

Montage Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021



Independent auditor's report

To the Shareholders of Montage Gold Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Montage Gold Corp. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment indicators of mineral properties</p> <p><i>Refer to note 3 – Summary of significant accounting policies, note 4 – Critical accounting judgments and note 8 – Mineral properties to the consolidated financial statements.</i></p> <p>The total book value of mineral properties, which is comprised entirely of exploration and evaluation assets, amounted to \$42.2 million as at December 31, 2022. At each reporting period, management assesses whether there is an indication that an asset or group of assets may be impaired. If any such indicator exists, then management estimates the recoverable amount of the asset and compares it against the asset's carrying value. Indicators of impairment may include (i) expiry of the licence where renewal is not expected; (ii) substantive expenditure is not planned for the foreseeable future; (iii) poor exploration results or data which shows that it is not economically viable; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2022.</p> <p>We considered this a key audit matter due to the significance of the mineral properties assets and the judgments by management in its assessment of indicators of impairment related to mineral properties assets, and these have resulted in a high degree of subjectivity in performing procedures.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Assessed the judgments made by management in identifying impairment indicators, which included the following:<ul style="list-style-type: none">– Obtained, for a sample of licences, evidence to support (i) the right to explore the area and (ii) claim expiration dates.– Read the board of directors' minutes and obtained budget approvals to evidence continued and planned substantive expenditures for the foreseeable future, which included evaluating the results of management's work programs and whether licences are not being renewed.– Assessed whether poor exploration results or data show that the mineral properties are not economically viable, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.



Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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



As 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 27, 2023

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

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,020,729	\$ 9,774,417
Receivables and other assets (Note 6)	1,330,578	1,499,959
	<u>9,351,307</u>	<u>11,274,376</u>
Equipment (Note 7)	412,553	355,084
Mineral properties (Note 8)	42,179,104	11,767,954
Other assets	23,422	12,274
	<u>51,966,386</u>	<u>23,409,688</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 18)	\$2,168,255	\$1,100,936
EQUITY		
Share capital	102,993,680	65,460,448
Contributed surplus	1,995,625	2,068,802
Deficit	(54,347,820)	(44,564,605)
Accumulated other comprehensive income	(843,354)	(655,893)
	<u>49,798,131</u>	<u>22,308,752</u>
	<u>\$ 51,966,386</u>	<u>\$ 23,409,688</u>

Subsequent Event (note 19)

Approved by the Board of Directors

(signed) "Alessandro Bitelli"
Director

(signed) "Richard P. Clark"
Director

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

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

	Year ended December 31, 2022	Year ended December 31, 2021
Administration costs (Note 11)	\$ 4,014,170	\$ 3,927,953
Exploration and project investigation costs (Note 12)	4,796,228	19,586,900
Foreign exchange gain	111,491	(5,717)
Interest income	(329,646)	(19,400)
Interest expense	1,190,972	-
Net loss for the year	<u>9,783,215</u>	<u>23,489,736</u>
Items that may be subsequently reclassified to net loss:		
(Gain)/Loss on translation to presentation currency	(75,025)	920,196
Items that will not be subsequently reclassified to net loss:		
Loss/(Gain) in fair value of marketable securities	262,486	(691,313)
Comprehensive loss for the year	<u>\$ 9,970,676</u>	<u>\$ 23,718,619</u>
Basic and diluted loss per common share	<u>\$0.09</u>	<u>\$0.22</u>
Basic and diluted weighted average number of shares outstanding	<u>112,000,161</u>	<u>105,013,162</u>

