

**Compass Gold Corporation**  
**Consolidated Financial Statements**  
**For the years ended December 31, 2021 and 2020**

**(Expressed in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Compass Gold Corporation

### Opinion

We have audited the consolidated financial statements of Compass Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements. As 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:

- Identify and assess the risks of material misstatement of the 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 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 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 conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

April 29, 2022



An independent firm  
associated with Moore  
Global Network Limited

Compass Gold Corporation  
Consolidated statements of financial position  
(Expressed in Canadian dollars)

	Note	December 31 2021	December 31 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 1,070,415	\$ 3,846,616
Receivables	4	78,472	58,429
Prepays		36,675	96,136
<b>Total Current Assets</b>		<b>1,185,562</b>	<b>4,001,181</b>
<b>Non-Current assets</b>			
Exploration and evaluation asset	5,10	21,829,219	17,784,100
Equipment	6	60,465	35,481
<b>Non-Current Assets</b>		<b>21,889,684</b>	<b>17,819,581</b>
<b>Total Assets</b>		<b>\$ 23,075,246</b>	<b>\$ 21,820,762</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	7, 10	\$ 48,483	\$ 582,837
<b>Total Liabilities</b>		<b>48,483</b>	<b>582,837</b>
<b>Shareholders' Equity</b>			
Share capital	8	36,762,777	34,146,767
Share-based payment reserve	9	3,973,874	3,693,038
Deficit		(17,709,888)	(16,601,880)
<b>Total Shareholders' Equity</b>		<b>23,026,763</b>	<b>21,237,925</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 23,075,246</b>	<b>\$ 21,820,762</b>
<b>Nature and continuance of operation</b>	<b>1</b>		
<b>Commitments related to project spending</b>	<b>5</b>		

**ON BEHALF OF THE BOARD**

/s/ Larry Phillips

\_\_\_\_\_  
Larry Phillips, Chief Executive Office

/s/ Lou Nagy

\_\_\_\_\_  
Lou Nagy, Chief Financial Officer

Compass Gold Corporation  
consolidated statements of comprehensive loss  
(expressed in Canadian dollars)

	Note	Year ended December 31	
		2021	2020
<b>Expenses</b>			
Management fees	10	\$ 500,000	\$ 504,184
Consulting fees		91,500	64,794
Listing and registration fees		45,396	57,667
Investor relations		10,416	22,196
Insurance		23,512	19,479
General office expenses		39,669	31,895
Professional fees		45,128	44,704
Travel		3,383	8,580
Interest and bank charges		3,719	2,942
Share based payments	9, 10	246,676	197,080
Foreign exchange (gain)/loss		98,609	(47,558)
<b>Total Expenses</b>		<b>1,108,008</b>	<b>905,963</b>
<b>Net and comprehensive loss</b>		<b>\$ (1,108,008)</b>	<b>\$ (905,963)</b>
<b>Loss per share –</b>			
<b>Basic and diluted</b>	8	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding</b>			
<b>Basic and diluted</b>	8	<b>78,723,414</b>	<b>55,222,232</b>

Compass Gold Corporation  
consolidated statements of changes in shareholders' equity  
(expressed in Canadian dollars)

<b>Share Capital</b>						
	<b>Note</b>	<b>Number of shares</b>	<b>Amount</b>	<b>Share-based payment reserve</b>	<b>Deficit</b>	<b>Total Equity</b>
<b>Balance at December 31, 2019</b>		54,425,068	\$ 30,819,493	\$ 3,477,603	\$ (15,805,177)	\$ 18,491,919
Shares issued pursuant to private placement	8(a)	18,185,310	3,637,062	-	-	3,637,062
Share issue costs	8(a)	-	(309,788)	127,615	-	(182,173)
Expired warrants		-	-	(109,260)	109,260	-
Share based compensation	9	-	-	197,080	-	197,080
Net and comprehensive loss for the period		-	-	-	(905,963)	(905,963)
<b>Balance at December 31, 2020</b>		72,610,378	\$ 34,146,767	\$ 3,693,038	\$ (16,601,880)	\$ 21,237,925
Shares issued from exercise of broker warrants	8(b)	138,900	27,780	-	-	27,780
Fair market value adjustment from exercise	8(b)	-	20,940	(20,940)	-	-
Shares issued pursuant to private placement	8(c)	13,762,500	2,752,500	-	-	2,752,500
Share issue costs	8(c)	-	(185,210)	55,100	-	(130,110)
Share based compensation	9	-	-	246,676	-	246,676
Net and comprehensive loss for the period		-	-	-	(1,108,008)	(1,108,008)
<b>Balance at December 31, 2021</b>		86,511,778	\$ 36,762,777	\$ 3,973,874	\$ (17,709,888)	\$ 23,026,763

