TEMBO GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

Grant Thornton

Independent auditor's report

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To the Shareholders of
Tembo Gold Corporation

Opinion

We have audited the consolidated financial statements of Tembo Gold Corporation (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 financial position of Tembo Gold Corporation as at December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Corporation 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.

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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.

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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Corporation has not yet achieved profitable production and has a working capital deficit of $2,900,724 and has accumulated losses of $54,643,692 as at December 31, 2019. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Group 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.

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

Grant Thornton LLP

Toronto, Canada
July 14, 2020

Chartered Professional Accountants
Licensed Public Accountants

TEMBO GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		3,588	3,086
GST receivable		2,394	136
Prepaid expenses		9,322	2,046
Total current assets		15,304	5,268
Non-current assets			
Property, plant and equipment	4	216,733	254,687
Exploration and evaluation assets	5	6,060,739	6,103,024
Total non-current assets		6,277,472	6,357,711
TOTAL ASSETS		6,292,776	6,362,979
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	2,772,028	2,392,257
Advances payable	6	144,000	245,000
TOTAL LIABILITIES		2,916,028	2,637,257
SHAREHOLDERS' EQUITY			
Share capital	7	38,041,151	37,667,781
Share-based payments reserve		13,993,948	13,993,948
Foreign currency translation reserve		5,985,341	6,189,767
Deficit		(54,643,692)	(54,125,774)
TOTAL SHAREHOLDERS' EQUITY		3,376,748	3,725,722
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,292,776	6,362,979

Nature of Operations and Going Concern - See Note 1

Events after the Reporting Period - See Note 13

These consolidated financial statements were approved for issue by the Board of Directors on July 14, 2020 and are signed on its behalf by:

*/s/ **David Scott***	*/s/ **Simon Benstead***
David Scott	Simon Benstead
Director	Director

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

TEMBO GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended December 31 2019 $	2018 $
Expenses			
Accounting and administration		30,500	9,500
Audit		38,456	39,600
Corporate development		52,500	-
Depreciation	4	27,503	27,170
Executive management compensation	8	375,329	122,758
Interest and financing fee expenses		4,860	20,319
Legal		7,342	7,785
Office		2,110	2,088
Professional fees		31,801	11,297
Regulatory		20,843	19,093
Rent	8	52,541	51,326
Salaries and benefits		103,538	202,286
Transfer agent		3,984	4,643
		751,307	517,865
Loss before other items		(751,307)	(517,865)
Other items			
Foreign exchange		24,487	(40,643)
Recovery of expenses previously recorded	8	208,902	-
		233,389	(40,643)
Net loss for the year		(517,918)	(558,508)
Other comprehensive (loss) income			
Change in currency translation of foreign subsidiary		(204,426)	393,030
Comprehensive loss for the year		(722,344)	(165,478)
Basic and diluted loss per common share		$(0.00)	$(0.00)
Weighted average number of common shares outstanding		169,119,483	162,732,634

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

TEMBO GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Deficit $	Total Equity $
Balance at December 31, 2018	162,732,634	37,667,781	13,993,948	6,189,767	(54,125,774)	3,725,722
Common shares issued for:						
private placement	15,040,000	376,000	-	-	-	376,000
Share issue costs	-	(2,630)	-	-	-	(2,630)
Currency translation adjustment	-	-	-	(204,426)	-	(204,426)
Net loss for the year	-	-	-	-	(517,918)	(517,918)
Balance at December 31, 2019	177,772,634	38,041,151	13,993,948	5,985,341	(54,643,692)	3,376,748

	Year Ended December 31, 2018					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Deficit $	Total Equity $
Balance at December 31, 2017	162,732,634	37,667,781	13,993,948	5,796,737	(53,567,266)	3,891,200
Currency translation adjustment	-	-	-	393,030	-	393,030
Net loss for the year	-	-	-	-	(558,508)	(558,508)
Balance at December 31, 2018	162,732,634	37,667,781	13,993,948	6,189,767	(54,125,774)	3,725,722

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

TEMBO GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31	
	2019 $	2018 $
Operating activities		
Net loss for the year	(517,918)	(558,508)
Adjustments for:		
Depreciation	27,503	27,170
Interest expense	4,860	-
Financing fee expense	-	15,000
Recovery of expenses previously recorded	(208,902)	-
Changes in non-cash working capital items:		
GST receivable	(2,258)	2,858
Prepaid expenses and deposits	(7,361)	(1,644)
Accounts payable and accrued liabilities	432,346	416,482
Net cash used in operating activities	(271,730)	(98,642)
Investing activity		
Expenditures on exploration and evaluation assets	-	(69,242)
Net cash used in investing activity	-	(69,242)
Financing activities		
Issuance of common shares	192,000	-
Share issue costs	(2,630)	-
Advances received	83,000	165,000
Net cash provided by financing activities	272,370	165,000
Effect of exchange rate changes on cash	(138)	796
Net change in cash	502	(2,088)
Cash at beginning of year	3,086	5,174
Cash at end of year	3,588	3,086

