ROSCANGOLD

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended October 31, 2022 and 2021**

**EXPRESSED IN CANADIAN DOLLARS**

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Roscan Gold Corporation

*Opinion*

We have audited the consolidated financial statements of Roscan Gold Corporation (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a working capital deficiency of $1,199,626 as at October 31, 2022 and incurred a net loss of $16,782,371 during the year ended October 31, 2022 and that further funds will be required to fund activities for the upcoming year. As stated in Note 1, these events or conditions, along with other conditions described in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Other Information*

Management is responsible for the other information. The other information comprises the 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 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.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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.

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

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

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

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
February 28, 2023
Toronto, Ontario

ROSCANGOLD

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
*(expressed in Canadian dollars)*

| As at | | October 31 2022 | | October 31 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current | | | | |
| Cash | **$** | **46,953** | $ | 6,867,764 |
| Sales tax receivable | | **37,584** | | 69,447 |
| Prepaid expenses and deposits | | **56,888** | | 211,827 |
| | | **141,425** | | 7,149,038 |
| Right-of-use asset (notes 12, 13) | | **-** | | 13,645 |
| | **$** | **141,425** | $ | 7,162,683 |
| **LIABILITIES** | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities (note 7) | **$** | **1,341,051** | $ | 1,071,710 |
| Lease liability (notes 12, 13) | | **-** | | 14,754 |
| | | **1,341,051** | | 1,086,464 |
| **EQUITY (DEFICIENCY)** | | | | |
| Share capital (note 8) | | **70,898,744** | | 63,512,320 |
| Contributed surplus | | **7,399,780** | | 4,562,624 |
| Warrants (note 9) | | **-** | | 717,054 |
| Deficit | | **(79,498,150)** | | (62,715,779) |
| | | **(1,199,626)** | | 6,076,219 |
| | **$** | **141,425** | $ | 7,162,683 |

**Nature of operations and going concern (note 1)**
**Commitments and contingencies (note 14)**
**Subsequent events (note 18)**

*See accompanying notes.*

**Approved by the Board** *"Michael Gentile"* Director (Signed) *"Nana Sangmuah"* Director (Signed)

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
*(expressed in Canadian dollars)*

| **Years ended October 31,** | **2022** | 2021 |
|---|---|---|
| **Expenses** | | |
| Corporate and administrative (notes 10,13) | **$ 1,659,336** | $ 2,318,476 |
| Exploration and evaluation (notes 8,11) | **11,820,509** | 20,370,297 |
| Project evaluation | **240,063** | 120,025 |
| Share-based payments (notes 8,13) | **2,970,428** | 1,951,388 |
| Amortization of right-of-use asset (note 12) | **13,645** | 27,289 |
| **Loss from operations** | **(16,703,981)** | (24,787,475) |
| Interest income | **6,291** | 7,892 |
| Interest on lease liabilities (note 12) | **(246)** | (2,200) |
| Foreign exchange gain (loss) | **(84,435)** | 158,563 |
| **Net loss and comprehensive loss** | **$ (16,782,371)** | $ (24,623,220) |
| **Basic and diluted loss per share (note 15)** | **$ (0.045)** | $ ( 0.081) |
| **Weighted average number of common shares outstanding:** | | |
| **Basic and diluted** | **370,003,646** | 303,833,640 |

*See accompanying notes.*

ROSCANGOLD

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*(expressed in Canadian dollars)*

| | Share capital | | | | | |
|---|---|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Contributed surplus** | **Warrants** | **Deficit** | **Total** |
| Balance, October 31, 2020 | 244,699,346 | $ 31,142,239 | $ 3,015,094 | $ 3,124,939 | $ (38,092,559) | $ (810,287) |
| Shares issued by prospectus offering (note 8) | 35,714,500 | 15,000,090 | - | - | - | 15,000,090 |
| Shares issued by private placement (note 8) | 22,086,121 | 6,404,975 | - | - | - | 6,404,975 |
| Broker warrants (notes 8, 9) | - | - | - | 393,199 | - | 393,199 |
| Shares issued for mineral properties (notes 8, 11) | 340,731 | 168,773 | - | - | - | 168,773 |
| Share issuance costs (note 8) | - | (2,053,942) | - | 360,146 | - | (1,693,796) |
| Exercise of options (note 8) | 5,200,000 | 1,358,166 | (595,666) | - | - | 762,500 |
| Exercise of unit warrants (notes 8, 9) | 41,768,865 | 9,812,869 | - | (2,132,119) | - | 7,680,750 |
| Exercise of broker warrants (notes 8, 9) | 4,090,991 | 1,679,150 | - | (837,303) | - | 841,847 |
| Warrants expired (note 9) | - | - | 191,808 | (191,808) | - | - |
| Share-based payments (note 8) | - | - | 1,951,388 | - | - | 1,951,388 |
| Net loss for the year | - | - | - | - | (24,623,220) | (24,623,220) |
| Balance, October 31, 2021 | 353,900,554 | 63,512,320 | 4,562,624 | 717,054 | (62,715,779) | 6,076,219 |
| Shares issued by private placement (note 8) | 12,500,000 | 5,000,000 | - | - | - | 5,000,000 |
| Shares issued for services (note 8) | 200,000 | 80,000 | - | - | - | 80,000 |
| Shares issued for mineral property (notes 8, 11) | 167,347 | 56,898 | - | - | - | 56,898 |
| Share issuance costs (note 8) | - | (405,000) | - | - | - | (405,000) |
| Exercise of options (note 8) | 4,850,000 | 1,141,471 | (526,471) | - | - | 615,000 |
| Exercise of unit warrants (notes 8, 9) | 7,432,500 | 1,513,055 | - | (323,855) | - | 1,189,200 |
| Warrants expired (note 9) | - | - | 393,199 | (393,199) | - | - |
| Share-based payments (note 8) | - | - | 2,970,428 | - | - | 2,970,428 |
| Net loss for the year | - | - | - | - | (16,782,371) | (16,782,371) |
| **Balance, October 31, 2022** | **379,050,401** | **$ 70,898,744** | **$ 7,399,780** | **$ -** | **$ (79,498,150)** | **$ (1,199,626)** |