See accompanying notes to the consolidated financial statements

Compass Gold Corporation  
consolidated statements of cash flows  
(expressed in Canadian dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>Cash flows used in operating activities</b>		
Net loss for the year	\$ (1,108,008)	\$ (905,963)
Adjustments for items not affecting cash:		
Share based payments	246,676	197,080
Bonus settled with shares	8,000	-
Changes in non-cash working capital items:		
Receivables and prepayments	(20,043)	41,005
Prepays	59,461	(94,686)
Trade payable and accrued liabilities	(255,045)	(145,134)
Cash flows used in operating activities	(1,068,959)	(907,698)
<b>Cash flows from investing activities</b>		
Acquisition of equipment	(48,239)	(13,610)
Exploration and evaluation expenditures	(4,273,393)	(3,707,261)
Cash flows used in investing activities	(4,321,632)	(3,720,871)
<b>Cash flows from financing activities</b>		
Proceeds from private placement	2,669,500	3,637,062
Share issue costs	(55,110)	(182,173)
Cash flows from financing activities	2,614,390	3,454,889
<b>Net change in cash</b>	(2,776,201)	(1,173,680)
Cash, beginning of the year	3,846,616	5,020,296
<b>Cash, end of the year</b>	\$ 1,070,415	\$ 3,846,616

**Non-cash investing and financing activities**

Exploration and evaluation expenditures included in accounts payable	\$ 13,521	\$ 265,050
Warrants exercise to settle accounts payable	\$ 27,780	\$ -
Compensation shares issued for private placement	\$ 75,000	\$ -

**1. Nature and continuance of operations**

Compass Gold Corporation (the “Company”) was incorporated on July 1, 2002, under the laws of Alberta and subsequently continued into Ontario, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “CVB.V”. The registered office of the Company is located at 365 Bay Street, Toronto, Ontario, Canada, M5H 2S8.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has incurred cumulative net losses of \$17,709,888 as at December 31, 2021. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and, upon successful results from its exploration activities, to be able to attain profitable operations. There is no guarantee that the Company will be able to complete any of the above objectives. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with available cash on hand and, if required, through the private placement of common shares. These 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 as a going concern. Such adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Management continues to monitor the impact of the pandemic on all aspects of its business but anticipates that it may impact its ability to raise financing.

**2. Significant accounting policies and basis of preparation**

***Statement of Compliance with International Financial Reporting Standards***

The consolidated financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 25, 2022.

***Basis of preparation***

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

***Comparative information***

Certain amounts of the prior period balances have been reclassified to conform with the presentation of the current period financial statements.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Consolidation***

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of the controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		December 31, 2021	December 31, 2020
Compass Gold Exploration	Canada	100%	100%
Exploration Azteca S.A De.C.V	Mexico	100%	100%
Mali Gold Exploration PTY LTD	Australia	100%	100%
SERM S.A.	Republic of Mali	100%	100%
REM S.A.	Republic of Mali	100%	100%
ML Commodities Mali S.A.	Republic of Mali	100%	100%
Mali Gold Exploration SARL	Republic of Mali	100%	100%
Compass Gold Mining SARL	Republic of Mali	100%	NA

\*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

***Significant estimates and assumptions***

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

Areas requiring a significant degree of estimation relate to fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recoverability of its exploration and evaluation assets and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

***Significant judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and,
- the determination of the functional currency of the parent company and its subsidiaries.

