

Montage Gold Corp

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,087,599	\$ 9,774,417
Restricted cash – subscription receipts (Note 3)	19,787,125	-
Receivables and other assets (Note 4)	<u>1,679,715</u>	<u>1,499,959</u>
	27,554,439	11,274,376
Equipment (Note 5)	343,308	355,084
Mineral properties (Note 6)	10,998,681	11,767,954
Other assets	<u>15,577</u>	<u>12,274</u>
	<u>\$ 38,912,005</u>	<u>\$ 23,409,688</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	1,408,102	\$1,100,936
Subscription receipts (Note 11)	<u>20,000,000</u>	<u>-</u>
	<u>\$ 21,408,102</u>	<u>\$ 1,100,936</u>
EQUITY		
Equity attributed to common shareholders		
Share capital	68,371,484	65,460,448
Contributed surplus	1,586,807	2,068,802
Accumulated other comprehensive income	(1,780,429)	(655,893)
Deficit	<u>(50,673,959)</u>	<u>(44,564,605)</u>
	17,503,903	22,308,752
	<u>\$ 38,912,005</u>	<u>\$ 23,409,688</u>

Approved by the Board of Directors

(signed) “Alessandro Bitelli”
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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Administration costs (Note 8)	\$ 1,035,686	\$ 832,462	\$ 2,975,656	\$ 2,468,942
Exploration and project investigation costs (Note 9)	689,933	2,567,357	2,587,890	17,481,240
Foreign exchange (gain)/loss	(4,740)	20,089	6,946	160,607
Interest income	(25,420)	(1,684)	(42,847)	(6,616)
Subscription receipts – Interest income (Note 3)	(122,949)	-	(122,949)	-
Subscription receipts – Interest expense (Note 3)	704,658	-	704,658	-
Net loss for the period	<u>\$ 2,277,168</u>	<u>\$ 3,418,224</u>	<u>\$ 6,109,354</u>	<u>\$ 20,104,173</u>
Net loss for the period	\$ 2,277,168	\$ 3,418,224	\$ 6,109,354	\$ 20,104,173
Items that may be subsequently reclassified to net loss:				
(Gain)/Loss on translation to presentation currency	(15,411)	60,887	853,773	365,514
Items that will not be subsequently reclassified to net loss:				
Loss/(Gain) in fair value of marketable securities	36,318	(589,208)	270,763	(644,999)
Comprehensive loss for the period	<u>\$ 2,298,075</u>	<u>\$ 2,889,903</u>	<u>7,233,890</u>	<u>\$ 19,824,688</u>
Basic and diluted loss per common share	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>\$ 0.19</u>
Basic and diluted weighted average number of shares outstanding	<u>106,017,185</u>	<u>105,040,011</u>	<u>105,500,084</u>	<u>105,003,880</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)

	2022	Nine months ended September 30, 2021
Cash flows for operating activities		
Net loss for the period	\$ (6,109,354)	\$ (20,104,173)
Add non-cash items		
Depreciation of equipment (Note 5)	139,024	131,671
Stock-based compensation expense (Note 7)	291,541	683,632
	<u>(5,678,789)</u>	<u>(19,288,870)</u>
Changes in non-cash working capital items		
Receivables and other assets	473,786	584,520
Accounts payable and accrued liabilities	271,673	(1,319,220)
	<u>(4,933,330)</u>	<u>(20,023,570)</u>
Cash flows for investing activities		
Purchase of equipment	(149,371)	(167,172)
	<u>(149,371)</u>	<u>(167,172)</u>
Cash flows from financing activities		
Share option exercise	2,137,500	45,000
Subscription receipts total fees paid (Note 3)	(718,885)	-
	<u>1,418,615</u>	<u>45,000</u>
Foreign exchange on cash and cash equivalents	(22,732)	84,558
Decrease in cash and cash equivalents	(3,686,818)	(20,061,184)
Cash and cash equivalents, beginning of period	9,774,417	32,751,159
Cash and cash equivalents, end of period	<u>\$ 6,087,599</u>	<u>\$ 12,689,975</u>
Supplemental information		
Interest received	\$ 42,847	\$ 1,684