*See accompanying notes.*

ROSCANGOLD

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(expressed in Canadian dollars)*

| Years ended October 31, | 2022 | 2021 |
|---|---|---|
| **Operating activities** | | |
| Loss for the year | **$ (16,782,371)** | $ (24,623,220) |
| Adjustments to reconcile loss to net cash used: | | |
| Amortization of right-of-use asset | **13,645** | 27,289 |
| Share-based payments | **2,970,428** | 1,951,388 |
| Shares issued for mineral property (note 8) | **56,898** | 168,773 |
| Unrealized foreign exchange | **32,260** | 4,732 |
| | **(13,709,140)** | (22,471,038) |
| Changes in non-cash working capital items | | |
| Sales tax receivable | **31,863** | 77,152 |
| Prepaid expenses and deposits | **153,667** | 166,642 |
| Accounts payable and accrued liabilities | **231,261** | (2,616,975) |
| | **(13,292,349)** | (24,844,219) |
| **Financing activities** | | |
| Repayment of lease liabilities | **(14,754)** | (27,800) |
| Shares issued by prospectus offering | **-** | 15,000,090 |
| Shares issued by private placement | **5,000,000** | 6,404,975 |
| Proceeds from exercise of options | **615,000** | 762,500 |
| Proceeds from exercise of warrants | **1,189,200** | 8,522,597 |
| Share issuance costs (note 8) | **(325,000)** | (1,300,597) |
| | **6,464,446** | 29,361,765 |
| **Net change in cash** | **(6,827,903)** | 4,517,546 |
| Cash, beginning of year | **6,867,764** | 2,356,405 |
| Effect of exchange rate changes on cash | **7,092** | (6,187) |
| **Cash, end of year** | **$ 46,953** | $ 6,867,764 |
| **Supplemental disclosure** | | |
| Shares issued for services | **$ 80,000** | $ - |

*See accompanying notes.*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Roscan Gold Corporation (the "Company") is an exploration stage company involved in the business of acquiring, exploring and developing gold properties in West Africa. The Company's properties are located in Mali. The Company's shares are listed on the TSX Venture Exchange under the trading symbol "ROS" and on the Frankfurt Stock Exchange under the trading symbol "2OJ". On January 3, 2022, the Company's common shares commenced trading on the United States OTCQB Venture Market under the symbol "RCGCF". The address of the Company's head office and registered office is 217 Queen Street West, Suite 401, Toronto, ON, M5V 0R2.

Mali Coup

In August 2020 and again in May 2021, a coup was staged by Mali's military resulting in the dissolution of the Malian government. Mali is currently being governed by a transitional government. The Company's exploration activities have not been disrupted. It should be noted that the Mali capital, Bamako, the centre of the political transition, is over 600 kilometres from its exploration site.

The Company's Malian properties may potentially expose the Company to risks and different considerations not normally associated with companies or exploration activities in North America. The Company's ability to retain its properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, laws and regulations, all of which are beyond the Company's control.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

At October 31, 2022, the Company had a working capital deficiency of $1,199,626 (2021 - $6,062,574 surplus), incurred losses for the current year of $16,782,371 (2021 - $24,623,220), and, had an accumulated deficit of $79,498,150 (2021 - $62,715,779). During the year ended October 31, 2021, the Company adopted a strategy to expand the Kandiole Project, which contributed to increasing drilling activity and therefore, significantly increasing Kandiole Project exploration expenditures. Subsequent to October 31, 2022, the Company's cash position was enhanced by $5 million through the sale of a 1% net smelter return (NSR) in the Company's Kandiole project in Mali (note 18).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

**NATURE OF OPERATONS AND GOING CONCERN (continued)**

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. BASIS OF PREPARATION

**Statement of Compliance**
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements for the year ended October 31, 2022 were approved and authorized for issue by the Company's board of directors on February 28, 2023.

**Basis of Consolidation and Presentation**
These consolidated financial statements include the accounts of the Company and its wholly-owned Malian subsidiaries, Roscan Gold Mali SARL and Komet Mali SARL. All significant inter-company transactions and balances have been eliminated on consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's two Malian subsidiaries is the Canadian dollar.

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements, in conformity with IFRS, requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:
- measurement of share-based payments and warrant valuation;
- measurement of shares issued to acquire mineral properties;
- establishment of provisions; and,
- recognition of deferred tax assets.

Significant judgements relate to:
- ability to continue as a going concern;
- functional currency of the Company and its subsidiaries;
- ability to retain exploration and evaluation permits: and,
- exploration and evaluation accounting policy.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

**Adoption of IFRS 9 – Financial Instruments**
The IASB issued an amendment to IFRS 9, Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. There was no material impact from its adoption on November 1, 2021.

**Exploration and Evaluation Expenditures**
The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

**Financial Instruments**
The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL.

A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL, under the fair value option.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

If certain conditions are met, the classification of a financial asset, debt instrument or equity instrument may subsequently need to be reclassified.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Transaction costs and any realized or unrealized gains or losses arising from changes in the fair value of the financial asset or liability held at FVTPL are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Foreign Currency Translation**
Foreign currency transactions are initially recorded in the entity's functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities that are denominated in a foreign currency are translated into the functional currency using the end of the reporting period exchange rate. All foreign currency adjustments are recognized in the statement of operations and comprehensive income.

**Income Taxes**
Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized.

**Interest**
The Company classifies interest received and interest paid as an operating cash flow within the statement of cash flows.