**Financial Instruments ("IFRS 9")**

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"); at fair value through other comprehensive income (loss) ("FVTOCI"); or, at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at

**2. Significant accounting policies and basis of preparation (cont'd)**

**Financial Instruments ("IFRS 9") (cont'd)**

Classification

amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments:

<b>Financial Instrument</b>	<b>Classification</b>
Cash	Amortized Cost
Other receivables	Amortized Cost
Trades payable	Amortized Cost

Measurement

*Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. 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 the statements of comprehensive loss in the period in which they arise.

*Impairment of financial assets at amortized cost*

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 credit risk of 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 the twelve-month expected credit losses. The Company shall recognize in the statements of comprehensive 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.

**2. Significant accounting policies and basis of preparation (cont'd)**

**Financial Instruments ("IFRS 9") (cont'd)**

Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

**Foreign currency translation**

The functional currency of the Company and its subsidiaries, being the primary economic environment in which that entity operates, is Canadian Dollars. The consolidated financial statements are presented in Canadian dollars.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**Exploration and evaluation expenditures**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Equipment***

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives at the following rates per annum:

Machinery	- 3 years straight line
Furniture and Equipment	- 2 to 5 years straight line

***Share-based payments***

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Impairment of assets***

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

***Restoration and environmental obligations***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Restoration and environmental obligations (cont'd)***

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

***Income taxes***

**Current income tax:**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred income tax:**

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**3. Adoption and future changes in accounting standards**

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2022 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded. The following standard is likely to apply to the Company, has not yet been adopted and is being evaluated to determine its impact.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment addresses whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. This amendment is effective for annual years beginning on or after January 1, 2023. Earlier adoption is permitted. There is no impact of the adoption of this amendment on its financial statements.

**4. Receivables**

	December 31, 2021	December 31, 2020
Taxes recoverable	20,640	57,499
Other receivables	57,832	930
	<b>\$ 78,472</b>	<b>\$ 58,429</b>

**5. Exploration and evaluation assets**

	December 31, 2021	December 31, 2020
Acquisition of Sikasso Property	\$ 6,172,837	\$ 6,172,837
Exploration expenditure incurred and capitalized	15,656,382	11,611,263
	<b>\$ 21,829,219</b>	<b>\$ 17,784,100</b>

The exploration and evaluation assets comprise the Faraba-Koura, Ouassada, Kalé, Sankarani, Kourou, Lontola, Badogo, Kapélégué, Tiélouléna, Sankarani Est, Moribala, Koroféréla, N'Tjila and Kouma gold exploration permits, collectively referred to as the Sikasso Property. All permits are for properties located in Mali.

The permits were all granted to subsidiaries of the Company or held in trust by third parties under binding memorandum of understanding for permit purchase. The permits are effective for three and nine years, and the Company may renew the permits twice for additional three and nine periods. In order to maintain these permits in good standing, the Company was required to incur minimum exploration expenditures on each of the permits.

During the year ended December 31, 2021, the Company renewed the permits held to extend the life of the licenses in order to continue mineral exploration. As a result of this process, the permits have been renewed from their initial expiry date in fiscal 2021 to 2024. The Company commitment to exploration expenditures from the permit from 2021 to 2024 were as follows:

First year	\$2,019,918
Second year	\$3,255,738
Third year	\$4,264,710

In May 2012, Mali Gold Exploration PTY Ltd. ("MGE") granted to certain shareholders at the time, and who are now directors of the Company, a joint 2% Net Smelter Royalty over the Ouassada, Kalé, Sankarani, Kourou and Tiélouléna permits, which remains in place.