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

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

	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from (used in) operating activities		
Net loss for the year	\$ (9,783,215)	\$ (23,489,736)
Add non-cash items		
Depreciation (Note 7)	190,977	181,007
Stock-based compensation expense (Note 10)	700,359	1,406,447
	<u>(8,891,879)</u>	<u>(21,902,282)</u>
Changes in non-cash working capital items		
Receivables and other assets	(104,820)	162,750
Accounts payable and accrued liabilities	1,067,210	(875,931)
	<u>(7,929,489)</u>	<u>(22,615,463)</u>
Cash flows from (used in) investing activities		
Purchase of equipment (Note 7)	(250,235)	(169,946)
Mankono-Sissédougou Joint Venture Project Acquisition	(14,827,258)	-
	<u>(15,077,493)</u>	<u>(169,946)</u>
Cash flows from (used in) financing activities		
Subscription receipts (note 5)	20,000,000	-
Share issuance costs (note 5)	(877,804)	-
Proceeds from exercise of stock options	2,137,500	45,000
	<u>21,259,696</u>	<u>45,000</u>
Foreign exchange on cash and cash equivalents	<u>(6,402)</u>	<u>(236,333)</u>
Decrease in cash and cash equivalents	(1,753,688)	(22,976,742)
Cash and cash equivalents, beginning of year	9,774,417	32,751,159
Cash and cash equivalents, end of year	<u>8,020,729</u>	<u>9,774,417</u>
Supplemental information		
Interest received	\$329,646	\$ 19,400
Interest paid	1,190,972	-

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

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

	Number of shares issued and outstanding	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
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	-	-	-	(23,489,736)	(228,883)	(23,718,619)
Stock option exercise	100,000	50,428	(5,428)	-	-	45,000
Stock based compensation	-	-	1,406,447	-	-	1,406,447
Balance December 31, 2021	105,040,004	\$ 65,460,448	\$ 2,068,802	\$ (44,564,605)	\$ (655,893)	\$ 22,308,752
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	-	-	-	(9,783,215)	(187,461)	(9,970,676)
Exercise of stock options	4,750,000	2,911,036	(773,536)	-	-	2,137,500
Stock based compensation expense (note 10)	-	-	700,359	-	-	700,359
Shares issued to subscription receipt holders (note 5)	28,571,429	20,000,000	-	-	-	20,000,000
Shares issued to Barrick and Endeavour (note 5)	22,142,857	15,500,000	-	-	-	15,500,000
Share issue costs (note 5)	-	(877,804)	-	-	-	(877,804)
Balance December 31, 2022	160,504,290	102,993,680	1,995,625	(54,347,820)	(843,354)	49,798,131

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

Montage Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

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"). On November 21, 2022, Montage completed its acquisition of the Mankono-Sissédougou Joint Venture Project from both Barrick Gold Corporation ("Barrick") and Endeavour Mining plc ("Endeavour"). The Mankono-Sissédougou Joint Venture Project properties include the Sisséplé Exploration Permit (PR 920), the Gbongogo Exploration Permit (PR 919), and the Sissédougou Exploration Permit (PR 842) (the "Mankono Properties") which are now part of the Koné Gold Project.

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

The Company's significant subsidiaries include:

Operating Entities	Ownership
Côte d'Ivoire	
Orca Gold CDI S.a.r.l	100%
Shark Mining CDI S.a.r.l	100%
Hammerhead Resources CDI	100%
XMI S.a.r.l	100%
Mankono Exploration S.A.	100%
Holding Entities	
Ghazal Resources Inc	100%
Ghazal Minerals Company Limited	100%
Mankono Exploration Limited	100%

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements, including comparatives, are prepared on a historical cost basis.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 27, 2023.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare these consolidated financial statements are outlined below. These accounting policies have been applied by all of Montage's subsidiaries, as necessary, to ensure consistency with the policies adopted by the Company.

a) Consolidation

These financial statements consolidate the financial statements of the Company and its subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions between group companies are eliminated in full on consolidation.

(i) Subsidiaries

Subsidiaries are entities controlled by Montage. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power, directly or indirectly, to govern the financial and operating policies of that investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Acquisitions

The acquisition method of accounting is used to account for acquisitions. The cost of an acquisition is measured as the aggregate fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

If the investee constitutes a business, as defined by IFRS, the acquisition is accounted for as a business combination whereby identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in net loss.

If the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition, whereby the cost of the acquisition is allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. No goodwill can be recognized in an asset acquisition.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent company and a Canadian holding company is the Canadian dollar. The functional currency of Orca Gold CDI, Shark Mining CDI S.a.r.l, Hammerhead Resources CDI and XMI S.a.r.l is the West African Franc. The consolidated financial statements are presented in Canadian dollars.

