



STELLAR AFRICAGOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Stellar AfricaGold Inc.

Opinion

We have audited the consolidated financial statements of **Stellar AfricaGold Inc.** ("the Company"), which comprise the consolidated statement of financial position as at July 31, 2023 and the consolidated statement of comprehensive loss, consolidated statement of shareholders' equity (deficiency) and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Stellar AfricaGold Inc.** as at July 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred a net loss for the year of \$1,166,411, and has a deficit of \$25,826,406 and expects to incur future losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of Material Uncertainty Related to Going Concern

Description of the matter

We draw attention to Note 1 to the consolidated financial statements. At each reporting date, the Company assesses its ability to continue as a going concern. Whether the Company is able to continue as a going concern is a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of the Company's ability to continue as a going concern as a key audit matter. This matter represented an area of higher assessed risk of material misstatement, which required significant auditor judgment in the evaluation of the results of our procedures.

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter included the following:

We evaluated the appropriateness of the Company's key strategy to resolve the situation given the current financial position and cash flows from operations.

To the Shareholders of Stellar AfricaGold Inc. (Continued)

Other Matter

The consolidated financial statements of **Stellar AfricaGold Inc.** for the year ended July 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 25, 2022.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or condition may cause the Company to cease to continue as a going concern.

To the Shareholders of Stellar AfricaGold Inc. (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
November 24, 2023

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at,	July 31, 2023	July 31, 2022
	\$	\$
ASSETS		
Current		
Cash	59,291	737,201
Prepaid expenses (Note 5)	2,233	148,080
Sales taxes receivable	7,131	39,524
Mosaic Minerals Corp marketable securities (Note 6)	301,490	-
Total Current Assets	370,145	924,805
Non-current		
Mosaic Minerals Corp marketable securities (Note 6)	-	468,000
Total Assets	370,145	1,392,805
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	189,689	139,063
Payable to related parties (Note 9)	205,201	124,576
Total Liabilities	394,890	263,639
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	20,556,109	20,543,609
Warrants (Note 7)	923,709	923,709
Contributed surplus (Note 7)	4,321,843	4,321,843
Deficit	(25,826,406)	(24,659,995)
Total Shareholders' Equity (Deficit)	(24,745)	1,129,166
Total Liabilities and Shareholders' Equity (Deficiency)	370,145	1,392,805

Nature of operations and going concern (Note 1)

These financial statements were approved and authorized for issue by the Board of Directors on November 24, 2023. They are signed on the Company's behalf by:

John Cumming
Director

J. Francois Lalonde
Director

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	For the years ended,	
	July 31, 2023	July 31, 2022
	\$	\$
Expenses		
Administration fees	63,702	58,943
Consultant fees (Note 9)	203,792	42,536
Exploration and evaluation (Notes 8)	281,283	559,581
Management fees (Note 9)	268,527	360,089
Other operational expenses	104,712	122,329
Professional fees	51,654	34,982
Project supervision (Note 9)	75,000	180,000
Registration and investor relations	125,976	180,704
Share-based compensation (Notes 7, 9)	-	86,710
Loss before other income (expenses)	<u>(1,174,646)</u>	<u>(1,625,874)</u>
Other income (expenses)		
Sale of Balandougou Gold Project (Note 8)	-	(2,017)
Fair value adjustment on marketable securities (Note 6)	(86,140)	-
Realized gain on sale of marketable securities (Note 6)	1,767	-
Recovery of payroll taxes	-	16,660
Write-off of accounts payable	71,400	-
Foreign exchange (gain) loss	(7,324)	9,370
Write-off of payable to related party	30,000	15,000
Taxes paid	(1,468)	-
Net loss and comprehensive loss for the year	<u>(1,166,411)</u>	<u>(1,586,861)</u>
Basic and diluted loss per share	(0.01)	(0.02)
Weighted average number of shares outstanding –		
Basic and diluted	111,448,340	101,940,340

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
For the years ended July 31, 2023 and 2022
(Expressed in Canadian dollars)

	SHARE CAPITAL		WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL EQUITY (DEFICIT)
	SHARES #	AMOUNT \$				
Balance, July 31, 2021	100,305,783	20,153,099	692,271	4,235,133	(23,073,134)	2,007,369
Private placement, net of finder's fees	11,046,667	390,510	231,438	-	-	621,948
Share-based compensation	-	-	-	86,710	-	86,710
Net loss for the year	-	-	-	-	(1,586,861)	(1,586,861)
Balance, July 31, 2022	111,352,450	20,543,609	923,709	4,321,843	(24,659,995)	1,129,166
Balance, July 31, 2022	111,352,450	20,543,609	923,709	4,321,843	(24,659,995)	1,129,166
Shares issued for exploration and evaluation	250,000	12,500	-	-	-	12,500
Net loss for the period	-	-	-	-	(1,166,411)	(1,166,411)
Balance, July 31, 2023	111,602,450	20,556,109	923,709	4,321,843	(25,826,406)	(24,745)