**6. Equipment**

Equipment consists of the following:

Cost	Machinery	Equipment	Total
<b>Balance, December 31, 2019</b>	<b>\$ 207,923</b>	<b>\$ 42,286</b>	<b>\$ 250,209</b>
Additions	-	13,610	13,610
<b>Balance, December 31, 2020</b>	<b>207,923</b>	<b>55,896</b>	<b>263,819</b>
Additions	30,714	17,525	48,239
<b>Balance, December 31, 2021</b>	<b>\$ 238,637</b>	<b>\$ 73,421</b>	<b>\$ 312,058</b>

Accumulated Depreciation	Machinery	Equipment	Total
<b>Balance, December 31, 2019</b>	<b>\$ 130,362</b>	<b>\$ 15,763</b>	<b>\$ 146,125</b>
Amortization	70,073	12,140	82,213
<b>Balance, December 31, 2020</b>	<b>200,435</b>	<b>27,903</b>	<b>228,338</b>
Amortization	6,581	16,674	23,255
<b>Balance, December 31, 2021</b>	<b>\$ 207,016</b>	<b>\$ 44,577</b>	<b>\$ 251,593</b>

Net Book Value	Machinery	Equipment	Total
<b>December 31, 2020</b>	<b>\$ 7,488</b>	<b>\$ 27,993</b>	<b>\$ 35,481</b>
<b>December 31, 2021</b>	<b>\$ 31,621</b>	<b>\$ 28,844</b>	<b>\$ 60,465</b>

Depreciation is included with exploration expenditure incurred and capitalized

**7. Trade payable and accrued liabilities**

	<b>December 31 2021</b>	<b>December 31 2020</b>
Trade payables and accruals	\$ 48,483	\$ 559,489
Amounts due to related parties (Note 10)	-	23,348
	<b>\$ 48,483</b>	<b>\$ 582,837</b>

**8. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At December 31, 2021 there were 86,511,778 issued and fully paid common shares (December 31, 2020 – 72,610,378).

***Basic and diluted loss per share***

The calculation of basic and diluted loss per share for the Year ended December 31, 2021 was based on the loss attributable to common shareholders of \$1,108,008 (2020 - \$905,963) and the weighted average number of common shares outstanding of 78,723,414 (2020 – 55,222,232). Fully diluted loss per share did not include the effect of 5,251,000 (2020 – 3,810,000) stock options and 1,192,500 (2020 – 12,774,900) warrants outstanding as the effect would be anti-dilutive.

***(a) Private Placement December 2020***

On December 15, 2020, the Company closed a private placement with gross proceeds of \$3,637,062 through the issue of 18,185,310 common shares at a price of \$0.20 per common share.

As part of the private placement, cash finders' fees total \$106,980, of which \$85,200 was paid and \$21,780 was recorded in accruals and used to offset the proceeds from the warrants exercised subsequent to December 31, 2020, and 774,900 broker warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into one common share at a price of \$0.20 per share until December 15, 2022. The fair value of broker warrants issued in this placement is estimated at \$127,615. Additional share issuance costs of \$75,193 were incurred related to this private placement.

Insiders of the Company purchased an aggregate of 1,210,000 shares under the Offering, for aggregate consideration of \$242,000.

***(b) Exercise of broker warrants***

During the year ended December 31, 2021, 138,900 broker warrants were exercised at a price of \$0.20 per share to issue 138,900 common shares to settle accounts payable of \$27,780 with no gain or loss.

A fair value adjustment from the exercise of the warrants was recognized in an amount of \$20,940 and is shown as an adjustment between share based payment reserve and share capital.

**8. Share capital (cont'd)**

**(c) Private Placement July 27, 2021**

On July 27, 2021, the Company closed a private placement with gross proceeds of \$2,752,500 through the issue of 13,762,500 common shares at a price of \$0.20 per common share. Included in the private placement, were 40,000 common shares issued with a fair value of \$8,000 to settle management bonus of \$8,000.

As part of the private placement, finders' fees in aggregate of \$36,300 in cash, 375,000 common shares with a fair value of \$75,000 in lieu of cash and 556,500 broker warrants were issued to qualified persons acting as finders. Each broker warrant is exercisable into one common share at a price of \$0.20 per share until July 27, 2023. The fair value of broker warrants issued in this placement is estimated at \$55,100. Additional share issuance costs of \$18,810 were incurred related to this private placement.

Insiders of the Company purchased an aggregate of 312,500 shares under the Offering, for aggregate consideration of \$62,500.

