

# **Montage Gold Corp**

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,167,990	\$ 9,774,417
Restricted cash – subscription receipts (Note 3)	19,747,125	-
Receivables and other assets (Note 4)	<u>1,431,686</u>	<u>1,499,959</u>
	27,346,801	11,274,376
Equipment (Note 5)	300,825	355,084
Mineral properties (Note 6 )	11,006,353	11,767,954
Other assets	<u>13,738</u>	<u>12,274</u>
	<u>\$ 38,667,717</u>	<u>\$ 23,409,688</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	969,988	\$1,100,936
Subscription receipts (note 3)	<u>20,000,000</u>	<u>-</u>
	<u>\$ 20,969,988</u>	<u>\$ 1,100,936</u>
<b>EQUITY</b>		
Equity attributed to common shareholders		
Share capital	65,644,295	65,460,448
Contributed surplus	2,209,748	2,068,802
Accumulated other comprehensive income	(1,759,523)	(655,893)
Deficit	<u>(48,396,791)</u>	<u>(44,564,605)</u>
	17,697,729	22,308,752
	<u>\$ 38,667,717</u>	<u>\$ 23,409,688</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)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Administration costs (Note 8)	\$ 942,822	\$ 955,430	\$ 1,939,970	\$ 1,636,480
Exploration and project investigation costs (Note 9)	619,596	7,598,582	1,897,957	14,913,883
Foreign exchange (gain)/loss	1,537	(16,061)	11,686	140,518
Interest income	-	(4,932)	(17,427)	(4,932)
Net loss for the period	<u>\$ 1,563,955</u>	<u>\$ 8,533,019</u>	<u>3,832,186</u>	<u>\$ 16,685,949</u>
Net loss for the period	\$ 1,563,955	\$ 8,533,019	\$ 3,832,186	\$ 16,685,949
Items that may be subsequently reclassified to net loss:				
Loss on translation to presentation currency	422,739	64,093	869,184	304,627
Items that will not be subsequently reclassified to net loss:				
Change in fair value of marketable securities	94,528	(37,111)	234,445	(55,791)
Comprehensive loss for the period	<u>\$ 2,081,222</u>	<u>\$ 8,560,001</u>	<u>4,935,815</u>	<u>\$ 16,934,785</u>
Basic and diluted loss per common share	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.16</u>
Basic and diluted weighted average number of shares outstanding	<u>105,340,004</u>	<u>105,031,220</u>	<u>105,237,249</u>	<u>104,985,615</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)**

	<b>Six months ended</b>	
	<b>2022</b>	<b>June 30, 2021</b>
Cash flows for operating activities		
Net loss for the period	\$ (3,832,186)	\$ (16,685,949)
Add non-cash items		
Depreciation of equipment (Note 5)	95,323	77,151
Stock-based compensation expense (Note 7)	189,793	456,151
	<u>(3,547,070)</u>	<u>(16,152,647)</u>
Changes in non-cash working capital items		
Receivables and other assets	81,487	435,928
Accounts payable and accrued liabilities	<u>(164,681)</u>	<u>1,451,503</u>
	<u>(3,630,264)</u>	<u>(14,265,216)</u>
Cash flows for investing activities		
Purchase of equipment	<u>(61,636)</u>	<u>(152,338)</u>
	<u>(61,636)</u>	<u>(152,338)</u>
Cash flows from financing activities		
Share option exercise	<u>135,000</u>	45,000
	135,000	45,000
Foreign exchange on cash and cash equivalents	(49,527)	59,966
Decrease in cash and cash equivalents	(3,606,427)	(14,312,588)
Cash and cash equivalents, beginning of period	9,774,417	32,751,159
Cash and cash equivalents, end of period	<u>\$ 6,167,990</u>	<u>\$ 18,438,571</u>
Supplemental information		
Interest received	-	\$ 4,932

