



# **Desert Gold Ventures Inc.**

**Form 51-102F1**

## **Management's Discussion and Analysis**

**Nine Months Ended September 30, 2021**

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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**BACKGROUND**

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 following management’s discussion and analysis (“MD&A”) is dated November 29, 2021 to provide an analysis of the Company’s business and operating results for the nine months ended September 30, 2021. All the amounts presented within this MD&A are in US dollars unless specified otherwise. Readers are encouraged to review the Company’s statutory filings including financial statements and other disclosure documents through Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com), or to review general information, including maps, on the Company’s website at [www.desertgold.ca](http://www.desertgold.ca).

**FORWARD LOOKING INFORMATION**

*This MD&A contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its projects, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining exploration, environmental risks, title disputes or claims and limitations of insurance coverage.*

*Readers are cautioned not to place undue reliance on these forward looking statements, which speak only to management’s views as of the date the statements were made. Often, but not always, forward-looking statements can be identified by words and phrases about the future, such as: anticipate, expect, plan, intend, predict, goal, target, project, potential, strategy and outlook.*

*There are a number of factors which may cause results to vary considerably from these predictions, involving known and unknown risks, and uncertainties. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual cost of conducting our exploration program may differ significantly from estimates; we may be adversely affected by foreign currency exchange rates or taxes including fluctuations in the relative value of US and Canadian currency; we are subject to the risk inherent in variations in ore grade or recovery rates and commodity prices, equipment may fail, we may experience labour unrest, accidents and other risks inherent in mining; we may be subject to political risks in developing countries, insurrection or war; delays in obtaining required permits, licenses, and approvals. More specifically, although Desert Gold primarily operates in African countries with stable democratic governments with mining regulations in place, these countries may still be subject to political upheaval such as military coups or rebel insurrection by factions within the country; we discuss geopolitical, economic and other such factors in more depth in the section entitled “Risk and Uncertainties” in this MD&A. Although Desert Gold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by securities law.*

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

---

*The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.*

<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
The Company will need to raise additional funds to meet its long-term business objectives.	<i>The Company will continue its exploration activities in 2022</i>	<i>Unexpected downturn of the price of precious metal and the capital markets</i>

**Corporate update**

Common shares

A summary of the common share issuance during fiscal 2021 is as follows:

Number	Fair value	Nature
	\$	
450,000	55,160	Resource property annual payment
623,000	74,315	exercise of warrants
	129,475	

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.
- 450,000 common shares with fair value of \$55,160 were issued as part of the option payments for the Harmattan Option and the MMC Option.

Stock options

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 is vested in four instalments (every six months after issuance).

**Exploration Update**

This exploration update contains certain scientific and technical information. Don Dudek, P.Geol a director of Desert Gold and a Qualified Person under National Instrument 43-101, has reviewed and approved the scientific and technical information contained in this MD&A.

Current exploration permits held by the company are focused around key areas of interest in Mali and in Rwanda (Fig. 1).

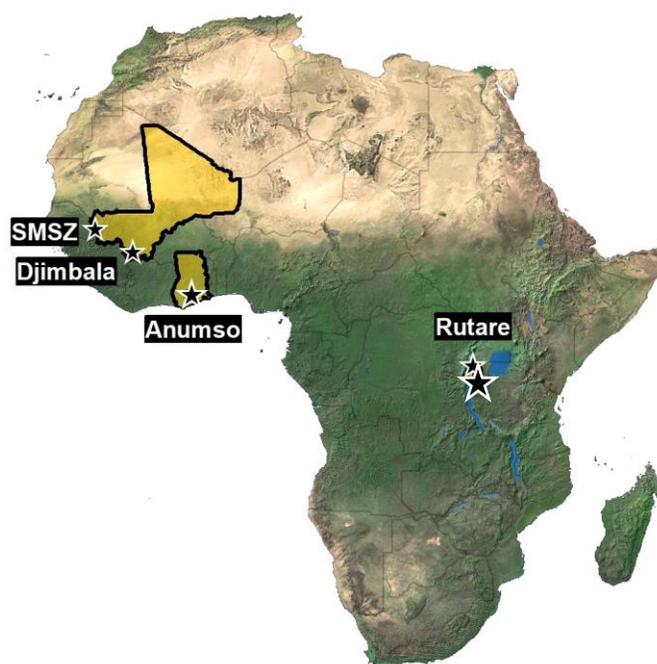


Figure 1. Map of Africa – General Project Locations

*We invite readers to visit our website at [www.desertgold.ca](http://www.desertgold.ca), and [www.sedar.com](http://www.sedar.com), to view details, including the exploration programs and results of Desert Gold's projects in Africa.*

## **MALI**

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

SMSZ is in the Kenieba Birimian geological inlier along Mali's western border (see Figure 2).

During 2020, the Company completed two exploration programs on the SMSZ Project. The first program, which commenced in December 2019, was completed in March 2020, with drilling completed in January. The second exploration program commenced in late June and was completed in late July. Results from the drilling were released on August 31, 2020 with highlight drill intercepts of 3.09 g/t gold over 25 metres and 2.54 g/t gold over 15 metres (~65% true width) from a hole at the Gourbassi East Zone.

In late 2020, the Company commenced its largest ever exploration program at the SMSZ. During 2021 the company completed 18,161 metres of drilling (air core, reverse circulation and core), 21,111 metres of auger drilling, 90.8-line kilometres of IP geophysical surveys, the collection of 7,703 soil samples and mapping/prospecting. The goal of the program comprised drilling to advance known gold zones and soil, auger and IP surveys to identify new targets, with real-time follow-up with drill testing of newly developed targets. This program was completed by the end of July, 2021.

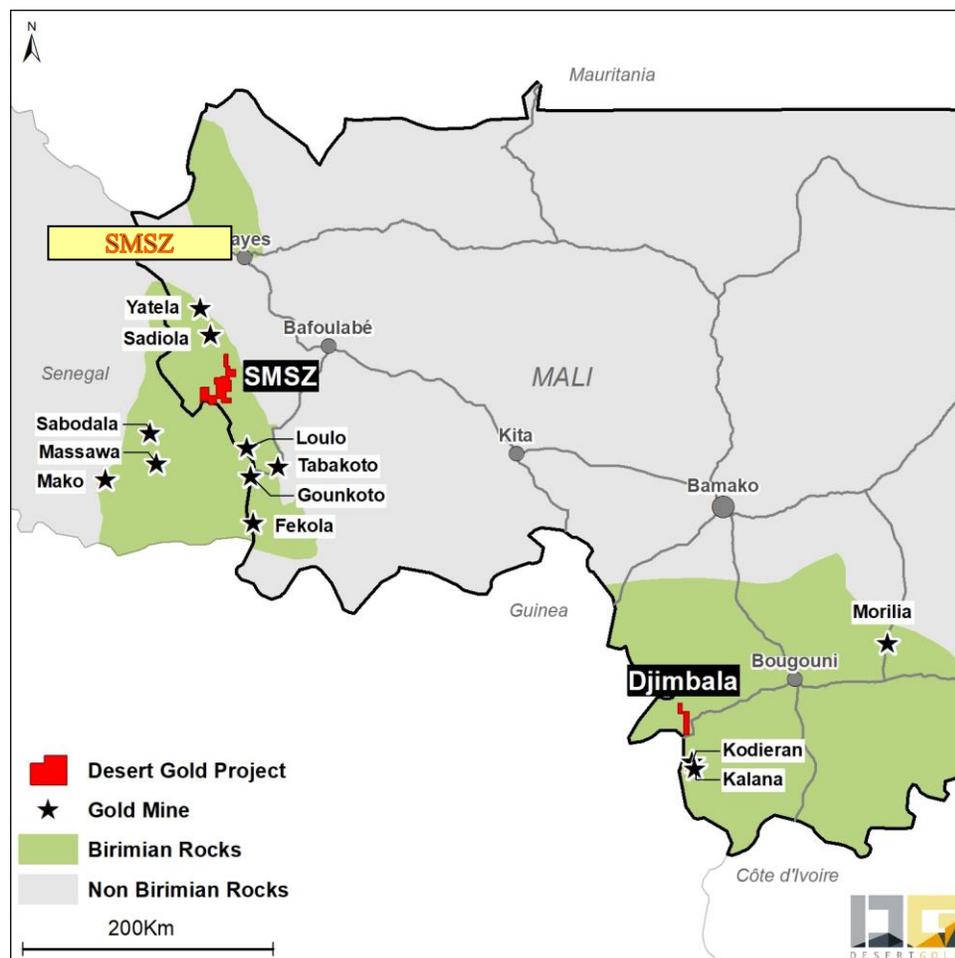


Figure 2. Location Map of the Mali projects.