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

STELLAR AFRICAGOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended July 31, 2023 and 2022
(Expressed in Canadian dollars)

	July 31, 2023	July 31, 2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(1,166,411)	(1,586,861)
Items not involving cash:		
Fair value adjustment on marketable securities	86,140	-
Share-based compensation	-	86,710
Gain on sale of marketable securities	(1,767)	-
Shares and warrants issued for exploration property	12,500	-
Write-off of payable to related party	(30,000)	(15,000)
Write-off of accounts payable	(71,400)	-
Change in non-cash operating working capital:		
Change in trades and other payables	122,026	(55,445)
Change in sales taxes receivable	32,393	(36,370)
Change in prepaid expenses	145,847	(148,080)
Change in related parties payable	110,625	89,976
Cash flows used in operating activities	<u>(760,047)</u>	<u>(1,665,070)</u>
INVESTING ACTIVITY		
Proceeds from sale of mineral properties	-	71,945
Proceeds from sale of marketable securities	82,137	-
Cash flows used in investing activity	<u>82,137</u>	<u>71,945</u>
FINANCING ACTIVITIES		
Proceeds from private placement, net	-	621,948
Cash flows from financing activities	<u>-</u>	<u>621,948</u>
Net change in cash	(677,910)	(971,177)
Cash, beginning of the year	<u>737,201</u>	<u>1,708,378</u>
Cash, end of the year	<u><u>59,291</u></u>	<u><u>737,201</u></u>
Supplemental cash flow information:		
Fair value of broker warrants	-	60,880
Fair value of broker shares	-	94,990
Private placement shares issued for settlement of loans payable	-	105,000

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

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Stellar AfricaGold Inc. and its subsidiaries (hereinafter the "Company" or "Stellar") focus on exploring for gold in Canada, Republic of Mali, and the Kingdom of Morocco. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "SPX" symbol, on the OTCQB Venture Market under the "STLXF" symbol, on the Frankfurt Stock Exchange under the "6YP1" symbol. On March 30, 2022, the Company announced that it had been listed for trading on the Tradegate Exchange in Berlin, Germany under the symbol "6YP1". The Company was incorporated under the Company's Act of British Columbia in April 2006, continued under the Canada Business Corporations Act until January 2019 when it was continued back into British Columbia. The Company's registered office and its principal place of business is 4908 Pine Crescent, Vancouver, British Columbia, V6M 3P6.

Going Concern

The Company incurred a net loss of \$1,166,411 (2022 - \$1,586,861) during the year ended July 31, 2023 and as at that date had an accumulated deficit of \$25,826,406 (July 31, 2022 - \$24,659,995). These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial entities or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of Measurement

These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

c) Basis of Consolidation

The Company's consolidated financial statements include the accounts of the parent Company and its subsidiaries. Subsidiaries are entities in which the Company is exposed or has rights to variable returns from its involvement with the subsidiary and that it has the ability to affect those returns through the power it holds in the subsidiary.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Subsidiaries

Details of the Company's subsidiaries at July 31, 2023 are as follows:

Aeos Resources Ltd.	Holding company	Republic of Seychelles	100%
		Republic of Côte d'Ivoire	100%
Aucrest SARL	Mineral exploration in Cote d'Ivoire		
Stellar Pacific Mali SARL	Mineral Exploration in Mali	Republic of Mali	100%
MGWA Golden Frank, SARL	Mineral exploration in Guinea	Republic of Guinea	80%

Details of the Company's subsidiaries at July 31, 2022 are as follows:

Aeos Resources Ltd.	Holding company	Republic of Seychelles	100%
Golden Frank Resources Inc.	Holding company	Canada	100%
		Republic of Côte d'Ivoire	100%
Aucrest SARL	Mineral exploration in Cote d'Ivoire		
Stellar Pacific Mali SARL	Mineral Exploration in Mali	Republic of Mali	100%
MGWA Golden Frank, SARL	Mineral exploration in Guinea	Republic of Guinea	80%

d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent Company and its subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as at July 31, 2023 and 2022.

Exploration and Evaluation Expenses

Exploration and evaluation expenses are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable. The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed in the period incurred.

