplat PLC (“Goldplat”) whereby Ashanti earned an 51% of the Anumso Project in February 2019. The Company allowed this option to lapse in April 2021.*

iii) **MMC Option** - During the year ended December 31, 2019, the Company entered into an option agreement with MMC to acquire a 100% interest in certain properties. The Company will earn a 100% interest in the Project satisfying the following headline terms:

- Payment of CAD \$500,000, of which CAD \$250,000 was paid in July 2019 to earn an initial 55% interest with the balance of CAD \$250,000 to be paid over a three year period. The Company is also required to issue 1,000,000 common shares to MMC in four equal instalments between 2019

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

iii) **MMC Option** (continued)

to 2023. The Company issued 250,000 common shares with a fair value of \$35,974 to fulfil the first instalment.

- On May 5, 2020, the Company issued 250,000 common shares with fair value of \$17,816 and paid \$74,550 (CAD\$100,000) to MMC to fulfil the annual obligation for fiscal 2020.

- During May, 2021, the Company issued 250,000 common shares with fair value of \$32,444 (CAD\$40,000) and paid \$61,119 (CAD\$75,000) to MMC to fulfil the annual obligation for fiscal 2021.

- Incur exploration expenditures of CAD \$350,000 over a three year period.

The underlying exploration permit of this property was renewed in 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$137,000, \$455,000, and \$464,000 during the first, second, and third years respectively.

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

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

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

Part 1: Consideration

Upon signing of the agreement, the Company will:

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

Part 2: Milestone payments:

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

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

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

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

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

iv) **Altus Permits** (continued)

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

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

Part 3: Project Royalties

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

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

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

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

The Sebessoukoto Sud project is comprised of an exploration permit renewed in July 2018 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of \$118,000, \$420,000 and \$664,000 during the first, second, and third years respectively.

The Djelimangara project is comprised of an exploration permit renewed in October, 2019 for two years without a renewable option.

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

Terms of this option agreement are as follow:

- The Company will pay SUD \$150,000, of which \$50,000 was paid upon closing of the transaction in October 2019 with the balance of \$100,000 to be paid over a three-year period;
  - During fiscal 2020, the Company paid \$40,000 to fulfil the annual instalment obligation;
  - Subsequent to the period ended September 30, 2021, the Company paid \$33,735 to fulfil the obligation for 2021.
- Incur exploration expenditures of \$120,000 over a three-year period.

During the three year option period, the Company will be responsible for maintain the permit in good standing and perform any and all obligations required by law. In the event that, within 60 months from the transaction date, 100,000 oz Au, NI 43-101 compliant reserves are discovered at Linguekoto, the Company will issue 250,000 common shares to SUD. The Company will issue an additional 250,000

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

v) **SUD Option** (continued)

common shares for every additional 100,000 ounces of gold, NI compliant 43-101 reserves declared at Linguekoto, up to a maximum aggregate amount of 1,250,000 shares.

SUD will retain a 5% carried interest, in the concession, before any interest retained by the government of Mali.

The underlying exploration permit of the SUD option was renewed in September 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$122,000, \$251,000 and \$263,000 during the first, second, and third years respectively.

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

Terms of the option agreement are as follows:

- Cash payment of \$20,548 (12 million Mali CFA) to the Optionor for the option fees and taxes in connection with the mineral interests (paid);
- Issuance of 100,000 common shares of the Company to the Optionor (issued in March 2021 with a market value of \$11,358)

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

- the rights to carry out operations on the Sola West Permit;
- the exclusive option to acquire a 100% interest in the Permit after payments of the following:
  - \$30,822 (18 million Mali CFA) within 5 days at the publication of the Sola West Licensing Order (paid in February 2021);
  - \$84,940 (45 million Mali CFA) that was paid in June 2021, and 100,000 common shares of the Company on or before June 5, 2021 (issued in March 2021 with a market value of \$11,358)
  - 56,507 (33 million Mali CFA) and 50,000 common shares of the Company on or before June 5, 2022.

The underlying exploration permit of the Harmattan Option was renewed in December 2020 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of \$138,000, \$315,000 and \$175,000 during the first, second, and third years respectively.

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

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

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

vi) Harmattan Option (continued)

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

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

v) In September 2021, the Company was granted the Kolomba Exploration Permit that covers an area of 30.6 km<sup>2</sup>. This permit is contiguous to the Company's SMSZ Project, will last three years from the date of issuance (November 1, 2021). The Company has the right to renew this permit for two additional two-year periods.

**MALI – Djimbala Project**

The Company received the permit in October 2019 for an initial 3-year term, with an option to renew for two additional 2-year term. The Company is required to incur minimum exploration expenditures of \$135,000, \$351,000, and \$391,000 during the first, second, and third years respectively.

**Indigo Option**

On April 9, 2020, the Company signed a four-year option agreement with Indigo Exploration Inc (“Indigo”), whereby Indigo can acquire up to 100% interest in the Djimbala Permit by the issuance of Indigo's shares and completion of work program.