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**Montage Gold Corp**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
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	<b>Number of shares issued and outstanding</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total</b>
<b>Balance January 1, 2022</b>	<b>105,040,004</b>	<b>\$ 65,460,448</b>	<b>\$ 2,068,802</b>	<b>\$ (44,564,605)</b>	<b>\$ (655,893)</b>	<b>\$ 22,308,752</b>
Net loss and other comprehensive loss	-	-	-	(3,832,186)	(1,103,630)	(4,935,816)
Stock based compensation expense (Note 7)	-	-	189,793	-	-	189,793
Share option exercise	300,000	183,847	(48,847)	-	-	135,000
<b>Balance June 30, 2022</b>	<b>105,340,004</b>	<b>\$ 65,644,295</b>	<b>\$ 2,209,748</b>	<b>\$ (48,396,791)</b>	<b>\$ (1,759,523)</b>	<b>\$ 17,697,729</b>
<b>Balance January 1, 2021</b>	<b>104,940,004</b>	<b>\$ 65,410,020</b>	<b>\$ 667,783</b>	<b>\$ (21,074,869)</b>	<b>\$ ( 427,010)</b>	<b>\$ 44,575,924</b>
Net loss and other comprehensive loss	-	-	-	(16,685,949)	(248,836)	(16,934,785)
Stock based compensation expense (Note 7)	-	-	456,151	-	-	456,151
Share option exercise	100,000	45,000	-	-	-	45,000
<b>Balance June 30, 2021</b>	<b>105,040,004</b>	<b>\$ 65,455,020</b>	<b>\$ 1,123,934</b>	<b>\$ (37,760,818)</b>	<b>\$ (675,846)</b>	<b>\$ 28,142,290</b>

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**Montage Gold Corp.**  
**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 August 29, 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 will acquire a 100% interest in the Mankono-Sissédougou Joint Venture Project ("the Transaction"). The Transaction will close upon the award of a particular exploration permit that is currently under application. The agreements provide for an outside date of December 7, 2022 for closing of the Transaction, which can be extended if agreed by the parties.

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 shall 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 are 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 will accrue 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

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- 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 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.

Upon closing of the Transaction, the Company will issue 22,142,857 shares to Barrick and Endeavour and pay an aggregate cash payment of \$14.5 million and delivery of net smelter returns of 1.4% and 0.6% to Barrick and Endeavour, respectively.

**Reconciliation of restricted cash and subscription receipts liability:**

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. A further \$40,000 of subscription receipts were received on July 4, 2022, which resulted in net funds of \$19,747,125 being held in escrow by Endeavour Trust Corporation as at June 30, 2022.

The Company also incurred transaction legal fees and TSXV fees for the financing totalling \$145,430. It is forecast that outstanding transaction costs include underwriter fees of \$337,500 (75% of the underwriting fee) and legal and other fees of up to \$400,000. If the transaction does not close, the underwriter fee of \$337,500 will not be paid.

**Restricted Cash - Subscription receipts held by Escrow Agent**

Gross subscription receipts	20,000,000
Subscription receipts received on July 4, 2022	(40,000)
Underwriter and underwriter legal fees incurred	(212,875)
<b>Funds held in escrow as at June 30, 2022</b>	<b>19,747,125</b>

**Receivables and other assets:**

Subscription receipts received on July 4, 2022	40,000
<b>Total fees paid to June 30, 2022:</b>	
Underwriter and underwriter legal fees paid	212,875
Montage transaction legal fees and TSXV fees	145,430
<b>Total fees paid to June 30, 2022</b>	<b>358,305</b>
<b>Total receivables and other assets</b>	<b>398,305</b>
Montage transaction legal fees and TSXV fees	(145,430)
<b>Total subscription receipts</b>	<b>20,000,000</b>
<b>Short term liabilities - subscription receipts</b>	<b>(20,000,000)</b>

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
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**4. RECEIVABLES AND OTHER ASSETS**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Prepaid expenses	335,264	567,396
Marketable securities	698,117	932,563
Other assets (note 3)	398,305	-
<b>Total receivables and other assets</b>	<b>1,431,686</b>	<b>1,499,959</b>

**5. EQUIPMENT**

<b>Cost</b>	<b>Camp and Office Equipment</b>	<b>Vehicles and Mobile Equipment</b>	<b>Field and Camp Equipment</b>	<b>Total</b>
<b>As at January 1, 2021</b>	<b>42,556</b>	<b>296,534</b>	<b>556,763</b>	<b>895,853</b>
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)
<b>As at December 31, 2021</b>	<b>113,827</b>	<b>276,223</b>	<b>623,753</b>	<b>1,013,803</b>
Additions	26,299	-	35,337	61,636
Effects of foreign exchange on translation to presentation currency	(5,556)	(17,877)	(18,083)	(41,516)
<b>As at June 30, 2022</b>	<b>134,570</b>	<b>258,346</b>	<b>641,007</b>	<b>1,033,923</b>
<b>Accumulated depreciation</b>				
<b>As at January 1, 2021</b>	<b>(22,624)</b>	<b>(117,219)</b>	<b>(373,091)</b>	<b>(512,934)</b>
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
<b>As at December 31, 2021</b>	<b>(43,905)</b>	<b>(199,963)</b>	<b>(414,851)</b>	<b>(658,719)</b>
Depreciation	(23,404)	(44,409)	(27,510)	(95,323)
Effects of foreign exchange on translation to presentation currency	1,782	14,293	4,869	20,944
<b>As at June 30, 2022</b>	<b>(65,527)</b>	<b>(230,079)</b>	<b>(437,492)</b>	<b>(733,098)</b>
<b>Net book amount</b>				
<b>As at December 31, 2021</b>	<b>69,922</b>	<b>76,260</b>	<b>208,902</b>	<b>355,084</b>
<b>As at June 30, 2022</b>	<b>69,043</b>	<b>28,267</b>	<b>203,515</b>	<b>300,825</b>