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The results and financial positions of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities for each statement of financial position presented are translated using the exchange rate prevailing at the date of that statement of financial position.
- b) Income, expenses, and other comprehensive loss for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- c) All resulting exchange differences are recognized as a separate component of equity and in other comprehensive loss.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from changes in the translation rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss within the consolidated statement of comprehensive loss.

c) Equipment

Equipment is carried at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to its present condition and location for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The depreciation rates and methods are as follows:

Computer equipment	straight line basis over 2 to 4 years
Office furniture and equipment	straight line basis over 4 to 10 years
Vehicles and mobile equipment	straight line basis over 6 to 7 years
Field and camp equipment	straight line basis over 4 years

The assets' residual values, depreciation methods, and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of, the difference between the net sale proceeds and its carrying amount is recognized as a gain or loss within net loss on the consolidated statement of comprehensive loss.

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d) Exploration and evaluation expenditure and mineral properties

Exploration and evaluation expenditures comprise costs which are directly attributable to: researching and analyzing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditures also include the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditures are expensed as incurred except for the costs associated with the acquisition of mineral interests. Once a mineral property's technical feasibility and commercial viability is demonstrable, all further expenditures for the current year and subsequent years are capitalized as incurred and subsequently amortized on a units of production based on the proven and probable reserves of the assets they relate to. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination a factors, including the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document, the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in a feasibility study and the status of environment permits and mining leases or permits. Once a mineral property's technical feasibility and commercial viability is demonstrable an impairment test on the asset is completed. The impairment test is performed under the Company's impairment of non-financial assets policy.

e) Impairment of non-financial assets

At each reporting period, the Company assesses whether there is an indication that an asset or group of assets may be impaired. For exploration and evaluation assets, facts and circumstances which indicate that the Company should test for impairment include expiry of the exploration licence where renewal is not expected, substantive expenditure is not planned for the foreseeable future, poor exploration results or data which shows that it is not economically viable, or any other facts and circumstances that suggest that the carrying amount exceeds the recoverable amount. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset's carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of loss and comprehensive loss during the period.

Reversals of impairment are assessed at each reporting period where there is an indication that an impairment loss recognized previously may no longer exist or has decreased. If an impairment reversal indicator exists, the recoverable amount is calculated. If the recoverable amount exceeds the carrying amount, the carrying value of the asset is increased to the recoverable amount net of depreciation. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in the consolidated statement of loss and comprehensive loss in the period it is determined.

f) Financial instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition

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except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

Trade and other receivables

Trade and other receivables and fixed rate investments are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Accounts payable

Accounts payable and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

Marketable securities

The Company has investments in marketable securities which are measured at fair value.

g) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost based on a probability-weighted estimate of credit losses over the expected life of the financial asset. The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby 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 loss 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 twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks, including monetary instruments that may be cashed or redeemed within three months of purchase with insignificant changes in value.

i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the related proceeds, net of applicable tax.

j) Income tax

Tax is recognized in net loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the tax is recognized in other comprehensive loss or directly in equity, respectively.

The current income tax expense is the expected tax payable on the taxable income for the year plus any adjustment to tax payable in respect of previous years. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries and associates operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

k) Stock-based compensation

Share-based compensation arises when the Company issues equity instruments as consideration for services received from employees and non-employees. Its amount is calculated based on the fair value of shares or stock options awarded to employees, measured on their grant date.

The fair value of the shares and stock options is recognized as an expense over their vesting period with a corresponding increase in equity.

l) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: (1) the Company has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a component of finance expense.

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4. CRITICAL ACCOUNTING JUDGMENTS

Management exercises judgement in applying the entity's accounting policies. Areas where critical accounting judgments have the most significant effect on the consolidated financial statements include:

Assessment of impairment indicators

The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes periodic reviews of its mineral properties for indicators of impairment, which requires the Company to exercise key judgements, including but not limited to, the Company's right to explore the mineral property, whether the Company has further plans or budgets for substantive expenditures for the ongoing exploration and evaluation of the mineral property, the impact of exploration and evaluation results to date with respect to the mineral property, and the likelihood that the carrying value of the mineral property will be recovered in the future through development or sale of the asset. If indicators of impairment are identified, the Company would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their fair value, which also requires the Company to make significant judgments and estimates. The judgments and estimates mentioned above are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties.

The Company has determined that no indicators of impairment exist for its mineral properties as of December 31, 2022.

Income taxes

The assessment of income taxes involves the probability of realizing deferred tax assets, in relation to the expectation of future taxable income, applicable tax opportunities and the expected timing of reversals of existing temporary differences. Judgment is also required on the application of income tax legislation. These judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision.