Issuing shares to the Company as follows:

- Issue common shares with a value of CAD\$50,000 when the option agreement was signed (1,000,000 common shares received in 2020) (Note 6),
- Issue common shares with value of CAD\$300,000 within a three-year period after the option agreement was signed.

Consideration for the initial 51% staged over a two year period is as follows:

- Incur CAD\$400,000 in exploration expenditures prior to April 30, 2022.

Consideration for the remaining 49% interest is to be paid prior to April 30, 2024 and is as follows:

- Incur CAD\$600,000 in exploration expenditures prior to April 30, 2024.

Upon Indigo's 100% earn in, the Company will a 2% “NSR” of which 1% NSR could be purchased at any time for CAD\$1,000,000 by Indigo.

The Company received \$62,000 of exploration funding from Indigo during fiscal 2020 and \$402,500 during the nine months ended September 30, 2021 to be applied towards the required work expenditures. As at September 30, 2021, an excess of expenditure over the money receipt of \$65,700 has been included in the Company's other receivable. The Company also earned management fees income of \$38,204 during the nine months ended September 30, 2021 from this project.

**RWANADA Project**

The Company holds a commercial gold mining license which is valid for a period of 10 years with an option to renew.

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

**Summary of exploration expenditures**

Exploration expenditures incurred during the nine months ended September 30, 2021 are as follow:

	SMSZ Project	Djimbala Project	Rwanda Project	Total
	\$	\$	\$	\$
Option payment - Harmattan Option	138,139	-	-	138,139
Option payment - MMC Option	93,086	-	-	93,086
Acquisition of mineral permit	241,104	40,411	-	281,515
Permit renewal and maintenance	6,503	-	-	6,503
Drilling	1,221,520	228,388	-	1,449,908
Geo-analysis	472,291	86,982	-	559,273
Camp, supplies, exploration, and office	334,143	80,416	1,060	415,619
Salaries	346,010	21,313	5,807	373,130
Exploration expenses reimbursed by Indigo	-	(457,510)	-	(457,510)
<b>Total</b>	<b>2,852,796</b>	<b>-</b>	<b>6,867</b>	<b>2,859,663</b>

Exploration expenditures incurred during the year ended December 31, 2020 are as follow:

	SMSZ Project	Djimbala Project	Rwanda Project	Total
	\$	\$	\$	\$
Acquisition of 5% Farikounda Permit	80,000	-	-	80,000
Annual option payment - MMC Option	93,183	-	-	93,183
Annual option payment - SUD Option	40,000	-	-	40,000
Permit renewal and maintenance	38,516	-	-	38,516
Drilling	556,096	34,516	-	590,612
Geo-analysis	252,406	-	-	252,406
Camp, supplies, and office	308,130	-	3,700	311,830
Salaries	479,336	-	17,400	496,736
Exploration expenses reimbursed by Indigo	-	(34,516)	-	(34,516)
<b>Total</b>	<b>1,847,667</b>	<b>-</b>	<b>21,100</b>	<b>1,868,767</b>

**6. MARKETABLE SECURITIES**

As at September 30, 2021, the Company held 1,000,000 shares of Indigo (Note 5) with a fair value of \$54,941 (December 31, 2020 - \$47,125). An unrealized gain of \$7,992 has been recorded in the statement of loss and comprehensive loss for the nine months ended September 30, 2021.

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**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**

2021

During the nine months ended September 30, 2021, the Company issued the following common shares:

- 623,000 common shares were issued for warrants exercised at CAD\$0.15 per share for proceeds of \$74,315.
- 200,000 common shares with a fair value of \$22,716 were issued as part of the option payments for the Harmattan Option (Note 5)
- 250,000 common shares with a fair value of \$32,444 were issued as part of the option payments for the MMC Option (Note 5)

2020

On May 5, 2020, the Company issued 250,000 common shares with a value of \$17,816 to MMC to fulfil its obligation for the acquisition of MMC Option (Note 5).

On May 8, 2020, the Company raised CAD \$1,283,000 through the sale of 16,037,500 units at CAD\$0.08 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CAD\$0.15 per share for a period of three years after issuance. In connection with closing, the Company paid finders' fees of CAD \$47,390 and issue 592,375 non-transferable brokers warrants with a value of CAD\$39,568. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD\$0.15 for a period of three years. CAD\$ 13,000 of subscription fund was applied towards accounts payable.

On August 28, 2020, the Company issued 24,390,856 units at CAD\$0.28 per unit for gross proceeds of CAD\$6,829,440. Each unit consists of one half of a warrant. Each warrant can be exercised into one common share of the Company at CAD\$0.40 per share for a period of three years. The Company used residual value method to account for the issuance of warrants and allocated CAD\$365,863 to the Company's warrant reserve. The Company paid cash finders' fees and commission of CAD\$ 409,597 in connection with this private placement.