The Company will capitalize mineral property development expenditures under property and equipment once technical feasibility and commercial viability of extracting mineral resources are demonstrated. Depletion and amortization of mineral deposits and mine development costs are recorded as the minerals are extracted, based on units of production and engineering estimates of mineable resources or reserves. To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

b) Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified Quebec exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. Such credits are recognized as a reduction of the exploration expenses. The Company records these tax credits when there is reasonable assurance with regards to collections.

c) Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income (loss) of the associate.

When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of that associate. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

d) Impairment of Long-lived Assets

Impairment tests on non-financial assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses long-lived assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in profit or loss.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Provisions and Contingent Liabilities

Provisions are recognized when present obligations resulting from past events will likely result in an outflow of economic resources from the Company and that the amounts can be reliably estimated. The timing or amount of outflow may be uncertain.

The measurement of provisions corresponds to the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including risks and uncertainties relating to the present obligation. Provisions are discounted when the time value of money is significant.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates. When possible outflow of economic resources arising from present obligations is considered improbable or remote, no liability is recognized unless it has been taken on the occasion of a business combination.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations.

Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

f) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

g) Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the earnings (loss) attributable to ordinary equity holders of the Company and the weighted average number of common shares outstanding for the effects of all dilutive potential ordinary shares which include options and warrants. It is assumed that the dilutive potential ordinary shares were converted into ordinary shares at the average market price at the beginning of the period or the date of issue of potential ordinary shares, if later.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit recognized from these issuance costs. When shares are issued on the exercise of options and warrants, the share capital account also comprises the costs previously recorded as contributed surplus and warrants. When shares are issued as consideration for the acquisition of a mineral property, they are measured at their fair value according to the quoted price on the date of issue.

i) Unit Placement

Proceeds from unit placements are allocated between shares and warrants issued on a pro rata basis. Proceeds are allocated to shares and warrants according to their relative weighted fair value. The unit's fair value is determined using the quoted price of the shares on the stock exchange and the warrant's fair value is estimated using the Black-Scholes option pricing model.

j) Flow-through placements

Issuance of flow-through units represents in substance an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. The liability component recorded initially on the issuance of shares is reversed on renunciation of the right to tax deductions to the investors and when eligible expenses are incurred, and recognized in profit or loss as a recovery of deferred income taxes.

k) Share-Based Compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized over the period during which the options vest using the graded vesting method. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured indirectly at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

STELLAR AFRICAGOLD INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Foreign exchange

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss. Nonmonetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

m) Financial Instruments and Risk Management

Financial assets

Classification and measurement

The classification and measurement of financial assets are based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost, (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

Financial assets measured at amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's amounts receivable and due from related parties are classified as financial assets measured at amortized cost.

Financial assets measured at FVTPL

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash and cash equivalents and Mosaic Minerals Corp. marketable securities are classified in this category.

Financial assets measured at FVTOCI

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

De-recognition of financial assets

The Company de-recognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on de-recognition are generally recognized in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Financial Instruments and Risk Management (continued)

Financial assets (continued)

However, gains and losses on de-recognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial Liabilities

Classification and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables, and amounts payable to related parties, are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

De-recognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk, and other price risk.

Liquidity risk is significant to the Company's consolidated statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal and mineral prices and in particular, the price of gold. To mitigate this market risk, management of the Company actively pursues a diversification strategy with its property holdings.

n) Segment Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker (i.e., the Chairman and the Board of Directors). The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

o) Newly adopted accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

4. ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, management poses a number of judgments, estimates and assumptions regarding the recognition and valuation of assets, liabilities, income and expenses.

a) Significant Management Judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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4. ESTIMATES AND JUDGEMENTS (CONTINUED)

Recovery of receivables

Management reviews receivables on a regular basis, reviewing the history of payments to determine their collectability. Management is of the opinion that the Company's receivables are collectable.

Determination of functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the respective entity operates; the functional currency of the parent and its subsidiaries is determined to be the Canadian dollar. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiary if there is a change in events and/or conditions which determine the primary economic environment.

Control and significant influence

The Company consolidates all entities which are determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of an entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns. The Company applies the equity method to account for its investments when the Company determines that it has significant influence in the investees. Significant influence is the power to participate in the financial and operating policy decision of the investee but not control of those policies and management uses judgment in determining whether significant influence exists. Judgment is exercised in the evaluation of its voting power and potential voting rights by examining all facts and circumstance in determining its powers to participate in the financial and operating policy decisions of an investee.

b) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Share-based payments

To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of its own shares and the expected life and the exercise period of options and warrants granted. The model used by the Company is the Black-Scholes valuation model.