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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
Balance January 1, 2022	105,040,004	\$ 65,460,448	\$ 2,068,802	\$ (44,564,605)	\$ (655,893)	\$ 22,308,752
Net loss and other comprehensive loss	-	-	-	(6,109,354)	(1,124,536)	(7,233,890)
Stock based compensation expense (Note 7)	-	-	291,541	-	-	291,541
Share option exercise	4,750,000	2,911,036	(773,536)	-	-	2,137,500
Balance September 30, 2022	109,790,004	\$ 68,371,484	\$ 1,586,807	\$ (50,673,959)	\$ (1,780,429)	\$ 17,503,903
Balance January 1, 2021	104,940,004	\$ 65,410,020	\$ 667,783	\$ (21,074,869)	\$ (427,010)	\$ 44,575,924
Net loss and other comprehensive loss	-	-	-	(20,104,173)	279,485	(19,824,688)
Stock based compensation expense (Note 7)	-	-	683,632	-	-	683,632
Share option exercise	100,000	45,000	-	-	-	45,000
Balance September 30, 2021	105,040,004	\$ 65,455,020	\$ 1,351,415	\$ (41,179,042)	\$ (147,525)	\$ 25,479,868

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Notes to the Condensed Interim Consolidated Financial Statements
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1. NATURE OF OPERATIONS

Montage Gold Corp. (the "Company" or "Montage" was incorporated under the Business Corporations Act (British Columbia) on July 4, 2019. Montage is a Mineral Resource company engaged in the exploration and development of mineral properties in Côte d'Ivoire which include the Koné Gold Project (previously named the Morondo Gold Project), the Korokaha Gold Project, and the Bobosso Gold Project (collectively, the "Montage Properties"). As at the date hereof, Montage's sole material asset is the Koné Gold Project.

Montage's registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C3E8.

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, 2021. 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, 2021.

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on November 28, 2022.

3. MANKONO-SISSEDOUGOU JOINT VENTURE PROJECT

On June 8, 2022, the Company announced the signing of an acquisition agreement with subsidiaries of both of Barrick Gold Corporation ("Barrick") and Endeavour Mining Corporation ("Endeavour"), pursuant to which the Company would acquire a 100% interest in the Mankono-Sissédougou Joint Venture Project ("the Transaction").

In connection with the Transaction, the Company completed a \$20,000,000 financing of subscription receipts at an issue price of \$0.70 per share ("the Offering"). The Company was due to pay the Underwriters a cash fee equal to 4.0% of the aggregate purchase price of the subscription receipts sold under the Offering (other than the subscribers that were on the president's list, which equated to \$8,750,000 of the total subscription receipts of \$20,000,000). The gross proceeds from the sale of the subscription receipts, less 25% of the underwriting fee and underwriter legal expenses related to the Offering were deposited and were held in escrow by Endeavor Trust Corporation, as subscription receipt agent, pending the satisfaction or waiver of the escrow release conditions.

While held in escrow, the proceeds from the sale of the subscription receipts accrued interest for the benefit of the subscription receipt holders as follows:

- 10.0% per annum, payable in cash on the earlier of (i) the satisfaction of the escrow release conditions; and (ii) the termination date or such earlier date if the escrow release conditions will not be met in accordance with the Subscription Receipt Agreement ("SRA"); and
- 6.0% per annum payable in cash on the two month anniversary following June 30, 2022 ("bonus interest payment"), and each subsequent two month anniversary of the prior bonus interest

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payment date (each such two month period until the earlier of (i) the satisfaction of the escrow release conditions; and (ii) the termination date or such earlier date if the escrow release conditions will not be met in accordance with the SRA. No interest shall accrue in accordance with the foregoing and no bonus interest shall be payable for any partial bi-monthly period.

Reconciliation of restricted cash and subscription receipts liability – September 30, 2022:

As part of the \$20,000,000 financing the Company incurred underwriter fees of \$112,500 and underwriter legal fees of \$100,375 totalling costs of \$212,875, which were paid from the gross subscription proceeds. The Company also incurred transaction legal fees and TSXV fees for the financing totalling \$718,885 to September 30, 2022.

During Q3, 2022 the Company paid the first bonus interest payment for the two-month period from July 1, 2022 to August 30, 2022 of \$200,548 and has accrued the 10% per annum interest payment to September 30, 2022 for \$504,110.

The Company has earned \$122,949 of interest on the restricted cash of \$19,787,125.

