

Montage Gold Corp

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021 and 2020

Montage Gold Corp.
Condensed Interim Consolidated Statements of Financial Position
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,438,571	\$ 32,751,159
Receivables and other assets (Note 3)	595,460	975,988
	<u>19,034,031</u>	<u>33,727,147</u>
Equipment (Note 4)	435,792	382,919
Mineral properties (Note 5)	12,028,889	12,561,587
Other assets	18,774	22,070
	<u>\$ 31,517,486</u>	<u>\$ 46,693,723</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,375,196	\$ 2,117,799
EQUITY		
Equity attributed to common shareholders		
Share capital	65,455,020	65,410,020
Contributed surplus	1,123,934	667,783
Accumulated other comprehensive income	(675,846)	(427,010)
Deficit	<u>(37,760,818)</u>	<u>(21,074,869)</u>
	<u>28,142,290</u>	<u>44,575,924</u>
	<u>\$ 31,517,486</u>	<u>\$ 46,693,723</u>

Approved by the Board of Directors

(signed) "Peter Mitchell"
Director

(signed) "Richard P Clark"
Director

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

Montage Gold Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Administration costs (Note 8)	\$ 955,430	\$ 366,927	\$ 1,636,480	\$ 753,953
Exploration and project investigation costs (Note 9)	7,598,582	904,718	14,913,883	2,244,632
Foreign exchange (gain)/loss	(16,061)	(68,015)	140,518	(21,336)
Interest income	(4,932)	(38,552)	(4,932)	(73,088)
Net loss for the period	<u>\$ 8,533,019</u>	<u>\$ 1,165,078</u>	<u>\$ 16,685,949</u>	<u>\$ 2,904,161</u>
Net loss for the period attributed to:				
Common shareholders of the Company	8,533,019	1,111,082	16,685,949	2,613,799
Non-controlling interest	-	53,996	-	290,362
	<u>\$ 8,533,019</u>	<u>\$ 1,165,078</u>	<u>\$ 16,685,949</u>	<u>\$ 2,904,161</u>
Net loss for the period	\$ 8,533,019	\$ 1,165,078	\$ 16,685,949	\$ 2,904,161
Items that may be subsequently reclassified to net loss:				
Loss (gain) on translation to presentation currency	64,093	(371,922)	304,627	(579,801)
Items that will not be subsequently reclassified to net loss:				
Change in fair value of marketable securities	(37,111)	-	(55,791)	
Comprehensive loss for the period	<u>\$ 8,560,001</u>	<u>\$ 793,156</u>	<u>\$ 16,934,785</u>	<u>\$ 2,324,360</u>
Comprehensive loss for the period attributed to:				
Common shareholders of the Company	\$ 8,560,001	\$ 1,057,300	\$ 16,934,785	\$ 2,352,138
Non-controlling interest	-	(264,144)	-	(27,778)
	<u>\$ 8,560,001</u>	<u>\$ 793,156</u>	<u>\$ 16,934,785</u>	<u>\$ 2,324,360</u>
Basic and diluted loss per common share	<u>\$ 0.08</u>	<u>\$ 0.01</u>	<u>\$ 0.16</u>	<u>\$ 0.03</u>
Basic and diluted weighted average number of shares outstanding	<u>105,031,220</u>	<u>73,476,374</u>	<u>104,985,615</u>	<u>73,476,374</u>

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Montage Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Six months ended	
	2021	June 30, 2020
Cash flows for operating activities		
Net loss for the period	\$ (16,685,949)	\$ (2,904,161)
Add non-cash items		
Depreciation of equipment (Note 5)	77,151	61,108
Stock-based compensation expense (Note 6)	456,151	328,653
	<u>(16,152,647)</u>	<u>(2,514,400)</u>
Changes in non-cash working capital items		
Receivables and other assets	435,928	14,276
Accounts payable and accrued liabilities	1,451,503	(353,669)
	<u>(14,265,216)</u>	<u>(2,853,793)</u>
Cash flows for investing activities		
Purchase of equipment	(152,338)	-
	<u>(152,338)</u>	<u>-</u>
Cash flows from financing activities		
Share option exercise	45,000	-
	<u>45,000</u>	<u>-</u>
Foreign exchange on cash and cash equivalents	59,966	52,290
Decrease in cash and cash equivalents	(14,312,588)	(2,801,503)
Cash and cash equivalents, beginning of period	32,751,159	9,590,300
Cash and cash equivalents, end of period	<u>\$ 18,438,571</u>	<u>\$ 6,788,797</u>
Supplemental information		
Interest received	\$ 4,932	\$ 73,088