Provisions and contingent liabilities

Judgments and estimates may be used to determine whether a past event has created a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Factors, such as the nature of the claim or dispute, the potential amount to be paid, and the probability of the realization of a loss, are sources of uncertainty in estimates.

5. PREPAID EXPENSES

	July 31, 2023	July 31, 2022
Marketing	\$ 417	\$ 75,428
OTC annual sustaining fees / TSXV fees	536	6,048
Software license	-	5,171
Geological consulting services	1,280	53,049
Consulting	-	8,384
	\$ 2,233	\$ 148,080

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6. MOSAIC MINERALS CORP. MARKETABLE SECURITIES

During the year ended July 31, 2020, the Company owned 5,200,000 common shares of Mosaic Minerals Corp. (“Mosaic”). During the year ended July 31, 2023, the Company sold 893,000 common shares of Mosaic for gross proceeds of \$82,137, resulting in realized gain on sale of \$1,767, and reducing its holdings of Mosaic to 4,307,000 common shares.

During the year ended July 31, 2021, the Company’s ownership was further diluted, and common directors resigned from the board of Mosaic. Therefore, management assessed that the Company lost significant influence and the investment in Mosaic was reclassified as an investment carried at FVTPL. As at July 31, 2023, the Company held 6.78% (2022- 9.9%) of the issued and outstanding common shares of Mosaic.

As Mosaic is a publicly traded entity, the fair value of the Company’s investment was determined by the closing market price of Mosaic’s common shares on the CSE as at July 31, 2023 which was \$301,490 (2022- \$468,000). The fair value was determined in accordance with Level 1 of the fair value hierarchy.

A summary of the Company’s investment in Mosaic is as follows:

	Number of shares	Amount
Balance, July 31, 2021	5,200,000	468,000
Fair value adjustment	-	-
Balance, July 31, 2022	5,200,000	\$ 468,000
Shares sold	(893,000)	(80,370)
Fair value adjustment on marketable securities	-	(86,140)
Balance, July 31, 2023	4,307,000	\$ 301,490

7. SHARE CAPITAL

i) Authorized

Unlimited number of shares without par value and issued capital of 111,602,450 (2022 – 111,352,450) common shares. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders’ meetings of the Company.

ii) Issued During the year ended July 31, 2023

On April 17, 2023, the Company issued 250,000 common shares with a fair value of \$12,500 in connection with the acquisition of the Prikro Exploration Licence and Zenoula Exploration Licence (Note 8).

iii) Issued during the year ended July 31, 2022

Private placement

On May 30, 2022 and July 5, 2022, the Company completed a private placement consisting of 11,046,667 units at \$0.06 per unit for gross proceeds of \$662,800. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each Warrant will entitle the holder thereof to acquire one common share at a price of \$0.15 for two years.

In addition, the Company issued 680,867 finder warrants with a fair value of \$25,543 and paid \$40,852 in cash to arm’s length parties in connection with the financing. Each finder’s warrant will entitle the holder thereof to acquire one common share at a price of \$0.15 until May 30, 2024.

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7. SHARE CAPITAL (CONTINUED)

The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants – 2 years; expected volatility – 152% to 156%; expected dividend yield – 0%; and risk-free rate – 2.55% to 3.00%.

As a result of applying the relative fair value method, the finder’s fees were allocated \$43,726 to share capital and \$2,874 to warrant reserves and the proceeds from the private placement were allocated \$434,236 to share capital and \$228,564 to warrant reserves.

iv) Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	July 31, 2023		July 31, 2022	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance, beginning of the year	45,572,309	\$ 0.15	33,844,775	\$ 0.14
Granted	-	-	11,727,534	\$ 0.15
Expired	(33,844,775)	\$ (0.15)	-	-
Balance, end of the year	11,727,534	\$ 0.15	45,572,309	\$ 0.15

The table below summarizes the information related to warrants as at July 31, 2023:

Expiration date	Number of warrants	Exercise price	Average remaining contractual life (Years)
May 30, 2024	9,377,667	\$ 0.15	0.83
July 5, 2024	2,349,867	\$ 0.15	0.93
	11,727,534	\$ 0.15	0.85

v) Share Options

The Company has a rolling stock option plan under which options to acquire common shares of the Company are granted to directors, officers, employees and consultants of the Company. The maximum number of options permitted is limited to ten percent (10%) of the issued capital of the Company from time to time.