### **SMSZ Project**

The SMSZ project is located 50 km south of the Sadiola Mine and spans both sides of the Senegal-Mali Shear Zone, which, regionally, is related to the Loulo, Sadiola, Yatela, Loulo, Goukoto and Fekola Mines (Figure 3). The property was previously explored by other companies, whose work delineated more than 18 zones of gold mineralisation within the project area (Figure 4). Additional exploration opportunities included a significant amount gold-in-soil anomalies that needed to be evaluated, and large, laterite-covered areas, associated with the Senegal Mali Shear Zone, which, in management’s opinion, could hide a significant gold deposit. Exploration work has been carried to test many of these exploration target ideas.

As of September 30, 2021, the Project consists of a total of ten contiguous tenements (including a small-scale mining license over the Barani East Zone) totalling 440km<sup>2</sup>. All tenements are governed by a standard Convention Minière detailing the fiscal and legal regime under which the exploration permits are granted. The Company has successfully renewed its 100% owned Farabantourou West 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. In addition, Desert Gold had closed the acquisition of Ashanti Gold Corp. and the acquisition of two concessions from Mineral Management Consulting (“MMC”) (see Figure 4) during the third quarter of 2019. Option deals for a two-concession block from Altus and the Linguekoto and Sola West concessions, were also completed in late 2019 and 2020 and in September 2021, The Company was granted the rights to the Kolomba Concession from the government.

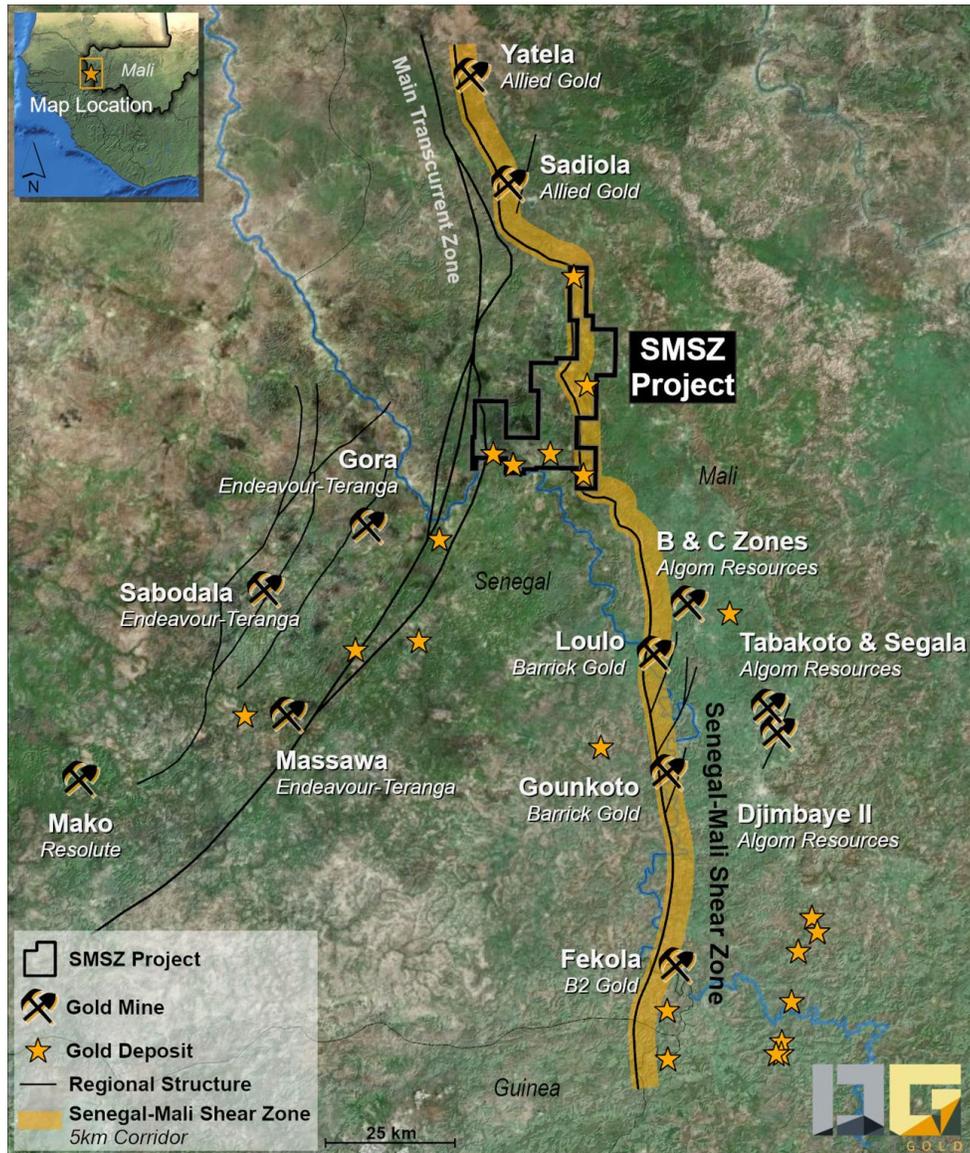
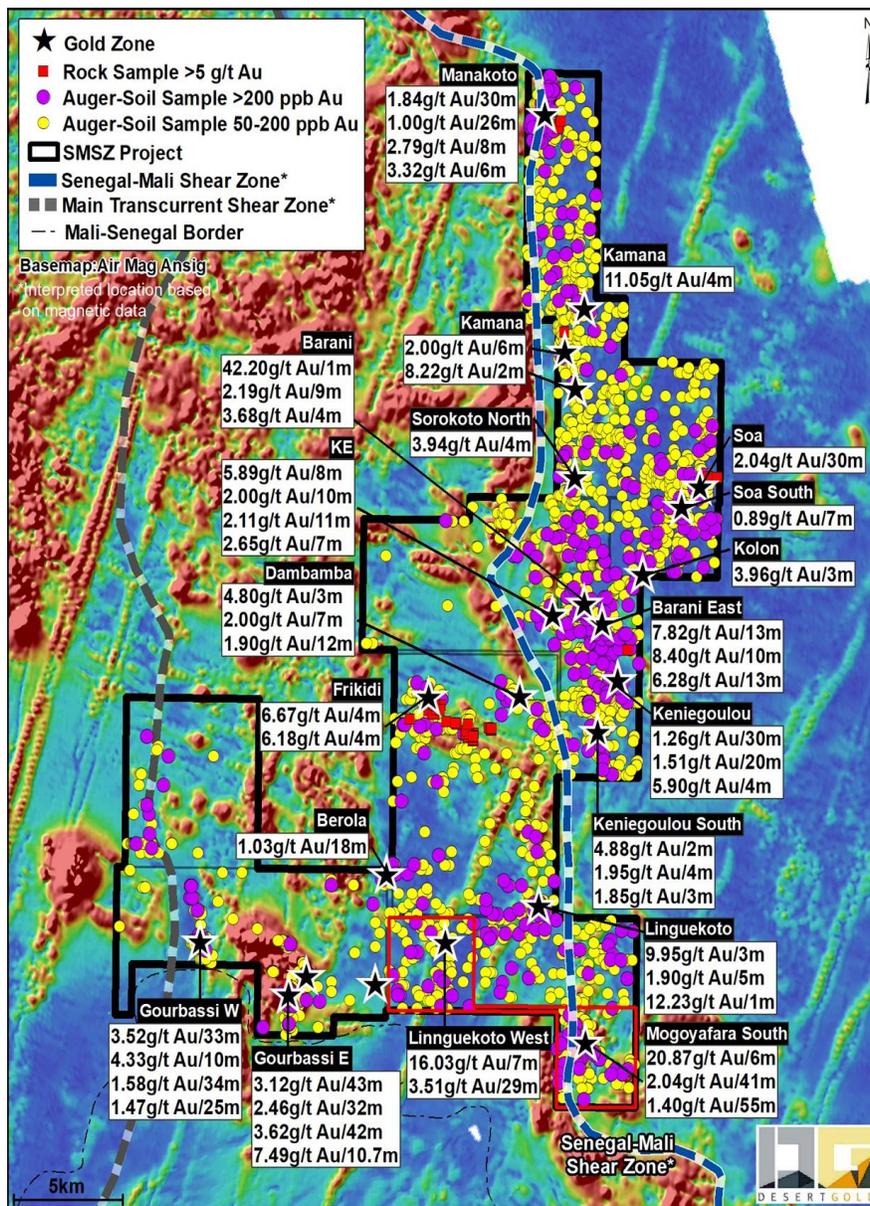


Figure 3. Regional setting of SMSZ Project

The company has also applied for a small-scale mining licence covering the north-eastern part of the original Farabantourou permit where drilling defined an initial resource at Barani East (Fig. 4).