**Broker warrants**

The changes in broker warrants during the Year ended December 31, 2021 and year ended December 31, 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, beginning	774,900	0.20	359,543	0.30
Warrants expired	-	-	(359,543)	0.30
Warrants granted	556,500	0.20	774,900	0.20
Warrants exercised	(138,900)	0.20	-	-
Warrants outstanding, ending	1,192,500	0.20	774,900	0.20

The average share price at the dates the finders' warrants were exercised during the year ended December 31, 2021 was \$0.21.

The fair values of the broker warrants issued for the Year ended December 31, 2021 and year ended December 31, 2020 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2021	2020
Risk free interest rate	0.45%	0.25%
Expected dividend yield	Nil	Nil
Expected volatility	107%	166%
Expected life	2 years	2 years

Volatility was determined based on the historical volatility of the Company's share price over a period of time equivalent to the expected life of the warrant granted.

Details of broker warrants outstanding as at December 31, 2021 are as follows:

Expiry Date	Weighted average exercise price (\$)	Warrants Outstanding	Weighted average Contractual Life (Years)
December 15, 2022	0.20	666,000	0.96
July 27, 2023	0.20	526,500	1.57
	0.20	1,192,500	1.23

**8. Share capital (cont'd)**

**Warrants**

The changes in warrants during the Year ended December 31, 2021 and the year ended December 31, 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, beginning	12,000,000	0.75	12,200,000	0.75
Warrants expired	(12,000,000)	0.75	(200,000)	0.75
Warrants exercised	-	-	-	-
Warrants outstanding, ending	-	-	12,000,000	0.75

On November 25, 2020 the Company announced that the TSX-V approved the Company's request to extend the term of certain issued and outstanding warrants that were otherwise scheduled to expire on November 29, 2020. The TSX-V has agreed that certain issued and outstanding warrants exercisable at a price of \$0.75 per share for a total of 12,000,000 common shares would expire on November 29, 2021. The 200,000 warrants issued as partial compensation to the Company's primary financial advisor as part of the original private placement could not be extended in fiscal 2020.

In fiscal 2021, the expiry date of the warrants were not extended and therefor expired on November 29, 2021.

**9 Reserves**

***Share-based payment reserve***

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options or broker warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised and cancelled, the amount recorded is transferred to deficit.

***Stock options***

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan, which was re-approved by the shareholders on June 29, 2021, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of up to 10 years and vest over periods of up to two years from the date of issue.

The changes in options during the year ended December 31, 2021 and year ended December 31, 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Options outstanding, beginning	3,810,000	0.46	3,735,000	0.46
Options granted	1,441,000	0.25	75,000	0.325
Options outstanding, ending	5,251,000	0.40	3,810,000	0.46

Details of options outstanding as at December 31, 2021 are as follows:

Expiry Date	Weighted average exercise price (\$)	Options Outstanding	Options Exercisable	Weighted average Contractual Life (Years)
December 31, 2022	0.50	2,025,000	2,025,000	1.00
May 20, 2024	0.30	775,000	775,000	2.39
December 14, 2024	0.50	935,000	935,000	2.96
January 31, 2025	0.325	75,000	75,000	3.09
January 5, 2026	0.25	1,126,000	375,333	4.02
January 8, 2026	0.25	315,000	105,000	4.03
	0.40	5,251,000	4,290,333	2.41

During the Year ended December 31, 2021, the Company granted 1,441,000 stock options and recognized a total share-based payment expenses of \$246,676 from the vesting of options granted. During the year ended December 31, 2020, the Company granted 75,000 stock option and recognized a total share-based payment expense of \$197,080 from the vesting of options granted.

The weighted average fair value of options granted during the year ended December 31, 2021 was \$0.20 (2020 - \$0.30).

**9 Reserves (cont'd)**

The fair values of the options issued for the Year ended December 31, 2021 and year ended December 31, 2020 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2021	2020
Risk free interest rate	0.4%	1.4%
Expected dividend yield	Nil	Nil
Expected volatility	146%	160%
Expected life	5 years	5 years

Volatility was determined based on the historical volatility of the Company's share price over a period of time equivalent to the expected life of the option granted.