Restricted Cash – Subscription receipts held by Escrow Agent and interest income receivable

Gross subscription receipts	20,000,000
Underwriter and underwriter legal fees incurred	(212,875)
Restricted cash held in escrow excluding interest income receivable	19,787,125
Interest income receivable to September 30, 2022	122,949
Subscription receipts in escrow and interest income receivable as at September 30, 2022	19,910,074

Total fees and interest paid to September 30, 2022:

Underwriter and underwriter legal fees paid	(212,875)
Montage transaction legal fees and TSXV fees	(506,010)
Total fees paid to September 30, 2022	(718,885)
Subscription receipts interest paid – August 30 th payment	(200,548)
Total fees and interest paid	(919,433)

Short term liabilities – subscription receipts **(20,000,000)**

Interest payable (note 11)	(504,110)
Total subscription receipts payable	(20,504,110)

Interest expense

Subscription receipts interest paid – August 30 th payment	(200,548)
Interest payable (note 11)	(504,110)
Total interest expense	(704,658)

On November 21, 2022, Montage closed the Transaction. As part of closing the Transaction, escrow funds of \$14.5 million were paid to Barrick and Endeavour as consideration, underwriter fees of \$0.3 million were paid and the Company received the net funds of \$5.2 million from the escrow agent.

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The Company separately paid interest of \$0.8 million for the 10% interest payable to subscription receipts for the period June 30 to November 21, 2022. Prior to Transaction close, the Company paid a bonus interest payment in Q4, 2022 for \$0.2 million.

As part of the Transaction the Company has issued 28,571,429 common shares of Montage to the subscription receipts holders for conversion of the subscription receipts and has issued 22,142,857 common shares of Montage to Barrick and Endeavour as part of the total Transaction consideration.

4. RECEIVABLES AND OTHER ASSETS

	September 30, 2022	December 31, 2021
Prepaid expenses	176,081	567,396
Marketable securities	661,800	932,563
Subscription receipts – Fees paid	718,885	-
Subscription receipts – Interest receivable	122,949	-
Total receivables and other assets	1,679,715	1,499,959

5. EQUIPMENT

Cost	Camp and Office Equipment	Vehicles and Mobile Equipment	Field and Camp Equipment	Total
As at January 1, 2021	42,556	296,534	556,763	895,853
Additions	83,451	2,886	83,609	169,946
Effects of foreign exchange on translation to presentation currency	(12,180)	(23,197)	(16,619)	(51,996)
As at December 31, 2021	113,827	276,223	623,753	1,013,803
Additions	32,356	81,702	35,313	149,371
Effects of foreign exchange on translation to presentation currency	(15,467)	(18,057)	(8,508)	(42,032)
As at September 30, 2022	130,716	339,868	650,558	1,121,142
Accumulated depreciation				
As at January 1, 2021	(22,624)	(117,219)	(373,091)	(512,934)
Depreciation	(32,337)	(94,587)	(54,083)	(181,007)
Effects of foreign exchange on translation to presentation currency	11,056	11,843	12,323	35,222
As at December 31, 2021	(43,905)	(199,963)	(414,851)	(658,719)
Depreciation	(35,667)	(63,361)	(39,996)	(139,024)
Effects of foreign exchange on translation to presentation currency	5,563	11,891	2,455	19,909
As at September 30, 2022	(74,009)	(251,433)	(452,392)	(777,834)
Net book amount				
As at December 31, 2021	69,922	76,260	208,902	355,084
As at September 30, 2022	56,707	88,435	198,166	343,308

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6. MINERAL PROPERTIES

Cost	Total
As at January 1, 2021	12,561,587
Effects of foreign exchange on translation to presentation currency	(793,633)
As at December 31, 2021	11,767,954
Effects of foreign exchange on translation to presentation currency	(769,273)
As at September 30, 2022	10,998,681

Mineral properties include the Company's predecessor, Orca Gold Inc.'s acquisition of Kinross properties in Côte d'Ivoire for \$5.4 million in 2018 and the acquisition of Avant Minerals Côte d'Ivoire permits for \$6.2 million in 2019.

7. STOCK OPTIONS

Stock option plan

The total stock based compensation for the nine months to September 30, 2022 was \$0.3m (2021: \$0.7m). A total 4,750,000 options were exercised to September 30, 2022 with an exercise price of \$0.45 per share.