In June 2020, 559,960 common shares were cancelled and returned to treasury. These shares were released from escrow in prior year and were unclaimed by shareholders.

During the year ended December 31, 2020, the Company issued 75,000 common shares for the exercise of options with exercise prices between CAD\$0.10 per share to CAD\$0.20 per share.

During the year ended December 31, 2020, 3,834,438 common shares were issued for the exercise of warrants with exercise prices between CAD\$0.09 to CAD\$0.24 per share

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**7. SHARE CAPITAL**

**(b) Stock options**

2021

During the nine months ended September 30, 2021, the Company granted 1,600,000 incentive stock options to consultants, directors, and officers at exercise prices of CAD\$0.16 per share and have an expiry date five years from the date of grant. All options, except 200,000 options granted to an investor relationship consultant, were vested at issuance. The options granted to the investor relationship consultant are vested in four instalments (every three months after issuance).

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	2,290,512	CAD\$ 0.24
Granted	4,050,000	0.17
Granted (replacement option)	342,840	0.85
Expired (replacement option)	(285,700)	0.88
Balance, December 31, 2019	6,397,652	0.19
Granted	3,225,000	0.11
Expired	(57,140)	0.7
Exercised	(75,000)	0.17
31-Dec-20	9,490,512	0.17
Granted	1,600,000	0.16
Expired	(550,000)	0.20
Balance, September 30, 2021	10,540,512	CAD\$ 0.17

Stock options outstanding and exercisable as at September 30, 2021 are summarized as follows:

Exercise price (CAD\$)	Number of outstanding	Expiry date	Number of options exercisable
0.30	156,305	10-Jan-22	156,305
0.25	430,464	26-Jul-22	430,464
0.25	508,743	08-Nov-22	508,743
0.25	645,000	01-May-23	645,000
0.19	1,125,000	08-Feb-24	1,125,000
0.16	2,925,000	04-Oct-24	2,925,000
0.10	2,900,000	13-May-25	2,900,000
0.20	250,000	29-May-25	250,000
0.16	1,600,000	22-Jan-26	1,500,000
	10,540,512		10,440,512

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**7. SHARE CAPITAL**

**(b) Stock options**

During the nine months ended September 30, 2021, the Company incurred \$156,644 in share-based compensation (2020 - \$Nil). The fair value of options have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2021	2020
Risk-free interest rate	0.44%	0.4%
Expected life of options	5 years	5 years
Annualized volatility	110%	125%
Dividend rate	0.00%	0.00%

As at September 30, 2021, the Company's options have a weighted average exercise price of CAD\$0.17 per share and remaining life of 4.01 years.

**(c) Warrants**

On September 30, 2021, the weighted average remaining life of the Company's outstanding warrants was 1.54 years. Continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2019	51,622,717	CAD\$ 0.27
Issuance of finders' warrants for private placement	592,375	0.15
Issuance of warrants for private placement	20,214,178	0.3
Exercise of warrants	(3,834,438)	0.11
Expiry of warrants	(6,151,862)	0.59
Balance, December 31, 2020	62,442,970	CAD\$ 0.26
Exercise of warrants	(623,000)	0.15
Expiry of warrants	(29,269,037)	0.22
Balance, September 30, 2021	32,550,933	CAD\$ 0.28

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

<b>Nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	263,399	221,213
Rent	14,385	13,418
Share-based compensation	100,697	153,836

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

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.

<b>Due to Related parties</b>	<b>Nature</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Chief executive officer	Consulting fees	\$ -	\$ 8,273
A company related to a director	Rent	-	8,798
Chief financial officer	Consulting fees	2,020	4,414
Directors	Consulting fees	7,500	39,540
		<b>\$ 9,520</b>	<b>\$ 61,025</b>

**9. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

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

		<b>September 30, 2021</b>	<b>December 31, 2020</b>
		<b>\$</b>	<b>\$</b>
Cash	Amortized cost	731,873	3,910,341
Other receivable, net of GST recoverable	Amortized cost	108,764	-
Marketable securities	FVTPL	54,941	47,125
Trade payables	Amortized cost	(216,319)	(262,230)

**Fair value**

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and

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

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of note payable, accounts payable approximated their fair values due to their short-term maturities.

**Risk management**

The Company has not changed its approach in handling risks in connection with its financial instruments since its recent year ended December 31, 2020.

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**10. SUBSEQUENT EVENTS**

On November 22, 2021, the Company initiated a non-brokered private placement of up to 21,428,571 units at a price of CAD \$0.14 per unit to raise up to CAD \$3,000,000 (the "Financing"). Each unit consists of one common share and a half share purchase warrant. Each share purchase warrant is exercisable to one common share at a price of CAD \$0.25 per share for a period of three (3) years from the closing of the Financing. The proceeds will be used primarily for drilling and exploration activities in Western Mali.