Supplemental cash flow information - See Note 11

1. Nature of Operations and Going Concern

Tembo Gold Corp. (the "Company") is a public company incorporated on March 3, 1937 pursuant to the laws of the Province of Ontario, Canada. The Company is a publicly listed company with its common shares listed on the TSX Venture Exchange ("TSXV") under the symbol "TEM".

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Tanzania. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's material mineral properties are located in Tanzania and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

These consolidated financial statements have been prepared on a going concern basis. As at December 31, 2019 the Company has a working capital deficit of $2,900,724 and an accumulated deficit of $54,643,692. The Company has not yet produced any revenues from its mineral interests and further funds will be required to fund existing levels of overhead and planned exploration expenditures over the course of the next twelve months. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

See also Note 13.

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").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Basis of Consolidation

In addition to the Company, these consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

2. Basis of Preparation (continued)

Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

3. Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) The determination of a subsidiary's functional currency often requires significant judgment when the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 9.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

3. Significant Accounting Policies (continued)

(ii) The calculation of share-based compensation requires estimates of volatility, interest rates, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact share-based compensation expense and share-based compensation reserve.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iv) The assessment of any impairment of property, plant and equipment and exploration and evaluation assets is dependent upon estimates of the recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2019 and 2018 management concluded there were no impairment indicators and no impairment charge was required.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk. As at December 31, 2019 and 2018 the Company did not have any cash equivalents.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

Pre-exploration costs incurred prior to acquiring the legal rights to explore are expensed in the period in which they are incurred. Subsequent to obtaining the legal right to explore, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

3. Significant Accounting Policies (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary 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.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful lives of the assets. The rates generally applicable are:

Computer software	25%
Office equipment and furniture	12.5 %
Exploration equipment and camp facility	5% to 25%
Vehicles	12.5%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Non-financial Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

3. Significant Accounting Policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at December 31, 2019 and 2018 the Company does not have any decommissioning obligations.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Under the expected credit loss ("ECL") model, the measurement options are lifetime expected credit losses and 12 month expected credit losses. The Company adopted the practical expedient to determine ECL on trade and other receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

3. Significant Accounting Policies (continued)

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. 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.

Deferred Income Tax

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 substantially enacted by the statement of financial position 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, 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 tax 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.

3. Significant Accounting Policies (continued)

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent Company. The functional currency of the Company's Tanzanian subsidiaries is US dollars.

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Company's financial statements, all assets, liabilities and transactions of the Company's entities with a functional currency other than the Canadian dollars are translated into Canadian dollars upon consolidation. The functional currency of the entities in the Company have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Adoption of New Accounting Standards

(i) IFRS 16, *Leases* ("IFRS 16")

Effective January 1, 2019 the Company adopted IFRS 16 which replaces IAS 17 - *Leases* ("IAS 17") and its associated interpretative guidance. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

(ii) IFRIC 23- *Uncertainty over Income Tax Treatments* ("IFRIC 23")

Effective January 1, 2019 the Company adopted IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 - *Income Taxes*.

There was no impact on the Company's consolidated financial statements upon the adoption of these new standards.

3. Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Effective

(i) *Definition of a Business* (Amendments to IFRS 3)

The IASB has issued *Definition of a Business* (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

(ii) *Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current* (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until January 1, 2023.

(Expressed in Canadian Dollars)

4. Property, Plant and Equipment

Cost:	**Office Furniture and Equipment $**	**Exploration Equipment and Camp Facility $**	**Computer Software $**	**Vehicles $**	**Total $**
Balance at December 31, 2017	117,712	453,117	67,608	28,826	667,263
Foreign exchange movement	10,294	39,622	5,911	2,521	58,348
Balance at December 31, 2018	128,006	492,739	73,519	31,347	725,611
Foreign exchange movement	(5,471)	(21,057)	(3,141)	(1,340)	(31,009)
Balance at December 31, 2019	122,535	471,682	70,378	30,007	694,602
Accumulated Depreciation:					
Balance at December 31, 2017	(112,657)	(219,048)	(67,608)	(7,445)	(406,758)
Depreciation	(4,345)	(19,673)	-	(3,152)	(27,170)
Foreign exchange movement	(10,079)	(20,189)	(5,911)	(817)	(36,996)
Balance at December 31, 2018	(127,081)	(258,910)	(73,519)	(11,414)	(470,924)
Depreciation	(900)	(20,138)	-	(6,465)	(27,503)
Foreign exchange movement	5,446	11,381	3,141	590	20,558
Balance at December 31, 2019	(122,535)	(267,667)	(70,378)	(17,289)	(477,869)
Carrying Value:					
Balance at December 31, 2018	925	233,829	-	19,933	254,687
Balance at December 31, 2019	-	204,015	-	12,718	216,733