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, 2021	8,750	\$0.82
Granted	700	\$0.83
Exercised	(100)	\$0.45
Cancelled	(200)	\$1.30
Expired	(100)	\$1.30
Outstanding at December 31, 2021	9,050	\$0.81
Exercised	(4,750)	\$0.45
Granted	500	\$0.73
Outstanding at September 30, 2022	4,800	\$1.16
Exercisable at September 30, 2022	2,714	\$1.23

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The following summarizes information about the stock options outstanding and exercisable at September 30, 2022:

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\$)
100	0.96	\$0.55	67	0.96	\$0.55
3,500	1.11	\$1.30	2,333	1.11	\$1.30
300	1.69	\$0.93	100	1.69	\$0.93
400	1.69	\$0.75	133	1.69	\$0.75
300	2.59	\$0.81	81	2.59	\$0.81
200	2.98	\$0.60	-	2.98	\$0.60
<u>4,800</u>	1.36	\$1.16	<u>2,714</u>	1.20	\$1.23

On May 2, 2022 and September 8, 2022, the Company granted 300,000 and 200,000 options respectively 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 \$0.81 and \$0.60 per share respectively.

8. ADMINISTRATION COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Management and consulting fees	413,445	318,354	1,255,253	949,346
Office and administration	45,795	32,995	87,908	93,935
Professional fees	323,582	190,450	1,003,530	610,281
Salaries and benefits	33,344	8,923	64,308	40,154
Stock based compensation expense	97,796	193,818	269,932	605,571
Travel and promotion	121,724	87,922	294,725	169,655
Total administration costs	1,035,686	832,462	2,975,656	2,468,942

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9. EXPLORATION AND PROJECT INVESTIGATION COSTS – COTE D’IVOIRE

Three months ended September 30,	2022	2021
Depreciation	43,701	54,520
Drilling	-	1,076,153
Exploration support and administration	269,366	136,238
Field operation and consumables	83,401	95,295
Geological consulting	25,757	12,074
Permitting and licensing fees	270	2,415
Salaries and benefits	155,187	228,772
Sampling, geological and other evaluation costs	95,740	899,343
Stock-based compensation expense	3,952	33,663
Travel and accommodation	12,559	28,884
Total exploration and project investigation costs	689,933	2,567,357

Nine months ended September 30,	2022	2021
Depreciation	139,024	131,671
Drilling	137,191	11,851,806
Exploration support and administration	431,096	782,470
Field operation and consumables	268,133	509,416
Geological consulting	775,769	27,230
Permitting and licensing fees	7,974	16,921
Salaries and benefits	523,513	920,424
Sampling, geological and other evaluation costs	225,701	3,068,298
Stock-based compensation expense	21,609	78,061
Travel and accommodation	57,880	94,943
Total exploration and project investigation costs	2,587,890	17,481,240

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10. SEGMENT INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in Africa. The information regarding mineral properties and exploration and project investigation costs presented in Notes 6 and 9, respectively, represent the manner in which management reviews its business performance. The Company's mineral properties and exploration and project investigation costs are located in Côte d'Ivoire. The Company owns five permits and seven permit applications in Côte d'Ivoire. The Company's non-current assets are located in Côte d'Ivoire.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash (subscription receipts), marketable securities, receivables and other assets, and accounts payable, accrued liabilities and subscription receipts liabilities. The carrying amounts of cash and cash equivalents, restricted cash (subscription receipts), marketable securities, receivables and other assets, accounts payable, accrued liabilities, subscription receipts 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 September 30, 2022, the Company did not have any material foreign currency risk exposure at its operations in Cote d'Ivoire.

b) Credit risk

As at September 30, 2022, the majority of the Company's cash and cash equivalents was held through Canadian institutions with investment grade ratings with \$0.3 million or 5% held in accounts with a rating of B or lower.

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, accrued liabilities and subscription receipts 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, accrued liabilities and subscription receipts liabilities arose as a result of exploration and development of its exploration and evaluation assets, financing and other corporate expenses.

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The maturities of the Company's financial liabilities as at September 30, 2022 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	903,994	903,994	-	-
Interest payable (Note 3)	504,110	504,110	-	-
Subscription receipts (Note 3)	20,000,000	20,000,000	-	-
Total	21,408,104	21,408,104	-	-