**Leases**
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contracts conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specific explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when is has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

If a contract is assessed to contain a lease, the Company recognizes a lease liability with a corresponding right-of-use ("ROU") asset on the date at which the leased asset is available for use by the Company. ROU assets are measured at cost, which includes the amount of the lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Purchase, renewal and termination options that are reasonably certain of being exercised are also included in the measurement of the lease liability. ROU assets are subject to impairment.

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company recognizes a lease liability at the commencement date of a lease, measured at the present value of the lease payments to be made over the lease term. The measurement of the Company's lease liabilities depends on the interest rate implicit in the lease used to discount the remaining lease payments. In calculating the present value of lease payments, the Company uses an incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that the Company assumes it would have to pay to borrow over a similar term, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment. Significant assumptions are required to be made on the basis for which the incremental borrowing rate was derived. These assumptions are considered to be a key source of estimation uncertainty. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company uses the following practical expedients and recognition exemptions when assessing leases:

- exemption to not recognize right-of-use ("ROU") assets and liabilities for leases with an initial lease term of less than 12 months;
- exemption to not recognize ROU assets and liabilities for leases with low value;

The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to nil.

**Loss per Share**
The computation of loss per share and diluted loss per share amounts are based upon the weighted average number of shares outstanding during the year. Diluted loss per share is calculated based on the assumed conversion, exercise or contingent issuance of "in the money" securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share, at the weighted average market price during the period.

**Provisions**
A provision is recognized in the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to discharge the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Share-based Payments**
The Company accounts for share-based payments using the fair value based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based payments expense over each tranche's vesting period with an offsetting credit charged to contributed surplus. The applicable contributed surplus is transferred to share capital if and when, the stock options are exercised. Any consideration paid on the exercise of stock options is credited to share capital.

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

Under the Company's restricted share unit and deferred share unit ("RSU/DSU") plan, RSU/DSU's may be granted to directors, officers, employees and consultants. Compensation expense for each grant is recorded in the statement of operations and comprehensive income (loss) with a corresponding increase in contributed surplus on the statement of financial position. The expense is based on the fair values at the time of the grant and is recognized over the vesting period of the respective RSU/DSU. The Company settles RSU/DSU's by issuing shares, though upon a change of control the Company, at its discretion, may issue cash or a combination of cash and shares.

**Share Issue Costs**
Share issue costs are recorded as a reduction of share capital.

**Warrants**
The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing.

If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

In situations where warrants are issued as consideration for goods and services received and some or all of the goods or services received cannot be specifically identified or reliably measured, then these warrants are measured at the fair value of the share-based payment. The fair value of the share-based payment is determined using the Black-Scholes option pricing model.

## 5. NEW STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET ADOPTED

The following standard has been issued but is not yet effective:

**IAS 1 – Presentation of Financial Statements**
The IASB has issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date.

The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures, but expects any impact would immaterial.

## 6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

*(expressed in Canadian dollars)*

**CAPTIAL MANAGEMENT (continued)**

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not established quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business. There were no changes in the Company's management of its capital during the year. The Company is not subject to any externally imposed capital requirements.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **October 31 2022** | October 31 2021 |
|---|---|---|
| Trade payables | **$ 1,113,558** | $ 449,905 |
| Accrued liabilities | **76,941** | 469,388 |
| Related parties (note 13) | **150,552** | 152,417 |
| | **$ 1,341,051** | $ 1,071,710 |

## 8. SHARE CAPITAL

**Authorized**
Unlimited common shares

**Issued**

| | **Number** | **Amount** |
|---|---|---|
| Balance, October 31, 2020 | 244,699,346 | $ 31,142,239 |
| Shares issued by prospectus offering (i) | 35,714,500 | 15,000,090 |
| Shares issued by private placement (ii) | 22,086,121 | 6,404,975 |
| Shares issued for mineral properties (iii) | 340,731 | 168,773 |
| Shares issued on exercise of unit warrants (iv) | 41,768,865 | 9,812,869 |
| Shares issued on exercise of broker warrants (v) | 4,090,991 | 1,679,150 |
| Shares issued on exercise of options (vi) | 5,200,000 | 1,358,166 |
| Share issuance costs - broker warrants (i, v) | - | (753,345) |
| Share issuance costs | - | (1,300,597) |
| Balance, October 31, 2021 | 353,900,554 | $ 63,512,320 |
| Shares issued by private placement (vii) | 12,500,000 | 5,000,000 |
| Shares issued for services (vii) | 200,000 | 80,000 |
| Shares issued for mineral property (viii) | 167,347 | 56,898 |
| Shares issued on exercise of unit warrants (ix) | 7,432,500 | 1,513,055 |
| Shares issued on exercise of options (x) | 4,850,000 | 1,141,471 |
| Share issuance costs (vii) | - | (405,000) |
| **Balance, October 31, 2022** | **379,050,401** | **$ 70,898,744** |

**SHARE CAPITAL (continued)**

(i) On April 8, 2021, pursuant to a prospectus offering, the Company issued 35,714,500 common shares for gross proceeds of $15,000,090. As consideration for the services of the brokers, the Company paid cash commission of $900,005 and issued 2,142,870 non-transferable broker warrants. Each broker warrant entitled the holder to acquire an additional common share at a price of $0.55 for a period of twelve (12) months, expiring on April 8, 2022. The value of the broker warrants was estimated at $393,199 using the Black-Scholes model.

(ii) On October 14, 2021, pursuant to a private placement, the Company issued 22,086,121 common shares at $0.29 per share for gross proceeds of $6,404,975.

(iii) On May 21, 2021, the Company issued 90,731 common shares at $0.51 per share in accordance with the option agreement made with Harmattan Consulting SARL for the Kandiole Project's Bantanko East permit (note 11).

On June 2, 2021, the Company issued 250,000 common shares at $0.49 per share in accordance with the option agreement made with Minex SARL for the Kandiole Project's Mankouke permit (note 11).