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**



**Figure 4. Plan map showing the location of gold zones within the SMSZ exploration permit.**

An initial pit-constrained indicated mineral resource of 69.9 koz Au (cut-off grade, 0.5g /t Au) and inferred mineral resource of 23.3 koz Au was estimated at Barani East by Minxcon Consulting (Table 1) in 2015. The mineralisation occurs in a cross-cutting, north-northeast-trending, moderate-east-dipping (55° to 60°), tabular body that ranges in width from 4.5 metres to 15 metres. The average grades vary between 2.22 to 2.29 g/t Au for the indicated and inferred categories, respectively. Drilling over the past few years has intersected gold mineralization outside of the published resource area. This deposit is open along strike, down plunge to the southwest and to depth. The resource estimate envisioned a heap leach mine of the oxidized portion of the deposit, with estimated average gold recoveries of 75%.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

Mineralised Zone	Mineral Resource Category	Tonnage	Average Au Grade	Au Content	Au Ounces
		t	g/t	Kg	Koz
Main	Indicated Mineral Resources	541,822	2.23	1,208	38.9
HW		61,467	2.18	134	4.3
FW1		39,176	2.54	100	3.2
FW2		9,615	0.80	8	0.2
<b>Total Indicated Mineral Resources</b>		<b>652,080</b>	<b>2.22</b>	<b>1,450</b>	<b>46.6</b>
Main	Inferred Mineral Resources	280,007	2.23	625	20.1
HW		5,887	2.33	14	0.4
FW1		29,641	2.87	85	2.7
FW2		1,486	0.57	1	0.0
<b>Total Inferred Mineral Resources</b>		<b>317,021</b>	<b>2.29</b>	<b>724</b>	<b>23.3</b>

**Notes:**

1. The Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically. It cannot be assumed that all or any part of the Inferred Resource will be upgraded to a higher confidence category
2. Gold content conversion: 1 kg = 32.15076 oz.
3. Columns may not add up due to rounding.
4. Cut-off: 0.5 g/t.
5. RD: 1.6 t/m<sup>3</sup> from 0 m -78 m below surface.
6. RD: 1.7 t/m<sup>3</sup> from 78 m -190 m below surface.
7. All figures are in metric tonnes.

**Table 1.** Barani-East mineral resource statement made by Minxcon Consulting, November 2015. This resource statement was made in compliance with the specifications set out by the Canadian Code for reporting of resources and reserves as prescribed in the National Instrument 43-101 using a gold price of \$1,320/oz.

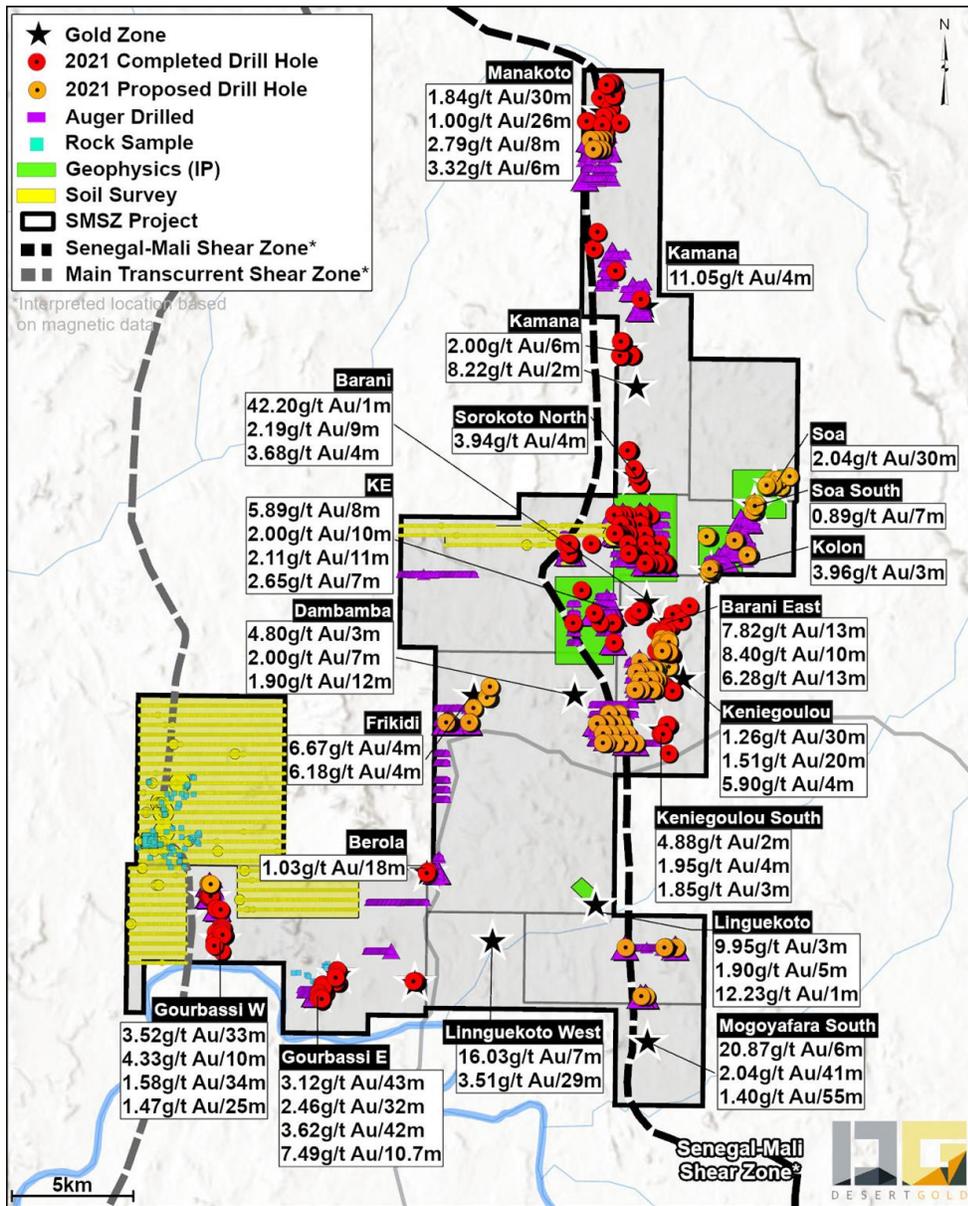
**SMSZ 2021 Exploration Program**

Exploration over the SMSZ Project commenced on December 2 and was completed in mid July, 2021. During that period, the Company collected 7,701 soil samples, completed 90.8 line km of gradient IP surveys, drilled 21,111 metres of auger drilling and 18,161 metres of AC/RC/DD drilling (see Figure 5 for work program summary). Highlights of this work included the delineation of new gold-in-soil anomalies in the westernmost portion of the Project, identification of numerous gold-in-auger anomalies, some of which were drill tested during the 2021 program and both extensions to known zones and the discovery of new zones of gold mineralization via drilling.

A total of 7,703 soils samples were collect in three areas where no soil samples had not been previously collected, especially along the western edge of the Property. This work resulted in the delineation of a 6.5 km long, northerly trending gold anomaly zone that aligns along the project trend of the Main Transcurrent Fault Zone or a splay of it (see Figure 6). Figure 6 also displays additional areas containing anomalous soil values that require follow-up in the western part of the Property.