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Montage Gold Corp
Condensed Interim Consolidated Statements of Changes in Equity
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

	Number of shares issued and outstanding	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total	Non- Controlling Interest	Total
Balance January 1, 2021	104,940,011	\$ 65,410,020	\$ 667,783	\$ (21,074,869)	\$ (427,010)	\$ 44,575,924	-	\$ 44,575,924
Net loss and other comprehensive loss	-	-	-	(16,685,949)	(248,836)	(16,934,785)	-	(16,934,785)
Stock based compensation expense (Note 6)	-	-	456,151	-	-	456,151	-	456,151
Share option exercise	100,000	45,000	-	-	-	45,000	-	45,000
Balance June 30, 2021	105,040,011	\$ 65,455,020	\$ 1,123,934	\$ (37,760,818)	\$ (675,846)	\$ 28,142,290	-	\$ 28,142,290
Balance January 1, 2020	73,476,374	\$ 32,783,085	\$ 148,820	\$ (10,687,123)	\$ (1,201,459)	\$ 21,043,323	\$ 28,180	\$ 21,071,503
Net loss and other comprehensive loss	-	-	-	(2,613,799)	579,801	(2,033,998)	(290,362)	(2,324,360)
Share based compensation (note 6)	-	-	328,653	-	-	328,653	-	328,653
Balance June 30, 2020	73,476,374	\$ 32,783,085	\$ 477,473	\$ (13,300,922)	\$ (621,658)	\$ 19,337,978	\$ (262,182)	\$ 19,075,796

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Montage Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021 and 2020
(All amounts expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

1. NATURE OF OPERATIONS

Montage Gold Corp. ("Montage" or the "Company") is a resource company engaged in the acquisition and exploration of mineral properties in Africa and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of Montage and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of Montage to obtain necessary financing to complete the exploration and development of such properties and upon future profitable production from or disposition of such properties

Montage was incorporated as a wholly owned subsidiary of Orca Gold Inc. ("Orca") under the Business Corporations Act (British Columbia) on July 4, 2019 and its registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C3E8.

On October 23, 2020, Montage completed its initial public offering ("IPO") of an aggregate of 27,272,728 common shares at a price of \$1.10 per share for total proceeds of \$30 million and on October 30, 2020 the underwriters acquired an additional 4,090,909 shares for gross proceeds of approximately \$4.5 million.

Following the Montage IPO on October 23, 2020, Orca's percentage ownership in Montage decreased from 45% to 31.5% and following a reduction in board representation under a new investor agreement Orca has significant influence, rather than control over the Company.

On November 3, 2020 Montage completed the disposal of its 51% interest in its Burkina Faso properties to Predictive Discovery Limited ("Predictive") in exchange for 4,028,477 Predictive shares with a fair value of \$0.2 million.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2020.

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on August 25, 2021.

3. RECEIVABLES AND OTHER ASSETS

	June 30, 2021	December 31, 2020
Prepaid expenses	298,265	734,584
Marketable securities	297,195	241,404
Total receivables and other assets	595,460	975,988

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4. EQUIPMENT

Cost	Camp and Office Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
As at January 1, 2020	25,199	277,021	545,856	848,076
Additions	16,040	-	6,109	22,149
Effects of foreign exchange on translation to presentation currency	1,317	19,513	4,798	25,628
As at December 31, 2020	42,556	296,534	556,763	895,853
Additions	68,090	2,950	81,298	152,338
Effects of foreign exchange on translation to presentation currency	(13,351)	(17,137)	(12,277)	(42,765)
As at June 30, 2021	97,295	282,347	625,784	1,005,426
Accumulated depreciation				
As at January 1, 2020	(16,365)	(17,165)	(346,135)	(379,665)
Depreciation	(5,791)	(96,698)	(35,574)	(138,063)
Effects of foreign exchange on translation to presentation currency	(468)	(3,356)	8,618	4,794
As at December 31, 2020	(22,624)	(117,219)	(373,091)	(512,934)
Depreciation	(4,716)	(47,692)	(24,743)	(77,151)
Effects of foreign exchange on translation to presentation currency	11,188	7,736	1,527	20,451
As at June 30, 2021	(16,152)	(157,175)	(396,307)	(569,634)
Net book amount				
As at December 31, 2020	19,932	179,315	183,672	382,919
As at June 30, 2021	81,143	125,172	229,477	435,792

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5. MINERAL PROPERTIES

Cost	Total
As at January 1, 2020	11,734,994
Effects of foreign exchange on translation to presentation currency	826,593
As at December 31, 2020	12,561,587
Effects of foreign exchange on translation to presentation currency	(532,698)
As at June 30, 2021	12,028,889

Mineral properties includes the Company's predecessor, Orca's acquisition of properties in Côte d'Ivoire for \$5.4 million in 2018 and the acquisition of Avant Minerals Inc's, Côte d'Ivoire permits for \$6.2 million as part of the formation of Montage in 2019.