(iv) During the year ended October 31, 2021, the Company issued 41,768,865 shares in connection to the exercise of 41,768,865 unit warrants for proceeds of $7,680,750. The fair value of these warrants at issue was $2,132,119. The fair value of the unit warrants was transferred from the warrant reserve account.

(v) On November 13, 2020, the Company issued 1,869,714 shares upon the exercise of 1,869,714 broker warrants issued on March 21, 2019. Proceeds received from the exercise of these warrants were $261,760. As a result of the exercise these broker warrants, the Company issued an additional 1,869,714 warrants at an exercise price of $0.22 per warrant. The value of the additional broker warrants was estimated at $360,146 using the Black-Scholes model. On January 22, 2021, the $0.22 warrants were exercised for proceeds of $411,337. The aggregate fair value of the 3,739,428 broker warrants at issue was $787,183 and was transferred from the warrant reserve account.

During the year ended October 31, 2021, the Company issued 351,563 shares in connection to the exercise of 351,563 broker warrants for proceeds of $168,750. The aggregate fair value of the broker warrants at issue was $50,120 and was transferred from the warrant reserve account.

(vi) During the year ended October 31, 2021, the Company issued 5,200,000 shares in connection to the exercise of stock options for proceeds of $762,500. The fair value of these stock options was $595,666, which was transferred from the contributed surplus account.

(vii) On March 11, 2022, pursuant to a private placement, the Company issued 12,500,000 common shares at $0.40 per share for gross proceeds of $5,000,000. The Company paid finder fees (cash) of $300,000 and issued 200,000 common shares, valued at $80,000, in lieu of cash.

(viii) On April 27, 2022, the Company issued 167,347 common shares at $0.34 per share in accordance with the option agreement made with Harmattan Consulting SARL for the Kandiole Project's Bantanko East permit (note 11).

(ix) During the year ended October 31, 2022, the Company issued 7,432,500 shares in connection to the exercise of 7,432,500 unit warrants for proceeds of $1,189,200. The fair value of these warrants at issue was $323,855. The fair value of the unit warrants was transferred from the warrant reserve account.

*(expressed in Canadian dollars)*

**SHARE CAPITAL (continued)**

(x) During the year ended October 31, 2022, the Company issued 4,850,000 shares in connection to the exercise of stock options for proceeds of $615,000. The fair value of these stock options was $526,471, which was transferred from the contributed surplus account.

**Share-based Payments**

The Company has a stock option plan, a restricted share unit plan (RSU) and a deferred share unit plan (DSU) to provide additional incentives to directors, officers, employees and consultants.

Under the terms of the Company's stock option and RSU/DSU plans (the "Plans"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period that is not to exceed ten years. The term, exercise price and vesting conditions of the options, RSUs and DSU's are fixed by the Board of Directors at the time of grant. All issued stock options were granted in accordance with the terms of the Plan.

The number of shares reserved for issuance under the Plans, in aggregate, are not to exceed 10% of the Company's issued and outstanding common shares at time of issuance. At October 31, 2022, the Company had 14,588,023 (2021 – 15,740,055) common shares available for future grants under the Plans.

Stock Options

Stock option transactions and the number of stock options outstanding are as follows:

| | Number | Weighted average exercise price |
|---|---|---|
| Balance, October 31, 2020 | 20,650,000 | $0.20 |
| Granted (i) | 6,700,000 | 0.45 |
| Exercised | (5,200,000) | 0.15 |
| Forfeited | (2,500,000) | 0.37 |
| Balance, October 31, 2021 | 19,650,000 | $0.28 |
| Granted (ii) | 5,617,017 | 0.36 |
| Exercised | (4,850,000) | 0.13 |
| Expired | (100,000) | 0.15 |
| **Balance, October 31, 2022** | **20,317,017** | **$0.34** |

(i) On February 8, 2021, the Company granted 3,500,000 stock options to a director, of which 1,500,000 options vested immediately and the balance vesting in two equal tranches on February 8, 2022 and February 8, 2023, respectively. These options were issued with an exercise price of $0.385 and a five-year term.

On April 13, 2021, the Company granted 1,800,000 stock options to officers of the Company. These options vested over twenty-four months and were issued with an exercise price of $0.59 and a five-year term.

On June 3, 2021, the Company granted 300,000 stock options to a consultant of the Company. These options vested immediately and were issued with an exercise price of $0.50 and a three-year term.

*(expressed in Canadian dollars)*

**SHARE CAPITAL (continued)**

On June 18, 2021, the Company granted 600,000 stock options to a director of the Company. These options vest in two equal tranches on June 18, 2022 and June 18, 2023, respectively. The options were issued with an exercise price of $0.41 and a two-year term.

On June 18, 2021, the Company granted 500,000 stock options to officers of the Company. These options vested immediately and were issued with an exercise price of $0.41 and a five-year term.

(ii) On February 24, 2022, the Company granted 2,340,980 stock options to a director of the Company. These options vested immediately and were issued with an exercise price of $0.39 and a five-year term (note 14).

On June 28, 2022, the Company granted 3,276,037 stock options to a director of the Company. These options vested immediately and were issued with an exercise price of $0.34 and a five-year term (note (14).

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

| | 2022 | 2021 |
|---|---|---|
| Dividend yield | Nil | Nil |
| Expected volatility (based on historical prices) | 134% | 165% |
| Risk-free rate of return | 2.60% | 0.65% |
| Expected life | 5 Years | 4.6 Years |
| Share price | $0.32 | $0.45 |

During the year ended October 31, 2022, the total share-based payments expense related to stock options was $2,190,428 (2021 - $1,951,388).