During 2021, 21,111 metres of auger drilling in 2,498 holes were completed. Two samples were collected in each hole (basal laterite and upper metre of saprolite) for a total of 4,996 samples collected. Of these samples, 195 returned gold values greater than 50 ppb gold including 48 samples returning greater than 200 ppn gold with a high value of 4,179 ppb gold. Most, but not all of the gold-in-auger anomalies from 2021 auger drilling have been tested with an air core hole.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**



**Figure 5. 2021 Exploration Program Summary Plan Map**

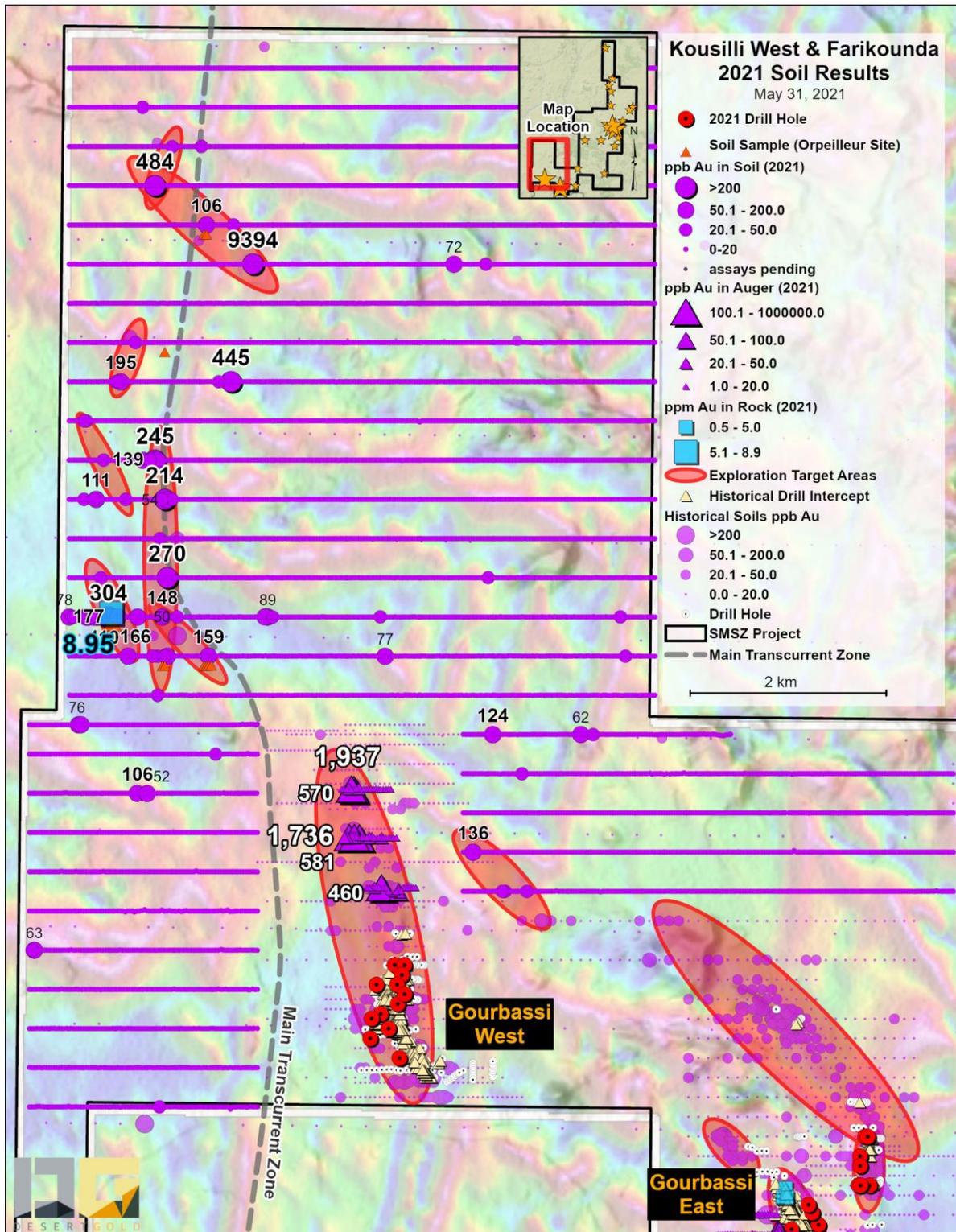


Figure 6. Soil anomaly summary Gourbassi Zones area

IP data was collected over 5 grid areas, with 4 of the five grid areas north to northeast of the Barani East Zone (see Figure 5 for the location of the 2021 IP grids). A summary historic IP chargeability data and the four 2021 grid areas is presented in Figure 7. IP chargeability highs indicate potential sulphide enrichment proximal to gold zones and provides geological trend insight in laterite-covered areas.

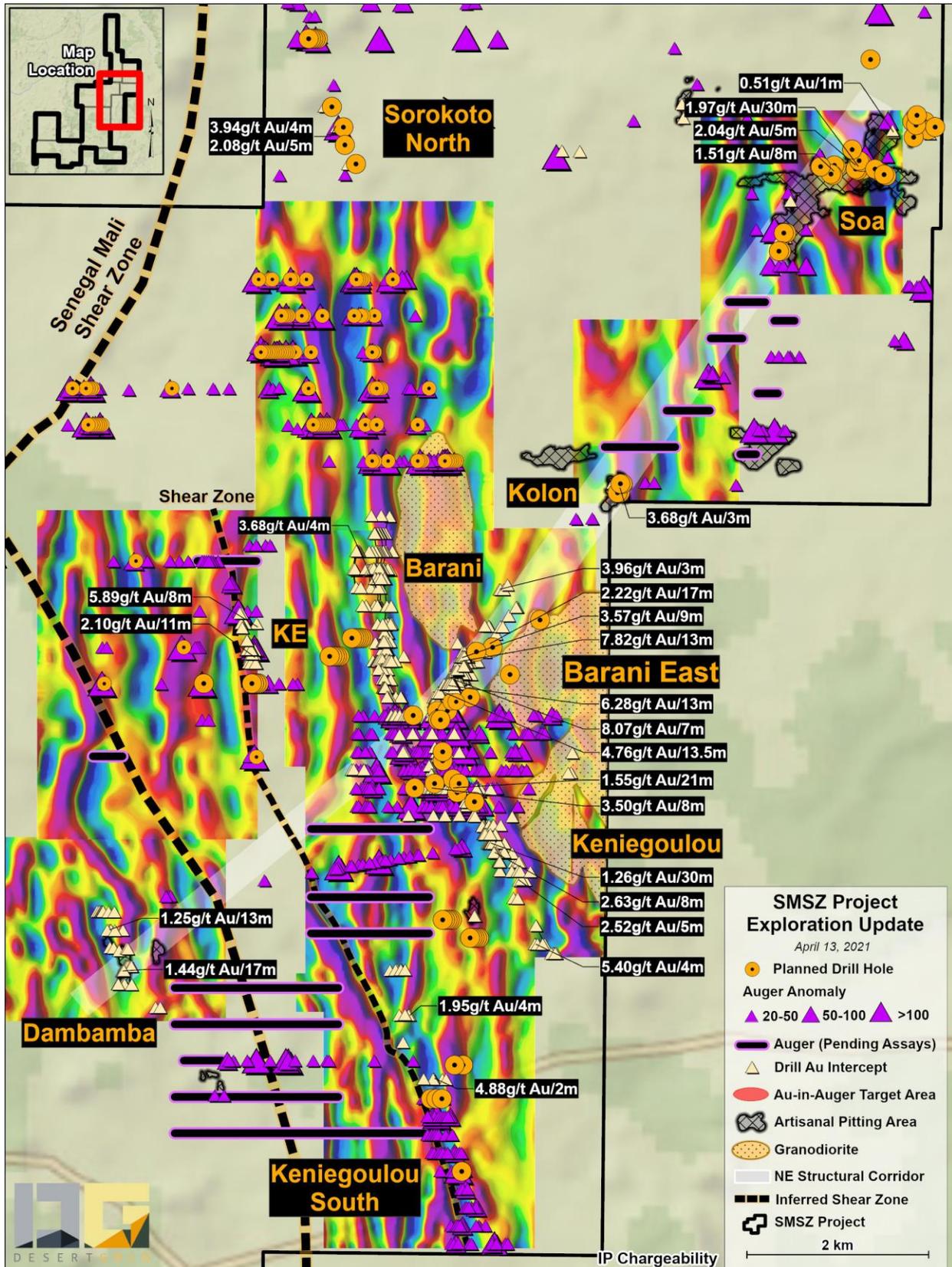
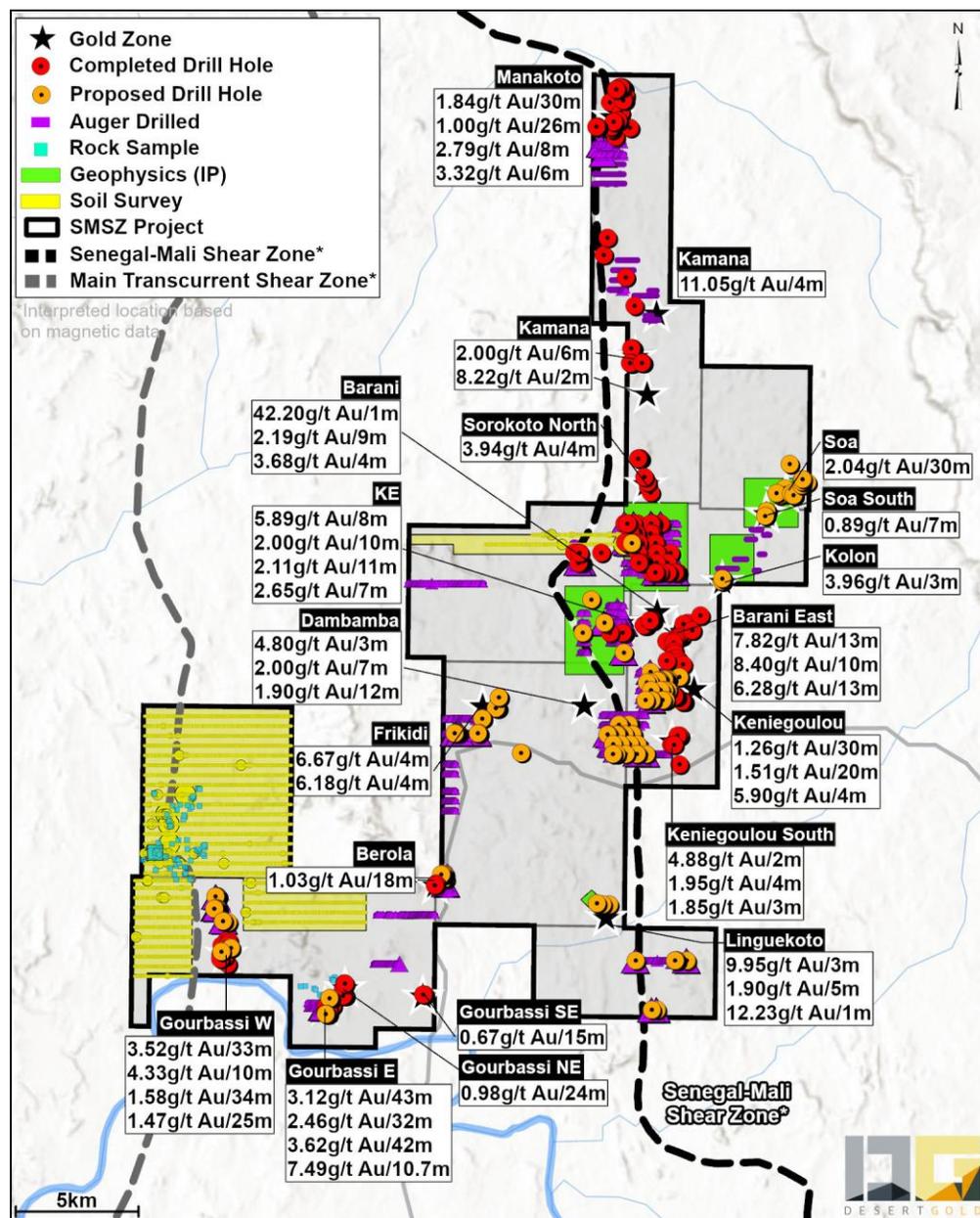