**Montage Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**6. MINERAL PROPERTIES**

<b>Cost</b>	<b>Total</b>
<b>As at January 1, 2021</b>	<b>12,561,587</b>
Effects of foreign exchange on translation to presentation currency	(793,633)
<b>As at December 31, 2021</b>	<b>11,767,954</b>
Effects of foreign exchange on translation to presentation currency	(761,601)
<b>As at June 30, 2022</b>	<b>11,006,353</b>

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 period ended June 30, 2022 was \$0.2m (2021: \$0.5m).

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	(300)	\$0.45
Granted	300	\$0.81
Outstanding at June 30, 2022	9,050	\$0.82
Exercisable at June 30, 2022	7,183	\$0.76

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The following summarizes information about the stock options outstanding and exercisable at June 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\$)
4,450	0.21	\$0.45	4,450	0.21	\$0.45
100	1.21	\$0.55	67	1.21	\$0.55
3,500	1.36	\$1.30	2,333	1.36	\$1.30
300	1.94	\$0.93	100	1.94	\$0.93
400	2.19	\$0.75	133	2.19	\$0.75
300	2.84	\$0.81	100	2.84	\$0.81
<u>9,050</u>	0.90	\$0.82	<u>7,183</u>	0.69	\$0.74

On May 2, 2022, the 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 \$0.81 per share.

## 8. ADMINISTRATION COSTS

	Three months ended		Six months ended	
	2022	June 30, 2021	2022	June 30, 2021
Management and consulting fees	429,402	333,722	841,808	630,993
Office and administration	7,308	4,466	42,113	60,940
Professional fees	349,631	360,933	679,948	419,831
Salaries and benefits	12,249	-	30,964	31,231
Stock based compensation expense	100,366	197,662	172,136	411,753
Travel and promotion	43,866	58,647	173,001	81,732
<b>Total administration costs</b>	<b>942,822</b>	<b>955,430</b>	<b>1,939,970</b>	<b>1,636,480</b>

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

<b>Three months ended June 30,</b>	<b>2022</b>	<b>2021</b>
Depreciation	45,266	40,381
Drilling	-	5,575,148
Exploration support and administration	100,919	410,755
Field operation and consumables	80,127	224,957
Geological consulting	108,704	7,135
Permitting and licensing fees	1,077	14,506
Salaries and benefits	169,446	289,216
Sampling, geological and other evaluation costs	84,394	1,010,640
Stock-based compensation expense	8,877	-
Travel and accommodation	20,786	25,844
<b>Total exploration and project investigation costs</b>	<b>619,596</b>	<b>7,598,582</b>

<b>Six months ended June 30,</b>	<b>2022</b>	<b>2021</b>
Depreciation	95,323	77,151
Drilling	137,191	10,775,653
Exploration support and administration	161,730	646,231
Field operation and consumables	184,732	414,121
Geological consulting	750,012	15,156
Permitting and licensing fees	7,704	14,506
Salaries and benefits	368,326	691,652
Sampling, geological and other evaluation costs	129,961	2,168,955
Stock-based compensation expense	17,657	44,398
Travel and accommodation	45,321	66,060
<b>Total exploration and project investigation costs</b>	<b>1,897,957</b>	<b>14,913,883</b>

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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, other receivables, and accounts payable, accrued liabilities and subscription receipt 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, 2022, 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, 2022, the majority of the Company's cash and cash equivalents was held through Canadian institutions with investment grade ratings with \$850,240 or 14% 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 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.

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

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	969,988	969,988	-	-
Subscription receipts (note 3)	20,000,000	20,000,000	-	-
<b>Total</b>	<b>20,969,988</b>	<b>20,969,988</b>	-	-