The following summarizes information on the outstanding stock options:

| Expiry Date | Number | Weighted average exercise price | Exercisable | Weighted average remaining life (years) |
|---|---|---|---|---|
| June 18, 2023 | 600,000 | 0.41 | 300,000 | 0.63 |
| June 3, 2024 | 300,000 | 0.50 | 300,000 | 1.59 |
| January 12, 2025 | 3,500,000 | 0.12 | 3,500,000 | 2.20 |
| February 19, 2025 | 1,500,000 | 0.17 | 1,500,000 | 2.30 |
| September 23, 2025 | 3,000,000 | 0.37 | 1,500,000 | 2.90 |
| February 8, 2026 | 3,500,000 | 0.39 | 2,500,000 | 3.27 |
| April 13, 2026 | 1,800,000 | 0.59 | 1,600,000 | 3.45 |
| June 18, 2026 | 500,000 | 0.41 | 500,000 | 3.63 |
| February 24, 2027 | 2,340,980 | 0.39 | 2,340,980 | 4.32 |
| June 28, 2027 | 3,276,037 | 0.34 | 3,276,037 | 4.66 |
| | 20,317,017 | $0.34 | 17,317,017 | 3.31 |

*(expressed in Canadian dollars)*

**SHARE CAPITAL (continued)**

Restricted Share Units ("RSUs")

Restricted Share Unit transactions and the number of RSUs outstanding are as follows:

| | Number | Weighted average fair value |
|---|---|---|
| Balance, October 31, 2020 and 2021 | - | $0.00 |
| Granted | 3,000,000 | 0.39 |
| **Balance, October 31, 2022** | **3,000,000** | **$0.39** |

On February 24, 2022, the Company granted 3,000,000 RSUs to an officer of the Company. Two million of the RSUs vested immediately and one million RSUs were to vest upon the trading price of the Company's common shares achieving $0.65 between January 1, 2022, and December 31, 2022. The RSUs expired on February 24, 2023.

During the year ended October 31, 2022, the total share-based payments expense related to RSUs was $780,000 (2021 - $nil).

On March 21, 2022, the Company adopted a long-term-incentive-plan (LTIP) pursuant to which the Company may grant RSUs to its directors, officers, employees and consultants based on the Company's share price at the date of grant. Unless otherwise stated, the RSUs vest equally (or graded) over a three-year period on the anniversary dates but in all cases shall end no later than December 31 of the calendar year which is (3) years after the calendar year in which the award is granted.

## 9. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

| | Number | Weighted average exercise price | Relative fair value |
|---|---|---|---|
| Balance, October 31, 2020 | 53,142,189 | $0.19 | $ 3,124,939 |
| Issued | 4,012,584 | 0.40 | 753,345 |
| Exercised | (45,859,856) | 0.19 | (2,969,422) |
| Expired | (1,719,547) | 0.38 | (191,808) |
| Balance, October 31, 2021 | 9,575,370 | $0.25 | $ 717,054 |
| Exercised | (7,432,500) | 0.16 | (323,855) |
| Expired | (2,142,870) | 0.55 | (393,199) |
| **Balance, October 31, 2022** | **-** | **$0.00** | **$ -** |

*(expressed in Canadian dollars)*

**WARRANTS (continued)**

Relative fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

| | 2021 |
|---|---|
| Dividend yield | Nil |
| Expected volatility (based on historical prices) | 86% |
| Risk-free rate of return | 0.25% |
| Expected life | 0.70 Years |
| Share price | $0.48 |

## 10. CORPORATE AND ADMINISTRATIVE

| | **2022** | 2021 |
|---|---|---|
| Consulting (note 13) | **$ 272,274** | $ 407,129 |
| Corporate development and promotion | **461,367** | 435,760 |
| Listing and share transfer | **121,943** | 97,487 |
| Management fees (note 13) | **580,000** | 1,080,957 |
| Office and general | **119,547** | 101,448 |
| Premises (note 13) | **20,100** | 18,396 |
| Professional fees | **84,105** | 164,065 |
| Travel | **-** | 13,234 |
| | **$ 1,659,336** | $ 2,318,476 |

## 11. EXPLORATION AND EVALUATION

| | **2022** | 2021 |
|---|---|---|
| Acquisition costs | **$ 158,067** | $ 627,724 |
| Property costs | **611,434** | 293,406 |
| Assaying | **1,182,276** | 2,126,350 |
| Community relations | **9,107** | 21,436 |
| Consulting/Contracting | **713,109** | 902,289 |
| Drilling and ancillary costs | **4,980,577** | 11,137,482 |
| Environmental | **-** | 12,968 |
| Field expenses and equipment | **2,054,172** | 3,170,947 |
| Field office | **1,559,325** | 1,111,590 |
| General and administrative | **599** | 10,383 |
| Geophysics/Surveys | **28,282** | 605,994 |
| Professional fees | **72,181** | 40,679 |
| Reports | **376,204** | 221,389 |
| Travel/Transportation | **75,176** | 87,660 |
| | **$ 11,820,509** | $ 20,370,297 |

*(expressed in Canadian dollars)*

**EXPLORATION AND EVALUATION (continued)**

**Kandiole Project – Mali**
At October 31, 2022, the Kandiole Project was comprised of ten contiguous gold prospective permits, encompassing approximately 402 sq. kilometres, located within the Kéniéba "Cercle", an administrative sub-area of the Kayes Region, approximately 400 kilometres west of Bamako, the capital of Mali in West Africa. Subsequent to October 31, 2022, the Kandiole North and the Mankouke permits were merged into one permit with no change in the total area. During fiscal 2021, the Company expanded the Kandiole Project area by entering into option agreements to acquire the Bantanko East, Mankouke West and Segondo West permits and completed its option agreement obligations to acquire the Kandiole North, Kandiole West, Mankouke, Mankouke West, Moussala, Niala and Segando South permits. During fiscal 2022, six of these seven permits were transferred to the Company with the transfer of the Mankouke West permit pending.