Figure 7. Color contoured IP chargeability compilation for Barani Area

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**



**Figure 8 – Summarized gold zones and drill hole progress to June 20, 2021**

A total of 18,161 metres of drilling in 257 holes were completed on the Project in 2021. This far-ranging program tested targets in numerous targets on the property from the Gourbassi West area in the southwest to Manakoto in the north. Drilling was dominantly focused on testing new exploration targets like the gold in auger anomalies with air core drilling, and to follow-up on existing gold mineralization at the Gourbassi West, Gourbassi East, Gourbassi Northeast, Gourbassi Southeast, Berola, Barani East, Kamana and Manakoto zones. Extensions to the gold zones are noted at all of the zones that were tested with the exception of Berola. Testing of gold-in-auger anomalies resulted in the discover of new mineralization in the Gourbassi West North, Kamana, Manakoto and Sorokoto areas with the discovery in the Gourbassi West North area returning the widest gold zones intersected on the property to date.

A summary of 2021 intercepts, by zone and target area, are presented below. Please see Figure 8 for property scale locations of the gold target areas that returned significant drill results.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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- **Manakoto**
  - 1.68 g/t gold over 6.0 metres in hole DJ-21-AC-042 - Zone MZ1
  - 1.65 g/t gold over 21 metres in hole DJ-21-AC-058 – Zone MZ2
  - 0.91 g/t gold over 11 metres in hole DJ-21-AC-059 – Zone MZ2
  - 1.98 and 1.72 g/t gold over 5 and 3 metres respectively, in hole DJ-21-RC-005 – Zone MZ3
  - 5.68 g/t gold over 2 metres in hole DJ-21-AC-051 – Zone MZ4
  - 2.12 g/t gold over 2 metres in hole DJ-21-RC-006 - Zone MZ5
  - 0.45 g/t gold over 20 metres (including 0.8 g/t over 6 metres) in hole DJ-21-AC-054 – **New Discovery MZ5**
  - 0.5 g/t gold over 11 metres in hole DJ-21-AC – Zone MZ-1 – **New Discovery MZ6**
  - 0.34 g/t gold over 45 metres in hole DJ-21-AC-043 – Zone MZ7
- **Kamana Area**
  - 1.8 g/t gold over 17 metres including 2.54 g/t gold over 10 metres – **New Discovery**
- **Sorokoto North**
  - 0.91 g/t gold over 22 metres – **New Discovery**
- **Sorokoto South**
  - 2.80 g/t gold over 5 metres – **New Discovery**
  - 2.68 g/t gold over 6 metres – **New Discovery**
- **Barani East**
  - 12.1 g/t gold over 1.0 metre in hole BERCD0017
  - 0.82 g/t gold over 2.5 metres in hole BERCD008
  - 10.5 g/t gold over 1.4 metres in hole BERCD009
- **Barani Gap**
  - 0.54 g/t gold over 6 metres in hole FA-21-RC-002 – Barani East Zone extension
  - 0.62 g/t gold over 6 metres in hole FA-21-RC-003 – Barani East Zone extension
  - 0.86 g/t gold over 4 metres in hole FA-21-RC-004 – Barani East Zone extension
  - 0.93 g/t gold over 5 metres in hole FA-21-RC-013 – Barani East Zone extension
  - 0.55 g/t gold over 5 metres in hole FA-21-AC-020 – Barani East Zone extension
- **Barani West**
  - 1.51 g/t gold over 5 metres in hole FA-21-AC-031 – **New Discovery**
    - Includes 7 g/t Au over 1 metre
- **Keniegoulou South**
  - 1.05 g/t gold over 7 metres in hole FA-21-RC-012 – **New Discovery**
- **Gourbassi East**
  - 1.98 g/t gold over 9 metres – Zone Extension south
  - 2.23 g/t gold over 9 metres – Zone Extension north
- **Gourbassi NE**
  - 0.98 g/t gold over 8 metres – Zone Extension
  - 0.67 g/t gold over 14 metres – Zone Extension
- **Gourbassi SE**
  - 1.04 g/t gold over 15 metres – Zone validation
  -
- **Gourbassi West North Extension (New Discovery)**
  - Drilling intersected 3 closely spaced gold zones totaling an estimated 94 metres true thickness (across a 125-metre-wide area) (see Figure 2)
  - Lens 1: 0.64 g/t gold over 23 metres – 16 metres estimated true width
  - Lens 2: 1.06 g/t gold over 29 metres (incl 1.62 g/t gold over 13 metres)\* and 0.67 g/t gold over 28 metres (incl 1.26 g/t gold over 7 metres)\* – 33 metre estimated true width
  - Lens 3: 1.13 g/t gold over 42 metres (incl 1.65 g/t gold over 19 metres)\* and 1.12 g/t over 33 metres (incl 1.62 g/t gold over 16 metres)\* – 45 metre estimated true width
  - 600 metre south step-out from above holes: 0.64 g/t gold over 24 metres\*
- **Gourbassi West (Zone Expansion)**
  - 1.23 g/t gold over 10 metres\* in hole FR-21-RC-20
  - 0.30 g/t gold over 31 metres\* in hole FR-21-RC-2 (incl 1.13 g/t gold over 7 metres)

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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- 1.62 g/t gold over 8 metres\* in hole FR-21-RC-22
- 6.42 g/t gold over 2.2 metres\* in hole FR-21-DD-005
- 1.48 g/t gold over 15.55 metres\* in hole FR-21-DD-006

Next Steps

A resource estimate, that will include the Gourbassi West, Gourbassi East, Gourbassi NE, Linnguekoto West, Mogoyafara South and Barani East Zones, is in progress and scheduled for completion in December 2021.