5. Exploration and Evaluation Assets

	Total $
Balance at December 31, 2017	5,293,221
Exploration costs	
Technical services	171,001
Acquisition costs	
Property / concession payments	158,617
Foreign exchange movement	480,185
Balance at December 31, 2018	6,103,024
Exploration costs	
Technical services	114,162
Acquisition costs	
Property / concession payments	107,869
Foreign exchange movement	(264,316)
Balance at December 31, 2019	6,060,739

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

Tembo Project

The Tembo Project is located in northwest Tanzania.

The Company will be required to make a US $250,000 payment to a third party upon a production decision being made on the Tembo Project. Further payments totalling US $4,750,000 may then be payable as follows:

(i) US $250,000 payment upon production of 250,000 ounces of gold;
(ii) US $1,000,000 payment upon production of 1,000,000 ounces of gold;
(iii) US $1,500,000 payment upon production of 1,500,000 ounces of gold; and
(iv) a final payment of US $2,000,000 upon production of 2,000,000 ounces of gold.

6. Advances Payable

	$
Balance December 31, 2017	80,000
Advances received	165,000
Balance December 31, 2018	245,000
Advances received	83,000
Advances settled	(184,000)
Balance December 31, 2019	144,000

The Company has received ongoing advances from directors and shareholders of the Company to provide working capital. Certain of the advances are non-interest bearing and certain advances bear interest at 5% per annum. All of the advances are without fixed terms of repayment.

In July 2019 advances payable in the amount of $184,000 were settled through the issuance of 7,360,000 of shares issued in respect of the private placement as noted in Note 7(b).

During fiscal 2019 the Company incurred a total of $4,860 (2018 - $5,319) of interest expense and, as at December 31, 2019, accrued interest of $13,054 (2018 - $12,831) remained outstanding and was included in accounts payable and accrued liabilities.

7. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares. All issued common shares are fully paid.

(b) ***Reconciliation of Changes in Share Capital***

Fiscal 2019

In July 2019 the Company completed a non-brokered private placement of 15,040,000 common shares at $0.025 per share, of which $192,000 was received in cash and $184,000 was through settlement of advances. The Company incurred a total of $2,630 for filing and other costs associated with the financing. Private corporations controlled by a director and a shareholder of the Company acquired a total 7,600,000 common shares (including the 7,360,000 shares issued for settlement of the advances) of the private placement.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Fiscal 2018

There were no equity financings conducted by the Company during fiscal 2018.

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2019 and 2018 and the changes for the years ended on those dates, is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	13,800,500	0.12	87,171,921	0.12
Expired	(13,800,500)	0.12	(73,371,421)	0.12
Balance, end of year	-	-	13,800,500	0.12

(d) ***Share Option Plan***

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During fiscal 2019 and 2018 no share options were granted.

A summary of the Company's share options at December 31, 2019 and 2018 and the changes for the years ended on those dates, is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	-	-	400,000	0.10
Expired	-	-	(400,000)	0.10
Balance, end of year	-	-	-	-

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions with Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(a) During fiscal 2019 the Company incurred $464,115 (2018 - $257,147) for executive management compensation and professional fees. Of this amount $68,786 (2018 - $134,389) has been capitalized to exploration and evaluation assets based on the nature of the expenditures, $20,000 has been expensed to professional fees and $375,329 (2018 - $122,758) has been expensed to executive management compensation. As at December 31, 2019, $1,288,782 (2018 - $1,072,470) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) The Company incurred rent in Tanzania for housing accommodation provided to the President of the Company. The value of the accommodation for fiscal 2019 was $52,541 (2018 - $51,326). As at December 31, 2019, $134,730 (2018 - $86,722) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During fiscal 2019 the Company incurred $30,500 (2018 - $9,500) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at December 31, 2019, $57,499 (2018 - $18,442) remained unpaid and has been included in accounts payable and accrued liabilities.