The following summarizes the permits held or under option by the Company:

| Permit | Area (sq kms) | | Renewal date |
|---|---|---|---|
| Dabia South | 35 | Company held | February 3, 2025 |
| Kandiole North | 57 | Company held | March 1, 2024 |
| Kandiole West | 25 | Company held | June 13, 2024 |
| Mankouke West | 16 | Option exercised | March 25, 2024 |
| Moussala North | 32 | Company held | April 6, 2023 |
| Niala | 75 | Company held | May 23, 2024 |
| Segando South | 65 | Company held | January 21, 2025 |
| Bantanko East | 55 | Under option | March 2, 2024 |
| Segondo West | 42 | Under option | March 20, 2023 |

Dabia South
On July 2, 2020, the Company purchased Komet Mali SARL, which holds the Dabia South permit.

Option Agreements - Exercised
The Company completed its option agreement obligations in fiscal 2021 to acquire a 100%-interest in the following privately held gold prospective permits. The Company is responsible for keeping each permit in good standing and performing all obligations required by law.

A) Kandiole North and Mankouke – permits transferred

In November 2022, Kandiole North (40 sq. kms.) and Mankouke (17 sq. kms.) were merged into one permit with no change in the total area, resulting in Kandiole North becoming the surviving permit.

Kandiole North
Pursuant to the June 4, 2018, option agreement (effective date November 3, 2017) with Touba Mining Junior SARL ("Touba Jr"), the Company exercised its option by:
(a) paying Touba Jr an aggregate of $80,000 over a three (3) year option period; and,
(b) paying permitting fees to the Direction Nationale de la Geologie er des Mines ("DNGM").

**EXPLORATION AND EVALUATION (continued)**

Touba Jr retained a 5% net profit interest ("NPI") and a 2% net smelter return royalty ("NSR") on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for $1,000,000. Touba Jr assigned its option rights under its agreement with Oauni-Or SARL to the Company.

Mankouke
Pursuant to the June 22, 2018, option agreement with Minex SARL ("Minex"), the Company exercised its option by:
(a) paying Minex SARL ("Minex") an aggregate of $250,000 over a three (3) year option period;
(b) issuing 1,000,000 common shares of the Company to Minex; and,
(c) incurring an aggregate of $205,000 in exploration expenditures over the option period.

Minex retained a 3% NSR on all ore mined from the property. The Company has the right to purchase two-thirds of the NSR (equivalent to a 2% NSR) for US$1,000,000.

B) Kandiole West – permit transferred

Pursuant to the June 4, 2018, option agreement (effective date November 3, 2017) with Touba Jr, the Company exercised its option by:
(a) paying Touba Jr an aggregate of $80,000 over a three (3) year option period; and,
(b) paying permitting fees to the DNGM.

Touba Jr retained a 5% NPI and a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for $1,000,000. Touba Jr assigned its option rights under its agreement with Kara Mining SARL to the Company.

C) Mankouke West – transfer of permit is pending

Pursuant to the March 22, 2021, option agreement with Touba Jr, the Company exercised its option by:
(a) paying Touba Jr $10,000; and,
(b) paying all permitting fees and taxes.

Touba Jr retained a 1% NSR on all ore mined from the property. The Company has the right to purchase the entire NSR for CDN $1 million.

D) Moussala North and Segando South – permits transferred

Pursuant to the March 31, 2018, option agreements with K.L. Mining and K.A Gold Mining (collectively, the "Optionor"), the Company exercised its option by:
(a) paying the Optionor an aggregate of US$400,000 over a three (3) year option period;
(b) incurring an aggregate of US$165,000 in exploration expenditures over the option period; and,
(c) paying permitting fees to the DNGM.

The Optionor retained a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US$1,200,000.

**EXPLORATION AND EVALUATION (continued)**

E) Niala – permit transferred

Pursuant to the April 27, 2018, option agreement with SOLF SARL ('SOLF"), the Company exercised its option by:
(a) paying SOLF an aggregate of $117,500 over a three (3) year option period;
(b) incurring an aggregate of $205,000 in exploration expenditures over the option period; and,
(c) paying permitting fees to the DNGM.

SOLF retained a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for $500,000.

Option Agreements – Exercise pending
Subject to the Company completing its option agreement obligations, the Company has the right to acquire a 100%-interest in the two privately held gold prospective permits, as further described below. The Company is responsible for keeping each permit in good standing and performing all obligations required by law during the applicable option period.

A) Bantanko East Option Agreement – effective April 7, 2021

To exercise the option the Company shall:
(a) pay Harmattan Consulting SARL ("Harmattan"), an aggregate of 115,000,000 CFA francs (approximately CDN $242,000), as follows:

- 20,000,000 FCFA (CDN $45,622) on signing (paid);
- 27,500,000 FCFA (CDN $57,184) by April 7, 2022 (paid);
- 30,000,000 FCFA (approximately CDN $62,000) by April 7, 2023; and
- 37,500,000 FCFA (approximately CDN $77,000), upon the submission of the documentation to transfer the permit to the Company.

(b) issue to Harmattan an aggregate of 115,000,000 CFA Francs (approximately CDN $242,171) in common shares of the Company based on the closing market price preceding the share issuance date, as follows:

- 20,000,000 FCFA (CDN $46,273) of shares on signing (90,731) shares issued);
- 27,500,000 FCFA (CDN $56,898) of shares by April 7, 2022 (167,347 shares issued);
- 30,000,000 FCFA (approximately CDN $62,000) of shares by April 7, 2023 (approximately 344,000 shares);
- 37,500,000 FCFA (approximately CDN $77,000) of shares upon the submission of the documentation to transfer of the permit to the Company (approximately 428,000 shares).

(c) incur an aggregate of 191,000,000 CFA francs (approximately CDN $394,000) in exploration expenditures over the option period, as follows:

- 44,000,000 FCFA by April 7, 2023; and,
- 147,000,000 FCFA by April 7, 2024.