Planning for the 2022 exploration program is in progress with approximately 20,000 metres of drilling planned. The drill program will focus on Mogoyafara South and Gourbassi West North, two, of which appear to be the largest gold systems on the Property.

**QA/QC Procedures**

All AC samples were geologically logged following Desert Gold's established standard operating procedures.

For AC drilling, all individual samples represent approximately one-meter in length of rock chips homogenized and riffle-split to an approximately 2kg sub-samples which were sent by truck from the project site, for preparation and gold assaying at the SGS laboratories in Bamako, Mali.

Each sample (auger and AC) is fire-assayed for gold by SGS laboratories in Bamako using Au-FAA505 method, which is a 50g fire assay fusion with AAS instrument finish. In addition to SGS's own QA/QC (Quality Assurance/Quality Control) program, Desert Gold's internal quality control and quality assurance procedures included the use of certified standards (1:20-40), sample duplicates (1:20) and blanks (1:20). Sample batches that fail QAQC review, especially those with significant gold values, are re-assayed with the insertion of new standards.

**Djimbala Project**

The tenement, which is 100% owned by the Company, is governed by a standard Convention Minière that describes the fiscal and legal regime under which the exploration permits are granted. This Project has been optioned to Indigo Resources, who have the right to earn 100% interest in the property subject to work and cash commitments. The Company will retain a 2% net smelter royalty ("NSR") in favour of Desert Gold, where a 1% NSR could be bought out at any time for USD \$1 million by Indigo.

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

Djimbala is located 220 km south of Bamako and covers an area approximately 100 km<sup>2</sup>. The permit is situated in the Yanfolila gold belt and is surrounded by a significant number of active gold prospecting permits including Hummingbird's Komana gold project (Figure 9) and lies north, along strike of the Kodieran Mine and Endeavour's high grade Kalana Project.

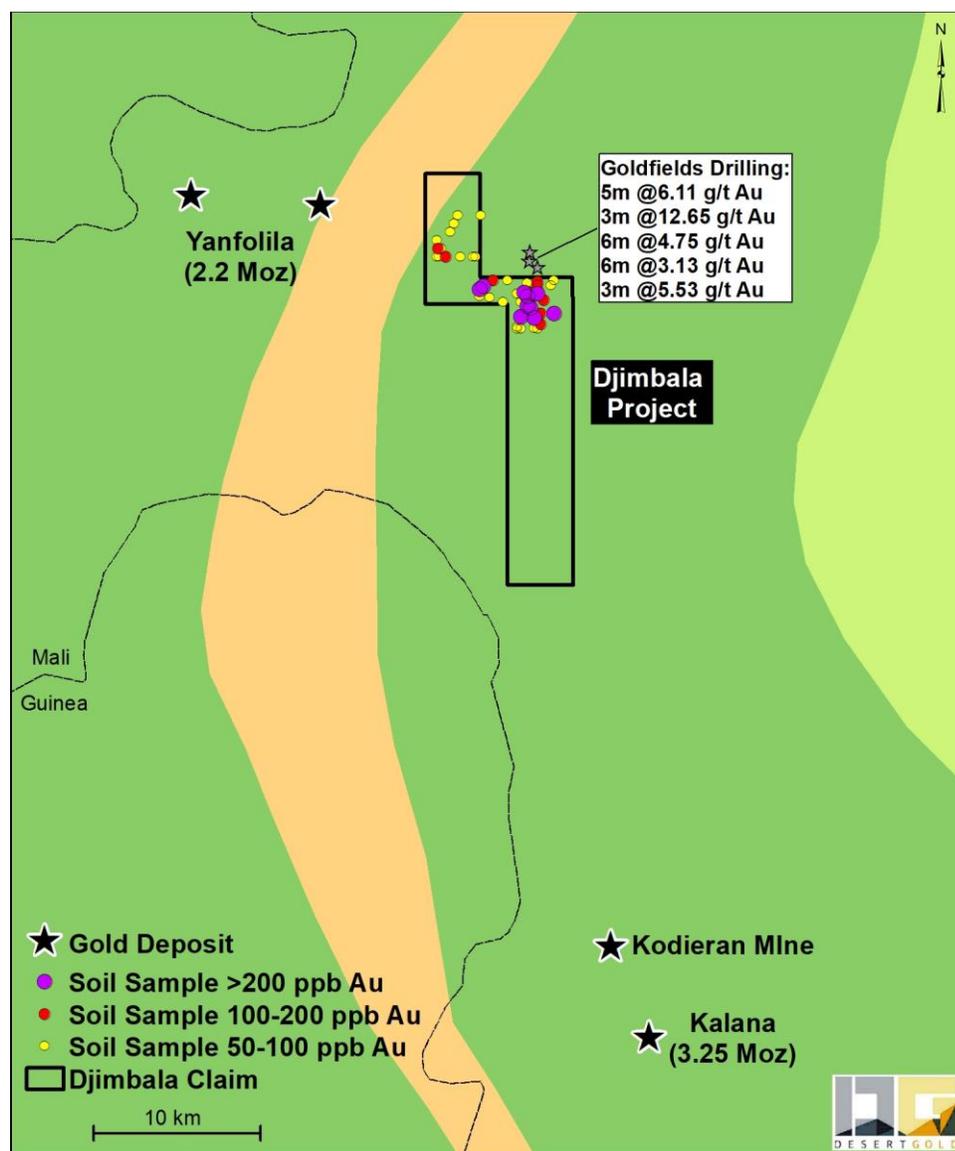


Figure 9: Location Plan of Djimbala Project

A small soil sampling program was completed over part of the permit with positive Au anomalies coinciding with possible favourable mineralised structures. Four northerly trending, gold in soil anomalous zones have been defined mimicking the regional structural trend. Also, several active artisanal workings are located within the permit confirming Au mineralisation. The anomalies, regionally, correlate well with the extension of Faliko Fodela mineralised structures drilled by Gold Fields, immediately to the north of the property. Additional soil samples had been collected over the northwest corner of the project, and, returned some anomalies that should be followed up in the field.

In early 2021, a 602 hole, approximate 4,700 metre auger drill program was carried out by Indigo. This work, as per the Indigo news release dated March 8, 2021, further defined the anomalous gold trends in the Property (see image below).