5. MANKONO- SISSEDOUGOU JOINT VENTURE PROJECT

On June 8, 2022, the Company announced the signing of an acquisition agreement with subsidiaries of both Barrick and Endeavour, pursuant to which the Company would acquire a 100% interest in the Mankono-Sissédougou Joint Venture Project ("the Transaction"). Montage acquired Mankono Exploration SA based in Jersey and the operating entity, Mankono Exploration SA in Côte d'Ivoire. Management concluded that the acquisition is an asset acquisition when applying the guidance within IFRS 3, Business Combinations. There were no physical assets, cash or liabilities acquired with these entities and the consideration paid was attributed to mineral properties for the Mankono-Sissédougou Joint Venture Project.

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"). As part of the financing the Company paid the Underwriters 25% of 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) at an initialized capital expenditure of \$0.2 million resulting in escrowed funds of \$19.8 million.

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

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- 6.0% per annum payable in cash on each two-month anniversary following June 30, 2022 ("bonus interest payment"). Bonus interest payments were made on August 30, 2022, and October 30, 2022, totalling \$0.4 million; and
- A final interest payment calculated at 10.0% per annum totaling \$0.8 million was paid upon transaction close for period June 30 to November 21, 2022.

On November 21, 2022, as part of closing the Transaction the Company received net funds from escrow of \$5.2 million following the payment of \$14.5 million to Barrick and Endeavour as consideration, a final underwriter fee of \$0.3 million, and receiving interest earned on the escrow funds of \$0.2 million.

As part of the Transaction the Company issued 28,571,429 Common Shares of Montage to the subscription receipts holders for conversion of the subscription receipts and 22,142,857 Common Shares of Montage to Barrick and Endeavour as part of the total Transaction consideration. Total legal and TSXV fees incurred for the Transaction and subscription receipt financing was \$0.6 million.

The Transaction and subscription receipt financing is reported in the consolidated financial statements as follows:

Share Capital

	Shares	Canadian dollars
Common Shares of Montage issued to Barrick and Endeavour at \$0.70 per share	22,142,857	15,500,000
Common Shares of Montage issued to subscription receipt holders at \$0.70 per share	28,571,429	20,000,000
Total Montage Common Shares Issued	50,714,286	35,500,000

Share issue costs:

Underwriter fees	554,091
TSXV fees	76,388
Legal and escrow management fees	247,325
Total share issue costs	877,804
Increase in share capital	34,622,196

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Mineral Properties:

Common Shares of Montage issued to Barrick and Endeavour	15,500,000
Cash paid to Barrick and Endeavour	14,500,000
Legal fees	327,278
Mineral Properties increase	30,327,278

Interest expense – Subscription rights:

6% per annum – August 30, 2022	200,548
6% per annum – October 30, 2022	200,548
10% per annum – November 21, 2022	789,041
Total interest expense	1,190,137

Interest income earned on funds held in escrow	217,848
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6. RECEIVABLES AND OTHER ASSETS

	December 31, 2022	December 31, 2021
Prepaid expenses	660,502	567,396
Marketable securities	670,076	932,563
Total receivables and other assets	1,330,578	1,499,959

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7. 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	79,382	83,066	87,787	250,235
Effects of foreign exchange on translation to presentation currency	5,359	6,942	7,247	19,548
As at December 31, 2022	198,568	366,231	718,787	1,283,586
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	(58,870)	(87,493)	(44,614)	(190,977)
Effects of foreign exchange on translation to presentation currency	(1,860)	(6,663)	(12,814)	(21,337)
As at December 31, 2022	(104,635)	(294,119)	(472,279)	(871,033)
Net book amount				
As at December 31, 2021	69,922	76,260	208,902	355,084
As at December 31, 2022	93,933	72,112	246,508	412,553

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8. 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
Additions:	
Mankono acquisition (note 5)	30,327,278
Effects of foreign exchange on translation to presentation currency	83,872
As at December 31, 2022	42,179,104

Mineral properties include the Mankono acquisition in 2022 for \$30.3 million (note 5) and the Company's predecessor, Orca Gold Inc.'s 100% acquisition of properties in Côte d'Ivoire for \$5.4 million in 2018 and Montage's 100% acquisition of permits in Côte d'Ivoire for \$6.2 million in 2019.