Note: Future commitments are based on October 31, 2022: exchange rates of 485 FCFA: $1 for Canadian denominated amount; and, a closing share price of $0.18.

*(expressed in Canadian dollars)*

**EXPLORATION AND EVALUATION (continued)**

In conjunction with the property being placed into production, the Company shall incorporate an operating company and issue to Harmattan, within 30 days of the date of commencement of production, US $1,000,000 in common shares of the operating company.

If a bankable feasibility study is prepared by the Company and the study reveals proven gold reserves equivalent to more than 1,000,000 oz, the Company shall provide: (i) Harmattan with the results of the study; and, (ii) issue to Harmattan, within thirty (30) days of receipt of such study, US$1,000,000 in common shares of the Company.

Harmattan retains a two percent (2%) NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US $1,000,000.

B) Segondo West Option Agreement – effective February 5, 2021

To exercise the option the Company shall:

(a) Pay SO.FI.SI Mining SARL ("SO.FI.SI") an aggregate of 65,000,000 CFA francs (approximately CDN $134,000), as follows:
- 10,000,000 FCFA (approximately CDN $23,410) on signing (paid);
- 20,000,000 FCFA (approximately CDN $43,985) by February 5, 2022 (paid); and,
- 35,000,000 FCFA (approximately CDN $72,000) by February 5, 2023 (paid).

(b) Incur an aggregate of 160,000,000 CFA Francs (approximately CDN $330,000) in exploration expenditures over the option period, as follows:
- 50,000,000 FCFA by February 5, 2022 (completed); and,
- 110,000,000 FCFA by February 5, 2023 (completed).

SO.FI.SI retains a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for 450,000,000 CFA francs (approximately CDN $928,000).

## 12. LEASES

The right-of-use asset and lease liability consisted of one office lease held by a company controlled by a Company director.

| **Right-of-use assets** | | |
|---|---|---|
| Balance, October 31, 2020 | $ | 40,934 |
| Amortization | | (27,289) |
| Balance, October 31, 2021 | $ | 13,645 |
| Amortization | | (13,645) |
| **Balance, October 31, 2022** | **$** | **-** |

*(expressed in Canadian dollars)*

**LEASES (continued)**

The continuity of the lease liability is as follows:

| **Lease liabilities** | | |
|---|---|---|
| Balance, October 31, 2020 | $ | 42,554 |
| Interest on lease liabilities | | 2,200 |
| Lease payments | | (30,000) |
| Balance, October 31, 2021 | $ | 14,754 |
| Interest on lease liabilities | | 246 |
| Lease payments | | (15,000) |
| **Balance, October 31, 2022** | **$** | **-** |

## 13. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

| | | **2022** | | 2021 |
|---|---|---|---|---|
| Consulting (i) | **$** | **-** | $ | 137,492 |
| Lease liability payments/Premises (ii) | | **31,485** | | 31,350 |
| Management fees (iii) | | **580,000** | | 1,080,957 |
| Share-based payments (iv) | | **2,850,401** | | 1,520,008 |
| | **$** | **3,461,886** | $ | 2,769,807 |

(i) Consulting fees were paid to a company controlled by a Company officer.

(ii) Rent was paid or became payable to a company controlled by a Company officer/director for the Company's office in Bedford, Nova Scotia. With the adoption of IFRS 16 on November 1, 2019, the rent payments were applied to the lease liability account (2022 - $15,000 vs 2021- $30,000) up to the lease expiry date of April 30, 2022 (note 12). The present value of the right-of use asset and the corresponding lease liability at the time of adoption was $68,224. Beginning May 1, 2022, the Company began renting these office premises on a month-to month basis and paid $16,485 (2021 – $1,350) for rent and parking privileges.

(iii) Management fees were paid or became payable for the services of Company officers.

(iv) Share-based payments represents the fair value assigned to stock options and RSUs granted to Company directors/officers.

Accounts payable and accrued liabilities include $150,552 (October 31, 2021 - $152,417) payable to Company directors/officers or companies controlled by or associated with Company directors/officers.

*(expressed in Canadian dollars)*

## 14. COMMITMENTS AND CONTINGENCIES

The Company currently has management services agreements with two Company officers that contain the provision of termination and change of control benefits. The first agreement provides that in the event that the officer's services are terminated by the Company, other than for cause, or there is a change in control of the Company that the officer shall be entitled to a lump sum payment amount equal to (2) years of base remuneration, plus any unpaid bonus plus the average of the bonus paid to the officer over the previous (2) years, but prior to the third year of service. The second agreement provides that if the officer's services are terminated by the Company, other than for cause, or there is a change in control of the Company that the officer shall be entitled to a lump sum payment amount equal to one (1) year of base remuneration. The Company has an agreement with a consultant, which provides that if the consultants services are terminated by the Company, other than for cause, or there is a change in control of the Company that the consultant shall be entitled to a lump sum payment amount equal to two (2) years of base remuneration plus one (1) month of current compensation for each year of service, effective April 1, 2019. As a triggering event has not taken place, the contingent payments of $1,049,857 (2021 - $1,041,524) have not been reflected in these consolidated financial statements.

In addition, the Company is to pay $8,333 per month until June 30, 2023 to a Company director for advisory services.

The Company has an agreement with a Company director, effective January 12, 2020, whereby the director shall be granted stock options to maintain a balance equivalent to 3% of the Company's common shares outstanding at the end of each fiscal year, provided the director is re-elected at the next Company annual shareholder meeting ("AGM"). The director was re-elected at the Company's AGMs held in 2021 and in 2022 and was granted 2,340,980 stock options and 3,276,037 stock options, respectively. Assuming the director is re-elected at the Company's 2023 AGM, the director would be entitled to an additional 754,495 stock options.