The Company's share purchase options are as follows:

	July 31, 2023		July 31, 2022	
	Number of options	Average exercise price	Number of options	Average exercise price
Balance, beginning of the year	9,492,000	\$ 0.06	9,292,000	\$ 0.06
Granted	-	-	1,750,000	\$ 0.05
Expired	(4,092,000)	\$ (0.05)	(1,550,000)	\$ (0.05)
Balance, end of the period	5,400,000	\$ 0.06	9,492,000	\$ 0.06
Exercisable options	5,400,000	\$ 0.06	9,492,000	\$ 0.06

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7. SHARE CAPITAL (CONTINUED)

The table below summarizes the information related to share options as at July 31, 2023:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Remaining Life
November 29, 2024	250,000	250,000	-	\$ 0.05	1.33
March 9, 2025	400,000	400,000	-	\$ 0.05	1.61
March 22, 2026	3,400,000	3,400,000	-	\$ 0.07	2.64
March 9, 2027	100,000	100,000	-	\$ 0.05	3.61
March 14, 2027	1,250,000	1,250,000	-	\$ 0.05	3.62
	5,400,000	5,400,000	-	\$ 0.06	2.75

In estimating the fair value of options issued using the Black-Scholes option pricing model, the Company is required to make assumptions. The expected volatility assumption is based on the historical volatility of the Company's common share price on the TSX-V. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has historically not paid dividends on its common stock.

The Company did not grant any options during the year ended July 31, 2023.

Expired share options

On January 18, 2022, 1,250,000 share options exercisable at \$0.05 per share expired unexercised.

In March 2022, 300,000 share options exercisable at \$0.05 per share expired unexercised.

Granted share options

On March 9, 2022, the Company granted 400,000 share options exercisable at \$0.05 per share to a consulting firm. The options are exercisable until March 9, 2025. The fair value of the options granted of \$21,426 was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the options were based on risk free rate of 1.53%, expected volatility of 179%, expected life of 3 years and a dividend yield of 0%. The options vested immediately on the date they were granted.

On March 9, 2022, the Company granted 100,000 share options exercisable at \$0.05 per share to a consultant. The options are exercisable until March 9, 2027. The \$5,738 fair value of the options granted was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the options were based on risk free rate of 1.65%, expected volatility of 175%, expected life of 5 years and a dividend yield of 0%. The options vested immediately on grant.

On March 14, 2022, the Company granted 1,250,000 share options exercisable at \$0.05 per share to two directors. The share options are exercisable until March 14, 2027. The fair value of the options granted of \$59,546 was determined using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of the options were based on risk free rate of 1.94%, expected volatility of 176%, expected life of 5 years and a dividend yield of 0%. The options vested immediately on the date they were granted.

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8. EXPLORATION AND EVALUATION EXPENDITURES

	Lullwitz- Kaepelli, Quebec	Imiter Nord, Morocco	Namarana, Mali	Prikro and Zenoula, Côte d'Ivoire	Tichka Est, Morocco	Total expenditures
Assays	\$ -	\$ -	\$ 14,532	\$ -	\$ -	\$ 14,532
Demobilization	-	-	820	-	-	820
Environmental	-	-	2,985	-	-	2,985
Equipment rental	-	-	10,099	-	-	10,099
Field personnel	-	-	6,741	-	-	6,741
General exploration and expenses	-	-	3,789	2,504	-	6,293
Geological	6,449	-	10,302	-	140,766	157,517
Mobilization	-	-	796	-	-	796
Permitting	-	-	27,228	-	-	27,228
Property investigation	-	14,829	-	-	-	14,829
Road construction	-	-	-	-	192,373	192,373
Supplies	-	-	618	-	-	618
Travel and related	-	-	4,943	-	-	4,943
Trenching	-	-	10,001	-	109,806	119,807
Total exploration and evaluation expenditures at July 31, 2022	\$ 6,449	\$ 14,829	\$ 92,854	\$ 2,504	\$ 442,945	\$ 559,581
Acquisition costs	\$ -	\$ -	\$ -	\$ 13,200	\$ -	\$ 13,200
Field personnel	-	-	6,682	-	-	6,682
General exploration and expenses	-	-	1,745	-	-	1,745
Geological	-	-	-	-	132,690	132,690
Road construction	-	-	-	-	45,570	45,570
Travel and related	-	-	2,101	-	-	2,101
Trenching	-	-	-	-	79,295	79,295
Total exploration and evaluation expenditures at July 31, 2023	\$ -	\$ -	\$10,528	\$ 13,200	\$ 257,555	\$ 281,283

Lullwitz-Kaepelli Gold Property

During the year ended July 31, 2020, the Company acquired the Lullwitz-Kaepelli Gold Property comprised of four contiguous mineral claims totaling 231.4 hectares located in the Lacoste and DeSales townships in the Charlevoix area of Quebec (the "L-K Property") for \$5,000 cash and the issuance of 300,000 shares of common stock fair valued at \$15,000. The property is subject to a 1.5% net smelter return royalty which can be purchased for \$500,000.