9. SHARE CAPITAL

The Company has authorized an unlimited number of voting Common Shares without par value.

10. STOCK OPTIONS

a) Stock option plan

Montage has a stock option plan in which common shares of Montage have been made available for the grant of 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 options are at the discretion of the Montage Board of Directors.

The total stock based compensation for the year ended December 31, 2022 was \$0.7 million (2021: \$1.4 million) of which \$0.6 million (2021: \$1.3 million) was recorded within administration costs and \$0.1 million (2021: \$0.1 million) was recorded within exploration and project investigation costs.

Stock options outstanding

On June 9, 2021 and September 7, 2021, Montage granted 300,000 and 400,000 incentive stock options respectively to certain officers, directors and eligible employees of the Company. The options are exercisable, subject to vesting provisions over a period of three years at a price of \$0.93 and \$0.75 per share, respectively.

On May 2, 2022, Montage granted 300,000 incentive stock options to certain officers, directors and eligible employees 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.

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On September 8, 2022, Montage granted 200,000 incentive stock options to certain officers, directors and eligible employees of the Company. The options are exercisable, subject to vesting provisions over a period of three years at a price of \$0.60 per share.

On November 30, 2022, Montage granted 3,700,000 incentive stock options to certain officers, directors and eligible employees of the Company. The options are exercisable, subject to vesting provisions over a period of three years at a price of \$0.65 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
Granted	4,200	\$0.66
Exercised	(4,750)	\$0.45
Outstanding at December 31, 2022	8,500	\$0.94
Exercisable at December 31, 2022	4,936	\$1.12

The following summarizes information about the stock options outstanding and exercisable at December 31, 2022:

Exercise prices (CDN\$)	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\$)
\$0.55	100	0.71	\$0.55	100	0.71	\$0.55
\$1.30	3,500	0.86	\$1.30	3,500	0.86	\$1.30
\$0.93	300	1.44	\$0.93	100	1.44	\$0.93
\$0.75	400	1.69	\$0.75	267	1.69	\$0.75
\$0.81	300	2.30	\$0.81	100	2.34	\$0.81
\$0.60	200	2.70	\$0.60	67	2.69	\$0.60
\$0.65	3,700	2.92	\$0.65	802	2.92	\$0.65
	<u>8,500</u>	1.91	\$0.94	<u>4,936</u>	1.30	\$1.12

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The fair value method of accounting was applied to options granted to employees and directors on the date of the grant using the Black Scholes pricing model with the following weighted average assumptions.

	May 2, 2022	September 8, 2022	November 30, 2022
Average risk-free interest rate:	1.0%	3.5%	3.75%
Expected life:	3 years	3 years	3 years
Expected dividends:	nil	nil	nil
Weighted average fair value per option:	\$0.16	\$0.20	\$0.23

b) Restricted and Deferred Share Units

On November 30, 2022, the Company granted 1,023,076 restricted share unit's ("RSUs") to certain senior officers and other eligible persons of the Company. The RSU's vest over a period of three years and the eligible person will receive the RSU's on each vesting date over the three-year vesting period. The RSU grant resulted in total charges to the Statement of Comprehensive Loss for the year ended December 31, 2022 of \$0.03 million (2021: nil).

The Company also granted 576,925 deferred share grants ("DSU's") to non-employee directors on November 30, 2022. The grant resulted in total charges to the Statement of Comprehensive Loss of \$0.03 million for the year ended December 31, 2022 (2021: nil).

11. ADMINISTRATION COSTS

	Year ended December 31, 2022	Year ended December 31, 2021
Management and consulting fees	1,744,187	1,384,196
Office and administration	112,117	148,304
Professional fees	1,115,694	846,151
Salaries and benefits	92,779	53,322
Stock based compensation expense (Note 10)	611,042	1,279,956
Travel and promotion	338,351	216,024
Total administration costs	4,014,170	3,927,953

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12. EXPLORATION AND PROJECT INVESTIGATION COSTS

	Year ended December 31, 2022	Year ended December 31, 2021
Depreciation	190,977	181,007
Drilling	1,379,303	11,898,081
Exploration support and administration	658,565	960,460
Field operation and consumables	372,026	588,270
Geological consulting	953,584	38,246
Permitting and licensing fees	15,091	16,761
Salaries and benefits	778,062	1,367,398
Sampling, geological and other evaluation costs	267,469	4,297,954
Stock-based compensation expense (Note 10)	89,317	126,491
Travel and accommodation	91,834	112,232
Total exploration and project investigation costs	4,796,228	19,586,900

13. RELATED PARTY TRANSACTIONS

a) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's directors and executive officers.