## 15. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

## 16. INCOME TAXES

**Income Tax Expense**

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in the financial statements:

| | **2022** | 2021 |
|---|---|---|
| Loss before income taxes | **$ (16,782,371)** | $ (24,623,220) |
| Statutory rate | **26.50%** | 26.50% |
| Expected income tax recovery | **(4,447,328)** | (6,525,153) |
| Share-based payments | **787,163** | 517,118 |
| Non-deductible expenses and other | **414,053** | (830,810) |
| Effect of foreign tax rates | **(398,888)** | (690,155) |
| Change in deferred tax assets not recognized | **3,645,000** | 7,529,000 |
| Income tax expense | **$ -** | $ - |

*(expressed in Canadian dollars)*

**INCOME TAXES (continued)**

**Deferred Income Taxes**
The temporary differences that give rise to future income tax assets and deferred income tax liabilities are presented below:

| | **2022** | 2021 |
|---|---|---|
| Exploration and evaluation costs | **$ 2,356,000** | $ 2,145,000 |
| Non-capital loss carry forwards | **17,707,000** | 14,218,000 |
| Share issue costs | **410,000** | 625,000 |
| Capital loss carry forwards | **194,000** | 194,000 |
| Deferred tax asset | **20,667,000** | 17,182,000 |
| Less: Deferred tax assets not recognized | **(20,667,000)** | (17,182,000) |
| Net deferred income tax asset | **$ -** | $ - |

**Loss and Tax Credit Carry-forwards**
At October 31, 2022 the Company has available non-capital losses to reduce future years' taxable income for Canadian tax purposes of approximately $11,284,000. These losses expire as follows:

| | |
|---|---|
| 2026 | $ 173,000 |
| 2027 | 157,000 |
| 2028 | 389,000 |
| 2029 | 198,000 |
| 2030 | 117,000 |
| 2031 | 105,000 |
| 2032 | 115,000 |
| 2033 | 87,000 |
| 2034 | 78,000 |
| 2035 | 79,000 |
| 2036 | 91,000 |
| 2037 | 157,000 |
| 2038 | 504,000 |
| 2039 | 1,297,000 |
| 2040 | 2,414,000 |
| 2041 | 2,800,000 |
| 2042 | 2,523,000 |
| | **$ 11,284,000** |

The Company has $299,679 of Canadian exploration and development costs and $8,589,634 of foreign exploration and development costs that can be carried forward indefinitely and used to offset future taxable income. Additionally, the Company has available $1,466,232 of capital losses that can be carried forward indefinitely to use against future taxable capital gains. The Company has non-capital losses in Mali in the amount of $49,057,769 that are carried forward for three years; from their inception.

The potential tax benefit relating to these tax losses has not been reflected in these financial statements.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

**Fair Value**

The carrying value of cash, accounts payable and accrued liabilities approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

IFRS 7 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

**Classification of Financial Instruments**

| | | | **October 31 2022** | | October 31 2021 |
|---|---|---|---|---|---|
| Financial assets | | | | | |
| Cash | Amortized cost | **$** | **46,953** | $ | 6,867,764 |
| Financial liabilities | | | | | |
| Accounts payable and accrued liabilities | Amortized cost | **$** | **1,341,051** | $ | 1,071,710 |

**Risk Management**

The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

**Credit Risk**

Credit risk is the risk of financial loss to the Company, if one party to a financial instrument fails to discharge or meet their obligations. Financial instruments that potentially expose the Company to this risk relate to its cash, which is primarily held at a Canadian banking institution and sales tax receivables due from the Canadian government.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Currency Risk**
The Company's operates in Canada and Mali and has potential future commitments in Mali that are denominated in the West African CFA franc (FCFA), the Euro (EUR) and the United States dollar (USD), giving rise to market risks from changes in foreign exchange rates. The Company monitors foreign exchange rates on an as needed basis. As at October 31, 2022, a 10% change in the USD or the EUR exchange rate would impact the Company's loss by approximately $85,000 (2021 - $10,000) and $59,000 (2021 - $68,000), respectively.

**Interest Rate Risk**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates The Company's excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The Company's excess cash is subject to interest rate risk resulting from fluctuations in prime rates.

**Liquidity Risk**
Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 6. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund-raising activities.

As at October 31, 2022, the Company had cash of $46,953 (2021 - $6,867,764) to settle current liabilities of $1,341,051 (2021 - $1,086,464). Subsequent to October 31, 2022, the Company's cash position was enhanced by $5 million through the sale of a 1% net smelter return (NSR) in the Company's Kandiole project in Mali (note 18). The Company may require additional capital to fully fund its 2023 exploration activities.

**18. SUBSEQUENT EVENTS**

(a) On December 2, 2022, the Company entered into a royalty financing agreement (the "Royalty Agreement") with Osisko Gold Royalties Ltd. ("Osisko"), whereby Osisko paid the Company $5 million to acquire an initial 1.0% net smelter royalty ("NSR") in the properties that comprise the Company's Kandiole Project. In addition, Osisko retains the option to acquire an additional 1% NSR (the "Additional Royalty") in the Kandiole Project properties, at any time, by paying another $5 million. The Company has the right to compel Osisko to acquire the Additional Royalty upon receipt of an exploitation licence issued by the Malian government in accordance with its mining codes or laws.

Osisko retains a right of first offer ("ROFO") and a right of first refusal ("ROFR") pertaining to the sale of future royalties on current Kandiole Project properties and on properties that are subsequently acquired that are contiguous or complementary. As well, Osisko holds a ROFO and ROFR on the sale of streaming interests and on the Company's buyback rights on pre-existing royalties attached to the Kandiole Project properties. To secure its obligations under the Royalty Agreement, the Company pledged its shareholdings in its subsidiaries, Roscan Gold Mali SARL and Komet Mali SARL. The Company incurred advisory fees of $120,000.

(b) Subsequent to October 31, 2022, two million Restricted Stock Units (RSU) were forfeited.