The claims expired during the year ended July 31, 2023.

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8. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Balandougou Gold Project

On August 22, 2019, the Company and its minority partners reached a definitive agreement for the sale of 100% of the Balandougou Gold Project including the 7 km² Balandougou semi-industrial exploitation permit together with all related plant and equipment, and two Guinea subsidiary companies holding contiguous exploration permits totaling approximately 150 km². The Company and the minority partners owned 80% and 20% respectively of the Balandougou Gold Project. The transaction price was US\$3,850,000 paid in instalments, US\$1,800,000 on closing with the balance in three instalments. As at April 30, 2023 and July 31, 2022, all the balances have been received.

In connection with the sale, the Company agreed to pay finder's fees equal to 2.5% of the proceeds received from the sale to a director of the Company. The fees were payable upon receipt of proceeds from the purchaser. During the year ended July 31, 2023 the Company paid finder's fees of \$nil (2022 - \$2,017).

Birimian Geology Exploration

The Company has an option to purchase the shares of Birimian Geology Exploration ("BGE"), a Cote d'Ivoire company. BGE holds two gold exploration permits pending (the Bocanda permit and the Djekanou permit) covering approximately 471 km². The Company will acquire an 80% interest for US\$20,000 and the expenditure of US\$3,000,000 on exploration over the next two years and may acquire the remaining 20% at any time for US\$1,500,000. The property is subject to a 1.25% net smelter royalty. On March 6, 2020, the TSX Venture Exchange ("TSX-V") approved the acquisition.

Prikro Exploration Licence and Zenoula Exploration Licence, Côte d'Ivoire

The Company completed the acquisition agreement of a 100% interest in Aeos Resources Ltd. ("Aeos") on November 27, 2020 from Altus Strategies PLC. Aeos owns 100% of Aucrest SARL, an Ivoirian subsidiary that owns the Prikro Exploration Licence and the Zenoula Exploration Licence both totaling 770 km² in Côte d'Ivoire. For accounting purposes, the acquisition was recorded as an asset acquisition as Altus did not meet the definition of a business as defined in IFRS 3.

The consideration for the acquisition was 2,500,000 units, each unit consisting of one common share and one common share purchase warrant exercisable within two years at \$0.07 per share. The fair value of the common shares was determined using the share price of \$0.05 per share on the closing date. The fair value of the common share purchase warrants was determined to be \$14,510 calculated using the Black-Scholes option pricing model with the following assumptions: expected life of warrants – 2 years; expected volatility – 117.50%; expected dividend yield – 0%; and risk-free rate – 0.27%.

The Company will issue additional shares contingent upon reaching exploration milestones for each permit equal to US\$250,000 in value upon achieving the following milestones: a) completion of a NI43-101 resource estimate of not less than 500,000 ounces of gold with not less than 250,000 ounces in the Inferred Resource category, and b) completion of a definitive feasibility study. Due to uncertainty of the likelihood and timing of achieving each milestone, it is not possible to determine a value for the additional shares. Altus will retain a 2.5% Net Smelter Return ("NSR") royalty on each permit. The Company may repurchase up to 1.0% of each NSR for US\$500,000 for each 0.5%. The Prikro Exploration licence covers 369.5 km² in the Prikro and Koun-Fao Departments in eastern Côte d'Ivoire, approximately 240 km northeast of Abidjan. The Zenoula project is a 400 km² licence (application pending) in the Marahoue Department in central Côte d'Ivoire, approximately 300 km north of Abidjan.

The Prikro license expired without renewal due to a lack of encouraging results. The Company continues to work on finalizing the pending Zenoula permit application.

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8. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Prikro Exploration Licence and Zenoula Exploration Licence, Côte d'Ivoire (Continued)

On February 16, 2023, the Company entered into a Second Amendment Agreement where there was a modification to Zuénoula Licence Agreement. The Company has reached an agreement regarding the Zuénoula Gold Licence (under application) in Côte d'Ivoire with Altus Strategies Ltd, a wholly owned subsidiary of TSX-V listed Elemental Altus Royalties Corp. ("Elemental Altus") to modify the existing property purchase agreement and royalty deed.