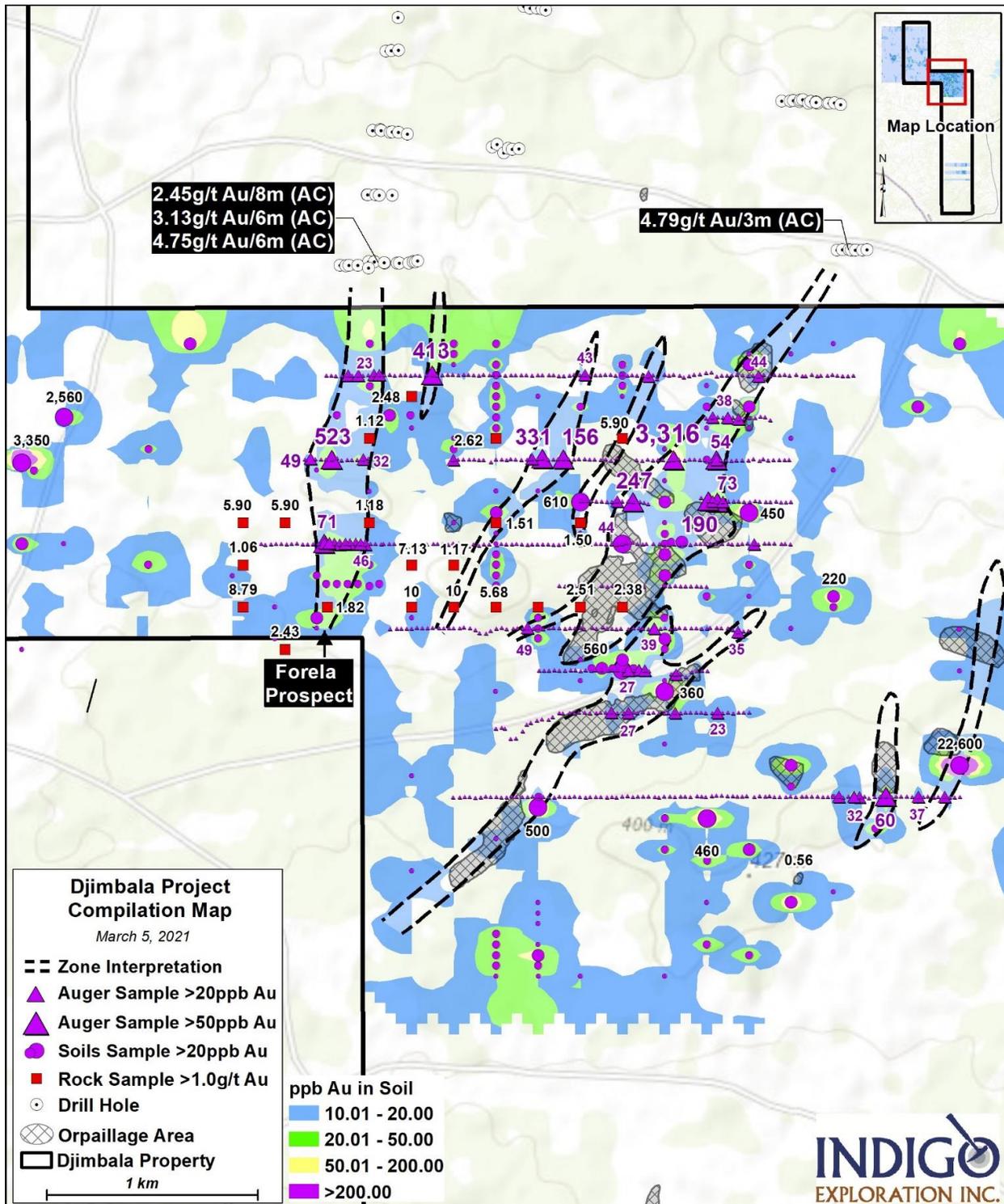


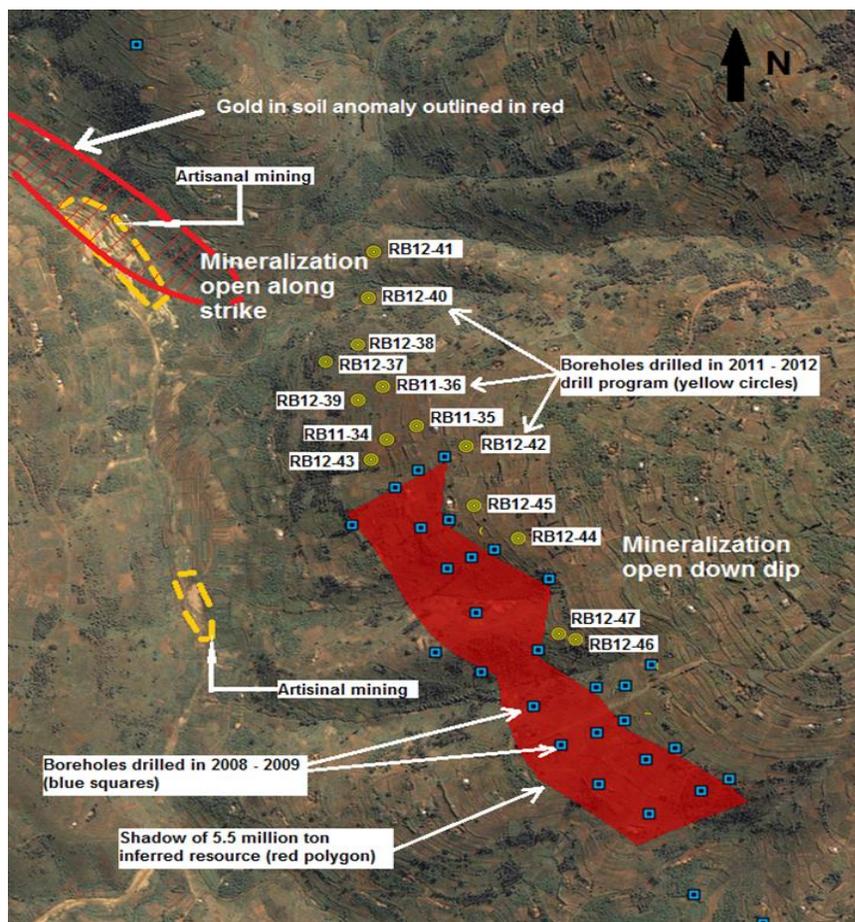
Figure 10: Djimbala Soil and Auger Results Compilation

Next Steps

As of the end of Q3, 2021, the results from an 4584 metre, 99 hole air core program were still outstanding..

## RWANDA

The company originally had 100% ownership of Exploration Permit No 107/16.03/05 issued on November 13, 2007, referred to as the Byumba prospect. Byumba had a surface extent of approximately 90,119 ha. In 2016, the concession was reduced to a 375Ha mining permit, Rutare. Rutare is located 20 km north of the capital city of Kigali, easily accessible by road. The prospect lies in the Central African Kibaran Orogen, which hosts gold resources of more than 10 million ounces of gold in the nearby South Kivu Province of the DRC. Exploration started in 2007, comprising a grass root exploration programme over both the Rutare area and the relinquished Rusizi prospect. Following initial soil geochemistry, a 3.5 km linear north-northwest trending gold anomaly was discovered over the Rutare Zone (Figure 11).



**Figure 11: Drill Plan showing drilling completed to date over the Rutare Zone. Red polygon and blue squares outline the initial resource and drilling. Yellow circles show the location of the second phase of drilling. Areas of artisanal mining activities are shown by the yellow dashed lines.**

Diamond drilling on this geochemical anomaly led to the discovery of a significant resource. Drilling continued over the initial discovery to define a non-constrained, NI 43-101 compliant inferred resource estimate of 265,000 oz Au contained in 5,551,000 tonnes at an average grade of 1.48 g/t Au (February 6, 2012). A second phase of exploration tested the gold mineralisation along strike to the north and down dip extent. This drilling programme confirms the mineralisation to be continuous northward and to depth.

On December 13, 2016 the Rwandan government issued Desert Gold a commercial gold mining license. Below are the main points regarding the license.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

- The new title under the exploitation license will be named Rutare
- The mining license is valid for a period of 10 years with an option to renew
- The Rutare permit covers an area of 375 ha, encompassing the known gold mineralisation
- The mining permit is located a two-hour drive from the capital Kigali accessible by paved highway

Under the Rwanda Mining Code, Desert Gold was to commence production within 3 years of the grant. However, Desert Gold has decided not to advance the project as currently defined and, has requested, in writing on July 1, 2020, for a significant enlargement of the mining concession. A response is still pending re-opening of government offices once Covid restrictions are relaxed.

**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>

**SUMMARY OF QUARTERLY RESULTS**

Following are the Company's quarterly information of the Company's most recent eight quarters ended on:

	2021		2020	
	30-Sept	30-Jun	31-Mar	31-Dec
	\$	\$	\$	\$
Revenue	-	-	-	-
Net loss	(785,310)	(1,177,679)	(900,588)	(845,004)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)

	2020		2019	
	30-Sept	30-Jun	31-Mar	31-Dec
	\$	\$	\$	\$
Revenue	-	-	-	-
Net loss	(768,571)	(764,094)	(345,387)	(2,018,771)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.03)

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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The Company is in the business of exploration and development of resource properties; thus, the income and loss are not subject to seasonal fluctuations. The fluctuation of the Company's earnings (loss) is directly related to the amount of exploration work done in each quarter as well as the occurrence of incidental events such as disposition of the Company's assets or issuance of stock options to employees and consultants. Loss in the quarters ended March 31, 2020 was lower compared to other quarters as the Company's exploration activities was less during this period. Management expects the Company's quarterly results may fluctuate in the future with the amount of actual exploration done and with the occurrence of any incidental events (eg. acquisition of mineral interests) that may happen in the future.