The remuneration of key management personnel is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and management fees	1,296,476	1,052,532
Short term benefits	40,043	23,492
Directors fees	409,048	264,967
Stock-based compensation	503,370	1,055,343
Total key management compensation	2,248,937	2,396,334

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14. INCOME TAX

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss for the year. These differences result from the following items:

	Year ended December 31, 2022	Year ended December 31, 2021
Loss before taxes	9,783,215	23,489,736
Combined Canadian federal and provincial statutory income tax rates	<u>27.0%</u>	<u>27.0%</u>
Income tax recovery based on the above rate	2,641,468	6,342,229
Losses and temporary differences for which an income tax benefit has not been recognized	(2,318,919)	(5,356,262)
Differences between Canadian and foreign tax rates	(184,700)	(344,652)
Non-deductible expenses	(189,324)	(379,969)
Impact of changes in foreign exchange rates	51,475	(261,346)
Total income tax recovery	-	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following:

	December 31, 2022	December 31, 2021
Non-capital losses carried forward – Canada	4,074,536	2,814,282
Non-capital losses carried forward – Cote d'Ivoire	8,289,589	7,271,048
Non-capital losses carried forward – United Kingdom	361,994	154,502
	12,726,119	10,239,832

The respective years of expiration of the Canadian non-capital loss carry-forwards are as follows:

Year of expiration	
2038	1,156,747
2039	1,836,843
2040	2,908,731
2041	4,520,944
2042	4,667,610
Total non-capital loss carry-forwards	15,090,875

Operating losses totalling \$33.0 million have accumulated in the Cote d'Ivoire and may be carried forward for five years. These operating losses will expire by 2027, and no deferred tax asset has been recognized.

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15. 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 8 and 12, 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 seven permits and six permit applications in Côte d'Ivoire. The Company's non-current assets, excluding financial instruments and exploration and project investigation costs are located in Côte d'Ivoire.

16. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to provide returns for shareholders, through investment in mineral exploration, while safeguarding the Company's ability to continue as a going concern.

In the management of capital, the Company considers its capital resources to be shareholders' equity, existing cash resources and short-term investments, if any.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, adjust the level of operations, acquire or dispose of assets, bring in joint venture partners, or enter into corporate transactions.

In order to facilitate the management of its capital requirements, the Company prepares annual exploration budgets that are updated as necessary depending on various factors, including exploration results, political stability, and general industry conditions.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has estimated the fair values of its financial instruments based on appropriate valuation methodologies. These values are not materially different from their carrying value.

The Company classifies the fair values of its financial instruments according to the following hierarchy based on the significance of observable inputs used to value the instrument:

- Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, accounts receivable, trade payables and accrued liabilities with carrying values considered to be reasonable approximations of fair value due to the short term nature of these instruments. The Company also has investments in marketable securities which are measured at fair value using level 1 inputs.

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18. MANAGEMENT OF FINANCIAL RISK

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

a) Currency risk

Foreign currency risk can arise when the Company or its subsidiaries transact in currencies other than their functional currencies. As at December 31, 2022, the Company's Ivorian operating subsidiary's largest foreign currency risk exposure was a net financial liability denominated in West African Franc which is pegged to the Euro. A 10% change in the foreign exchange rate would give rise to increases/decreases of approximately \$0.1 million in financial position/comprehensive loss.

b) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As at December 31, 2022, the majority of the Company's cash and cash equivalents was held through Canadian institutions with investment grade ratings with \$0.5 million or 6% 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.

The maturities of the Company's financial liabilities as at December 31, 2022 are as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	2,168,255	2,168,255	-	-

19. SUBSEQUENT EVENT

On April 12, 2023 the Company completed a bought deal private placement offering of 24,500,600 common shares (the "Offered Shares") at an issue price of \$0.70 per Offered Share for gross proceeds of \$17,150,420.