The agreement is amended as follows: a) to reduce the current Net Smelter Royalty from 2.5% with the right to buy-back 1% of that royalty for \$1,000,000 to a flat 1% Net Smelter Royalty with no buy-back, and b) to reduce the additional considerations payable from \$250,000 in cash or common shares upon reaching 500,000 ounces of gold resources with at least 250,000 in the Indicated category and a further \$250,000 in cash or common shares upon completion of a feasibility study to a flat \$500,000 in cash or shares upon reaching 1,000,000 ounces of gold resources with at least 500,000 ounces in the Indicated category. The consideration payable by the Company is the issuance of 250,000 common shares in the Company to Elemental Altus upon TSX Venture Exchange acceptance of the amending agreements and an additional 250,000 shares upon final issuance of the Zuénoula Gold Licence by the Côte d'Ivoire authorities. TSXV approved the amending agreement, and the Company issued 250,000 common shares of the Company with a fair value of \$12,500 on April 17, 2023 (Note 7).

Tichka Est Gold Project

The Company and the Moroccan National Office of Hydrocarbons and Mines ("ONHYM") signed a definitive Exploration Agreement for the acquisition, exploration and development of the gold and multi-elements potential of the Tichka Est property in the Occidental High Atlas region of Morocco pursuant to which Stellar may earn a 90% interest in the Tichka Est project by spending 19,200,000 Moroccan dirhams, approximately US\$2,070,000, on exploration of the property over three years. Following the first three-year term or the completion of the proposed agreed exploration program, whichever comes first, a decision either to proceed to a feasibility study or continue exploration will be made by a joint management committee and, if advisable additional exploration may be required prior to proceeding with a feasibility study. All exploration work, including the feasibility study, is at the Company's expense. Upon completion of a positive feasibility study, the permits will be transferred at no additional charge from ONHYM to a new mining company that will be jointly owned by the Company as to 90% and by ONHYM as to 10%. Following the commissioning of the mining operation ONHYM will receive the greater of a 2.5% Net Smelter Return royalty or a lump sum payment of 100,000 Moroccan dirhams, approximately US\$10,750. Other than the exploration expenditure requirements there are no additional fees payable.

On January 11, 2022, the Company and ONHYM signed an addendum to the August 18, 2020 Tichka Est exploration agreement whereby four new exploration permits were added bringing the total to seven exploration permits covering 82 km². Pursuant to the January 11, 2022 addendum, Stellar agreed to incur exploration expenditures of 2,600,000 MAD (Moroccan dirhams) (US\$280,000) in the first year and 4,892,000 MAD (US\$520,000) in year two on the new permits.

Namarana Gold Project

The Company, through its 100% subsidiary Stellar Pacific Mali SARL, has secured an Autorisation de Prospection Gold Permit for 50.2 km² in southwest Mali. The Namarana Authorization is located near the village of Namarana, Circle of Kangaba, region of Koulikoro, near the border with Guinea approximately 100 km W-SW west of Bamako, the capital.

On December 14, 2021, the Company announced that it received final approval for exploration of the Namarana Gold Project.

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9. RELATED PARTY TRANSACTIONS

The Company's related parties include key management officers and companies held by key management officers. Unless otherwise stated none of the transactions incorporated special terms and conditions and no guarantees were given or received. These amounts for the year ended July 31, 2023 are unsecured, bear no interest, and are due on demand. Key management personnel of the Company are members of the Board of Directors and management.

Key management short-term benefits	July 31, 2023	July 31, 2022
Management fees	\$ 268,527	\$ 360,000
Consulting	136,000	115,496
Project supervision and Exploration fees	115,092	180,000
Share-based compensation	-	59,546
Total compensation	\$ 519,619	\$ 715,042

Due to related parties	July 31, 2023	July 31, 2022
Due to the President and CEO	\$ 109,098	\$ 81,585
Due to a company controlled by the COO and Director	-	21,649
Due to a company controlled by a Director	51,903	19,422
Due to a director of the Company	40,000	-
Due to a company controlled by the CFO	4,200	2,100
Total	\$ 205,201	\$ 124,756

As at July 31, 2023 and 2022, the amounts owing to related parties are without interest, unsecured and are due on demand.

10. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To provide an adequate return to shareholders of the parent company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the period ended July 31, 2023.

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11. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company considers interest rate risk related to cash and cash equivalents to be low because of their short-term nature.

Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. Major capital purchases are made internationally and are transacted in US dollars. A significant portion of the Company's exploration expenditures are transacted in US dollars, Moroccan dirham and West African (CFA) Francs and the Company is thus exposed to risk of major changes in these currencies relative to the Canadian dollar.

The Company's exploration expenditures for its Moroccan project are in US dollars and Moroccan dirhams and the Company's exploration expenditures in Mali are transacted primarily in US dollars and West African (CFA) Francs. Foreign currency invoices are paid primarily in US dollars.