**10. Related party transactions**

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company.

***Related party balances***

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31 2021	December 31 2020
Directors and officers of the Company – trade payables and accruals (Note 7)	\$ -	\$ 23,348
	\$ -	\$ 23,348

These amounts are unsecured, non-interest bearing and are payable on demand.

***Related party transactions***

The Company incurred the following transactions with directors and companies that are controlled by directors of the Company.

	Year ended December 31, 2021	Year ended December 31, 2020
Management, officers and director fees (Note 8(c))	\$ 442,000	\$ 449,500
Share based payments	213,921	149,851
Management fees in exploration and evaluation asset	146,797	148,896
Total	\$ 802,718	\$ 748,247

**11. Segmented information**

***Operating segments***

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

***Geographic segments***

The Company's exploration and evaluation assets are based solely in Mali.

**12. Financial instruments and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in its bank account. The majority of cash is held in an account with a major bank in Canada. As the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

***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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the Company's financial liabilities as at December 31, 2021 are due within one year of the financial period end date.

***Foreign exchange 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 subsidiaries located in Mali are exposed to currency risk as it incurs expenditures that are denominated in the West African CFA franc ("CFA"), which is the currency in the Republic of Mali, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in CFA:

	<b>December 31 2021</b>	<b>December 31 2020</b>
Cash	\$ 94,603	\$ 77,447
Receivables	57,832	930
Trade payables and accruals	(6,758)	(265,050)
Net exposure	\$ 145,677	\$ (186,673)

Based on the above net exposures, as at December 31, 2021, a 10% change in the CFA franc exchange rate would impact the Company's net loss by \$14,567 (December 31, 2020 – \$18,667).

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At December 31, 2021, the Company does not have any financial instruments recorded that bear interest at variable rates and therefore interest rate risk is not considered significant.

**12. Financial instruments and capital management (cont'd)**

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows. All of the financial assets are reflected at amortized costs:

	December 31 2021	December 31 2020
Financial assets at amortized cost:		
Cash	\$ 1,070,415	\$ 3,846,616
Receivables	\$ 57,832	\$ 930

Financial liabilities included in the statement of financial position are as follows. All of the financial liabilities are reflected at amortized costs:

	December 31 2021	December 31 2020
Financial liabilities at amortized cost:		
Trade payables	\$ 9,788	\$ 287,968

***Fair value***

The consolidated statements of financial position carrying amounts for cash, receivables and trade payables, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash falls under Level 1.

There were no transfers between levels during the Year ended December 31, 2021.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share and working capital.

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any externally imposed capital requirements.

**13. Income taxes and deferred tax assets and liabilities**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Net loss	\$ (1,108,008)	\$ (905,963)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(299,162)	(244,610)
Non-deductible items and other	58,355	(12,392)
Temporary differences not recognized	240,807	257,002
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized on the basis that it is uncertain that these deductible temporary differences will be utilized:

	December 31, 2021	December 31, 2020
Non-capital loss carry-forwards	\$ 2,569,299	\$ 2,301,257
Unrealized capital losses	739,903	739,903
Exploration and evaluation assets	21,414	23,793
Share issuance costs and other	101,025	125,881
	\$ 3,431,641	\$ 3,190,834

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian net unrealized capital losses	Canadian resource pools	Canadian Share issue costs
2029	\$ 134,731	\$ -	\$ -	\$ -
2030	314,117	-	-	-
2031	2,023,461	-	-	-
2032	1,320,172	-	-	-
2033	706,098	-	-	-
2034	211,723	-	-	-
2035	150,180	-	-	-
2036	101,273	-	-	-
2037	801,029	-	-	-
2038	813,237	-	-	-
2039	995,912	-	-	-
2040	960,790	-	-	-
2041	983,199	-	-	-
No expiry	-	2,740,383	79,334	374,144
	\$ 9,515,922	\$ 2,740,383	\$ 79,334	\$ 374,144