6. STOCK OPTIONS

Stock option plan

Montage has a stock option plan in which common shares of Montage have been made available for Montage to grant incentive stock options to certain directors, officers, employees and consultants of Montage. Under this stock option plan, the total number of options outstanding at any given point in time cannot exceed 10% of Montage's issued and outstanding common shares. Vesting and terms of the option agreements are at the discretion of the Montage Board of Directors.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of shares (In thousands)	Weighted average exercise price CDN\$
Outstanding at January 1, 2020	5,150	\$0.45
Granted	3,900	\$1.30
Exercised	(100)	\$0.45
Cancelled	(200)	\$0.45
Outstanding at December 31, 2020	8,750	\$0.45
Exercised	(100)	\$0.82
Granted	300	\$0.93
Cancelled	(200)	\$1.30
Outstanding at June 30, 2021	8,750	\$0.82
Exercisable at June 30, 2021	4,567	\$0.70

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The following summarizes information about the stock options outstanding and exercisable at June 30, 2021:

Outstanding options			Exercisable options		
Number of options outstanding (In thousands)	Weighted Average remaining contractual life (Years)	Weighted average exercise price (CDN\$)	Number of options exercisable (In thousands)	Weighted average remaining contractual life (Years)	Weighted average exercise price (CDN\$)
4,750	1.29	\$0.45	3,167	1.29	\$0.45
100	2.21	\$0.55	33	2.21	\$0.55
3,600	2.36	\$1.30	1,267	2.36	\$1.30
300	2.94	\$0.93	100	2.94	\$0.93
<u>8,750</u>	1.80	\$0.82	<u>4,567</u>	1.63	\$0.70

On June 9, 2021 Company granted 300,000 options to certain officers, directors and eligible persons of the Company. The options are exercisable subject to vesting provisions, over a period of three years at a price of \$0.93 per share.

7. ADMINISTRATION COSTS

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
Management and consulting fees	333,722	123,727	630,993	283,587
Office and administration	4,466	35,873	60,940	58,711
Professional fees	360,933	71,960	419,831	108,342
Salaries and benefits	-	7,353	31,231	14,972
Stock based compensation expense	197,662	100,476	411,753	200,952
Travel and promotion	58,647	27,538	81,732	87,389
Total administration costs	\$ 955,430	\$ 366,927	\$ 1,636,480	\$ 753,953

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8. EXPLORATION AND PROJECT INVESTIGATION COSTS

Three months ended June 30,		Côte d'Ivoire	Burkina Faso	Total
2021	Depreciation	40,381	-	40,381
	Drilling	5,575,148	-	5,575,148
	Exploration support and administration	410,755	-	410,755
	Field operation and consumables	224,957	-	224,957
	Geological consulting	7,135	-	7,135
	Permitting and licensing fees	14,506	-	14,506
	Salaries and benefits	289,216	-	289,216
	Sampling, geological and other evaluation costs	1,010,640	-	1,010,640
	Stock-based compensation expense	-	-	-
	Travel and accommodation	25,844	-	25,844
	Total exploration and project investigation costs	7,598,582	-	7,598,582
2020	Depreciation	33,998	-	33,998
	Drilling	379,502	-	379,502
	Exploration support and administration	96,606	52,390	148,996
	Field operation and consumables	20,895	-	20,895
	Geological consulting	4,220	-	4,220
	Permitting and licensing fees	10,708	4,398	15,106
	Salaries and benefits	155,575	45,620	201,195
	Sampling, geological and other evaluation costs	18,934	-	18,934
	Stock-based compensation expense	72,749	-	72,749
	Travel and accommodation	-	9,123	9,123
	Total exploration and project investigation costs	793,187	111,531	904,718