As at July 31, 2023, cash totaling \$756 (July 31, 2022 – \$15,236) was held in US dollars and cash totaling \$21,134 (July 31, 2022 – 8,475) was held in West African (CFA) Francs; amounts receivable totaling \$Nil (July 31, 2022 – 4,986) was held in West African (CFA) Francs; and accounts payable and accrued liabilities totaling \$30,263 (July 31, 2022 – \$2,026) was payable in West African (CFA) Francs. Based on forecast exchange rate movements for the next twelve months, assuming all other variables remain constant, the Company considers its financial performance and cash flows would not be materially affected by a weakening or strengthening US dollar or West African (CFA) Franc. The Company does not manage currency risks through hedging or other currency management tools.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash which is held in bank accounts. This risk is low and is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past year, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

The carrying amounts and fair value of financial instruments presented in the consolidated statement of financial position are as follows:

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11. FINANCIAL INSTRUMENT RISK DISCLOSURES (CONTINUED)

	July 31, 2023		July 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash	59,291	59,291	735,257	735,257
Mosaic Minerals marketable securities	301,490	301,490	468,000	468,000
FINANCIAL LIABILITIES				
Trade and other payables	189,689	189,689	139,063	118,304
Payable to related parties	205,201	205,201	124,576	130,335

12. CONTINGENCIES AND COMMITMENTS

- a) During the year ended July 31, 2017, the Company issued flow-through shares in the amount of \$335,750. The Company was committed to spend this money on exploration work on its Quebec mineral properties by December 31, 2017 before incurring Part XII.6 tax and extending the deadline to December 31, 2018.

Following an audit, the CRA determined that the required qualifying expenditures were not made by the prescribed deadline and that the amount renounced be reduced to \$59,295 and assessed a penalty of \$69,114. On January 17, 2022, the Company paid a total of \$89,768 to settle the flow-through share penalty of \$69,114 plus \$20,654 for interest and additional penalties (included within other operational expenses). It is not yet possible to determine the negative tax consequences for the individual investors if and when the CRA may reassess them or the related amounts for which the Company may be liable, if any.

13. INCOME TAXES

	2023	2022
Statutory Canadian corporate tax rate	27%	27%
Expected current income tax (recovery) expense	\$ (317,000)	\$ (428,000)
Non-deductible permanent differences	-	23,000
Change in estimate and other	(3,000)	-
Application of non-capital loss carry-forwards	-	-
Change in deferred tax assets not recognized	320,000	405,000
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
Non-capital loss carry-forwards	\$ 1,523,000	\$ 2,150,000
Share issue costs	7,000	16,000
Property and equipment	7,000	8,000
Mineral resource properties	829,000	736,000
Capital losses	298,000	74,000
	2,664,000	2,984,000
Unrecognized deferred tax assets	(2,664,000)	(2,984,000)
	\$ -	\$ -

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13. INCOME TAXES (CONTINUED)

The Company has not recorded deferred income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry-forward period to utilize these net deferred income tax assets. The Company has available non-capital losses for Canadian income tax purposes of approximately \$5,517,000, which may be carried forward to reduce taxable income in future years, if not utilized, expiring in years from 2033 to 2043. The Company has available non-capital losses for income tax purposes in Mali of approximately \$167,000, which may be carried forward to reduce taxable income in future years, if not utilized, expiring in years from 2023 to 2028. The Company has available non-capital losses for income tax purposes in Cote d'Ivoire of approximately \$43,000, which may be carried forward to reduce taxable income in future years, if not utilized, expiring in from 2027 to 2028.

14. SEGMENTED INFORMATION

The Company has one operating segment, the exploration and evaluation of mineral properties. Geographic information is as follows:

July 31, 2023	Canada	Western Africa	Total
Current Assets	\$ 349,167	\$ 20,978	\$ 370,145
Total Assets	\$ 349,167	\$ 20,978	\$ 370,145

July 31, 2022	Canada	Western Africa	Total
Current Assets	\$ 911,344	\$ 13,461	\$ 924,805
Long-term assets	468,000	-	468,000
Total Assets	\$ 1,379,344	\$ 13,461	\$ 1,392,805

Segmented comprehensive losses by geographical location are as follows:

July 31, 2023	Canada	Western Africa	Total
Comprehensive loss	\$ (1,070,226)	\$ (96,185)	\$(1,166,411)

July 31, 2022	Canada	Western Africa	Total
Comprehensive loss	\$ (1,428,502)	\$ (158,359)	\$(1,586,861)