**DISCUSSION OF OPERATIONS**

<b>Nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Amortization	4,187	17,550
Investors and shareholders relationship	79,886	135,930
Office, occupancy, and administration	49,543	43,273
Professional and consulting fees	301,517	319,188
Prospecting rights and exploration (i)	2,859,663	1,255,533
Share-based compensation (ii)	156,644	213,750
Transfer agent and listing fees	49,086	27,510
<b>Loss before the following:</b>	<b>(3,500,526)</b>	<b>(2,012,734)</b>
Change in fair value of marketable securities	7,992	-
Gain on write off of accounts payable (iii)	127,000	125,518
Foreign exchange	(6,247)	(15,545)
Others	38,204	-
<b>Net loss</b>	<b>(3,333,577)</b>	<b>(1,902,761)</b>

*(i) As discussed in the exploration updated section, the Company made significant progress for the exploration of the SMSZ projects during the nine months ended September 30, 2021. As a result, exploration expenditures were higher in the current nine-month period.*

*(ii) Share-based compensation has changed from time to time depends on the timing of options granted and vested.*

*(iii) Gain on accounts payable write off recorded are incidental and non-recurring.*

With respect to the assets and liabilities on the balance sheet, the major movement from the last year end is the use of \$3,295,676 to finance the operations of the Company, which is partially offset by the receipt of \$74,315 from issuing 623,000 shares for warrant exercise.

The Company expects to incur more exploration expenditure and other operating expenses in 2022 for resource properties in Mali.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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<b>Three months ended September 30,</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Amortization	708	5,850
Investors and shareholders relationship	35,051	55,428
Office, occupancy, and administration	25,406	11,765
Professional and consulting fees	97,764	110,402
Prospecting rights and exploration	738,309	607,972
Share-based compensation	1,805	-
Transfer agent and listing fees	19,242	1,863
<b>Loss before the following:</b>	<b>(918,285)</b>	<b>(793,280)</b>
Change in fair value of marketable securities	(8,047)	-
Gain on write off of accounts payable	127,000	27,460
Foreign exchange	(4,357)	(4,225)
Others	18,379	-
<b>Net loss</b>	<b>(785,310)</b>	<b>(770,045)</b>

The movements between the three-month periods are similar to those between the nine-month periods that has been discussed previously.

#### **LIQUIDITY AND CAPITAL RESOURCES**

On September 30, 2021, the Company had a working capital of \$0.56 million. However, the Company will still need to raise more financing to meet its long term business objectives.

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.

While the Company has a history of financing its operation through debt or equity financing, there are no guarantees that the Company can do so in the future.

The Company is not subject to external capital commitments.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not utilize off-balance sheet transactions.

#### **TRANSACTIONS WITH RELATED PARTIES**

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:

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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

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, 2021	December 31, 2020
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
		\$ 19,520	\$ 61,025

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

### 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 analyse 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 not changed its risk management since the recent year ended December 31, 2020.

#### *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.

#### *Interest rate risk*

As at September 30, 2021, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company does not have financial instruments subject to variable interest rate.

#### *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.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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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 has not hedged the foreign currency risk.

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Cash	CAD\$ 768,000	CAD\$ 4,817,860
US dollar equivalent	\$ 602,780	\$ 3,826,469

As of September 30, 2021, a 5% change in the foreign exchange rate between the US\$ and CAD\$ would have an impact of \$30,140 to the Company's other comprehensive loss (2020/12/31 - \$191,323)

**FINANCIAL INSTRUMENTS**

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

		<b>September 30, 2021</b>	<b>December 31, 2020</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**

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 and accounts payable approximated their fair values due to their short-term maturities.

**SIGNIFICANT ACCOUNTING POLICIES**

Refer to Note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2020. The Company has not adopted new accounting policies since its last year ended December 31, 2020.

**SHARE DATA**

As of the date of this MD&A, the Company has 138,191,173 common shares outstanding.

**RISKS AND UNCERTAINTIES**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, political, financing, and economic risks.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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required to be made by the Company to establish reserves. There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The Company has options to earn an interest in multiple properties, however, all are in the exploration stage, are without known bodies of commercial mineralization, and have no on-going mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company faces a number of risks in its efforts to conduct its exploration activities and to conduct business, including those described below.

**Mining Industry**

The mineral exploration business is risky, and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a site. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management.

It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on many factors, some of which are the attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

**Government Regulation**

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance, and other matters. Exploration activities are also subject to various federal, provincial and local

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Whenever possible, agreements are signed directly with governments and periodic assessment of the political situation in countries where we operate keeps management up to date on factors that may affect our operations.

The Company may operate in foreign countries where government regulation is subject to change without notice which could have an adverse effect on operations, if the government were to impose taxes or duties that were excessive or unexpected the Company may be unable to meet the obligation to pay such costs and it could result in a slow down or ceasing of operations either temporarily or permanently.

**Title, Permits, Licenses and Mineral Rights**

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain and retain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

To increase the security of mining tenures where we operate, we have engaged a mineral rights lawyer to ensure compliance with mining laws and regulations in Rwanda, Mali. He looks after Desert Gold's interests and compliance is reviewed monthly by executive management and legal opinions have been obtained regarding security of tenure and compliance for all material permits of the group. Continuous interaction with the relevant departments in countries of operation in regard to permit compliance and administration further reduces risk of loss of tenure.

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

**Environmental Risks and Hazards**

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required relating to the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage because of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against. However, the potential for environmental damage is limited during the exploration phase, and a policy of minimal environmental damage has been adopted; consultants have been appointed in Rwanda to conduct detailed environmental impact studies and assessments with no concerns having been identified thus far, and local environmental management programs will ensure compliance with applicable regulations.

**Social & Security**

Our reputation and credibility may be damaged if we fail to manage social responsibility expectations and commitments to local, governmental and media stakeholders. Factors influencing the risk are population density, level of education and the security situation in the operating countries.

We take a proactive approach to managing social develop and engage in government and community relations in the areas in which we operate, and we provide for social responsibility projects in our budgeting.

**Commodity Prices**

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable.

Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any accounting period.

**Foreign Currency Risk**

The Company operates in foreign countries and is subject to foreign currency exchange rates and fluctuations which may have an impact on our future costs or on future cash flows. The economies of some of the countries in which we have operations may be subject to high rates of inflation which could adversely

**Desert Gold Ventures Inc.**  
**Management Discussion & Analysis**  
**Nine months ended September 30, 2021**

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affect our financial situation. Funds will be invested in currencies to match the currency profile of forecast expenditure, considering currency and interest rate movements and we maintain excess funds in Canadian banking institutions.

**Event and Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure. The occurrence of an abnormal event resulting in damage to assets may occur, however, the potential for environmental damage is limited during the exploration phase and local environmental management programs will ensure compliance with applicable regulations.

**Internal Control (Fraud)**

The Company may be subject to internal risk of financial loss due to fraud or theft; the risk is limited by stringent treasury control over the funds available in each jurisdiction, and the adoption of policies, compliance monitoring by management, and low staff complement reduces the risk of collusion.

**Reliance on Key Personnel**

The Company does not carry insurance on its key personnel and the loss of any one of its directors or officers could have an adverse effect on the Company's operations. The Company has only one qualified person on its team, as that term is defined in NI43-101, on whom they rely to review and oversee the exploration program and as such, the loss of such person could result in a setback from which the Company may not be able to recover. The Company has a nominating and governance committee whose role includes maintaining lists of suitable candidates to fill such vacancies should they arise.

**Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**Operational Performance**

While the Company strives to execute its program as planned, execution may not comply, incurring delays and additional cost due to productivity and climatic factors. We monitor productivity of operations through weekly and monthly reporting from country offices and contractors to evaluate progress and ensure programs are on track, experienced geologists are appointed to head exploration programs, and countries with extreme weather conditions are recognized as a risk to operational performance and planning acknowledges the risk.

**Safety & Health in the Workplace**

The Company operates in jurisdictions where health risks may exist and may operate in remote camps with limited access to emergency services. The mining industry has inherent risks and injuries or disease to personnel in operational jurisdictions may lead to liabilities for the Company. We conduct risk assessments and promote safe practices on site through instruction, written safety management systems where applicable, and contractual obligations to comply with health and safety regulations. As activity increases there is provision to put in place a group health and safety manager to lead and monitor compliance.

## **FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's condensed consolidated interim financial statements.

The management of the Company has filed the Venture Issuer Basic Certificate on SEDAR at [www.sedar.com](http://www.sedar.com). In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.