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Six months ended June 30,		Côte d'Ivoire	Burkina Faso	Total
2021	Depreciation	77,151	-	77,151
	Drilling	10,775,653	-	10,775,653
	Exploration support and administration	646,231	-	646,231
	Field operation and consumables	414,121	-	414,121
	Geological consulting	15,156	-	15,156
	Permitting and licensing fees	14,506	-	14,506
	Salaries and benefits	691,652	-	691,652
	Sampling, geological and other evaluation costs	2,168,955	-	2,168,955
	Stock-based compensation expense	44,398	-	44,398
	Travel and accommodation	66,060	-	66,060
	Total exploration and project investigation costs	14,913,883	-	14,913,883
2020	Depreciation	66,987	-	66,987
	Drilling	752,228	-	752,228
	Exploration support and administration	156,464	106,204	262,668
	Field operation and consumables	80,290	-	80,290
	Geological consulting	10,565	20,163	30,728
	Permitting and licensing fees	11,872	4,398	16,270
	Salaries and benefits	387,882	447,580	835,462
	Sampling, geological and other evaluation costs	50,566	-	50,566
	Stock-based compensation expense	127,702	-	127,702
	Travel and accommodation	6,160	15,571	21,731
	Total exploration and project investigation costs	1,650,716	593,916	2,244,632

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9. RELATED PARTY TRANSACTIONS

The related party with which the Company has transacted during the six months to June 30, 2021 was Geodex Consultants Ltd. ("Geodex"). Geodex is related by virtue of their proprietor being a director and officer of the Company. Montage is an associate of Orca and therefore Orca is a related party. There were no related party transactions between Orca and Montage during the period.

Services received from related parties

		Three months ended		Six months ended	
		June 30,		June 30,	
Related party		2021	2020	2021	2020
Geological consulting	Geodex	7,224	7,309	13,665	17,738
Total related party costs		7,224	7,309	13,665	17,738

The Company had no amounts due to related parties as at June 30, 2021 and June 30, 2020.

10. SEGMENT INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in Côte d'Ivoire. The Company holds four permits and eight permit applications in Côte d'Ivoire. Materially all of the Company's administrative costs are incurred by Montage's Canadian legal entities, where materially all of the Company's cash is held in the normal course of business until it is required to be deployed to the Company's operating subsidiaries in support of ongoing and planned work programs. The following are summaries of the Company's current and non-current assets, current liabilities, and net losses by geographical area:

		Côte d'Ivoire	Corporate & Other	Total
June 30, 2021	Current assets	1,620,671	17,413,360	19,034,031
	Equipment	435,792	-	435,792
	Mineral properties	12,028,889	-	12,028,889
	Other assets	18,774	-	18,774
	Total assets	14,104,126	17,413,360	31,517,486
	Current liabilities	3,164,505	210,691	3,375,196
December 31, 2020	Current assets	886,693	32,840,454	33,727,147
	Equipment	382,919	-	382,919
	Mineral properties	12,561,587	-	12,561,587
	Other assets	22,070	-	22,070
	Total assets	13,853,269	32,840,454	46,693,723
	Current liabilities	1,801,548	316,251	2,117,799

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Three months ended June 30,		Côte d'Ivoire	Burkina Faso	Corporate & Other	Total
2021	Exploration and project investigation	7,598,582	-	-	7,598,582
	General administration and other items	-	-	934,437	934,437
	Net loss	7,598,582	-	934,437	8,533,019
2020	Exploration and project investigation	793,187	111,531	-	904,718
	General administration and other items	-	-	260,360	260,360
	Net loss	793,187	111,531	260,360	1,165,078

Six months ended June 30,		Côte d'Ivoire	Burkina Faso	Corporate & Other	Total
2021	Exploration and project investigation	14,913,883	-	-	14,913,883
	General administration and other items	-	-	1,772,066	1,772,066
	Net loss	14,913,883	-	1,772,066	16,685,949
2020	Exploration and project investigation	1,650,716	593,916	-	2,244,632
	General administration and other items	-	-	659,529	659,529
	Net loss	1,650,716	593,916	659,529	2,904,161

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11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities, other receivables, and accounts payable and accrued liabilities. The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities approximate their fair value because of the immediate or short-term maturity of these financial instruments. The fair value of marketable securities is measured using Level 1 inputs using quoted market prices.

The Company's financial instruments are exposed to certain financial risks, including currency, credit and liquidity risk.

a) Currency risk

Foreign currency risk can arise when the Company or its subsidiaries transact in currencies other than their functional currencies or have net financial assets or liabilities which are denominated in currencies other than their respective functional currencies.

As at June 30, 2021, the Company did not have any material foreign currency risk exposure at its operations in Cote d'Ivoire.

b) Credit risk

As at June 30, 2021, the majority of the Company's cash and cash equivalents was held through Canadian institutions with investment grade ratings.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents balances to meet its anticipated operational needs. The Company's accounts payable and accrued liabilities arose as a result of exploration and development of its exploration and evaluation assets and other corporate expenses.

The maturities of the Company's financial liabilities as at June 30, 2021 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	3,375,196	3,375,196	-	-
Total	3,375,196	3,375,196	-	-