(d) Recovery of expenses previously recorded includes $175,000 from a director of the Company.

(d) See also Notes 6 and 7.

9. Income Taxes

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 27% (2018 - 27%) to the loss for the year before taxes as shown in the following table at December 31:

	For the Year Ended December 31,	
	2019 $	2018 $
Loss before taxes	517,918	558,508
Expected income tax benefit based on statutory rate	(139,838)	(150,797)
Increase (decrease) to the income tax benefit resulting from:		
Tax value of benefits previous unrecognized	236,854	224,706
Effect of higher tax rate in foreign jurisdiction	(6,016)	(8,966)
Rate differences	-	(74,741)
True up of prior year balances	(186,764)	5,992,886
Increase in unrecognized portion of deferred tax assets	95,764	(5,983,088)
Income tax benefit recorded	-	-

The following temporary differences and non-capital losses have not been recognized in the consolidated financial statements:

	2019 $	2018 $
Non-capital losses carried forward	15,965,412	16,095,145
Exploration and evaluation assets	1,606,358	1,606,358
Other	1,359,396	1,369,272
Total deductible temporary differences	18,931,166	19,070,775

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in Canadian Dollars)

9. Income Taxes (continued)

The Company has non capital losses in Canada of approximately $13,250,554 (2018 - $12,884,500) which expire through 2026-2039. The Company's subsidiary in Tanzania has operating losses of approximately $2,714,858 (2018 - $3,211,000). The benefit of these losses has not been recognized for financial statements purposes. During fiscal 2019 the Company paid $nil (2018 - $nil) in respect of income taxes.

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2019 $	December 31, 2018 $
Cash	Amortized cost	3,588	3,086
Accounts payable and accrued liabilities	Amortized cost	(2,772,028)	(2,392,257)
Advances payable	Amortized cost	(144,000)	(245,000)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash accounts payable and accrued liabilities and advances payable approximate their fair value due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

10. Financial Instruments and Risk Management (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. There is no interest rate risk associated with the advances payable as the interest rate is fixed at 5% per annum. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's significant subsidiaries are located in Tanzania and have considered the US Dollar as their functional currency. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2019, 1 Canadian Dollar was equal to 0.77 US Dollar (2018 - 0.73 US Dollar).

Balances are as follows:

	December 31, 2019		December 31, 2018	
	US $	CDN $ Equivalent	US $	CDN $ Equivalent
Cash	376	488	337	462
Accounts payable and accrued liabilities	(1,834,252)	(2,382,146)	(1,541,507)	(2,111,653)
	(1,833,876)	(2,381,658)	(1,541,170)	(2,111,191)

Based on the net exposures as of December 31, 2019, and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $253,000 (2018 - $201,500) higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents. As at December 31, 2019 total amount of capital was $38,044,739 (2018 - $37,670,867). The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

11. Supplemental Cash Flow Information

During fiscal 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 $	2018 $
Operating activity		
Accounts payable and accrued liabilities	222,031	329,618
Investing activity		
Exploration and evaluation assets	(222,031)	(329,618)
Financing activities		
Issuance of common shares	184,000	-
Advances settled	(184,000)	-
	-	-

12. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Tanzania and its corporate assets are located in Canada.

The Company's total assets are segmented geographically as follows:

	As at December 31, 2019		
	Canada $	Tanzania $	Total $
Current assets	13,247	2,057	15,304
Property, plant and equipment	-	216,733	216,733
Exploration and evaluation assets	-	6,060,739	6,060,739
	13,247	6,279,529	6,292,776

	As at December 31, 2018		
	Canada $	Tanzania $	Total $
Current assets	3,222	2,046	5,268
Property, plant and equipment	-	254,687	254,687
Exploration and evaluation assets	-	6,103,024	6,103,024
	3,222	6,359,797	6,362,979

13. Events after the Reporting Period

(a) Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

13. Events after the Reporting Period (continued)

The Company has been monitoring the COVID-19 outbreak and the potential impact at all of its operations and has put measures in place to ensure the wellness of all of its employees and surrounding communities where the Company works while continuing to operate. Currently, fieldwork has been halted on the Tembo Project and all corporate personnel travel has been restricted to absolute minimum requirements and employees have been encouraged to work remotely.

With respect to the Company's operations or work locations in Tanzania, the Company has implemented the typical control measures for dealing with the outbreak of COVID-19. These include self-screening for symptoms and travel history with possible COVID-19 exposure of any employees, visitors and contractors (site personnel) prior to any travel to or from a site and isolation, where necessary, from the general site population. These cautions and precautions rely on voluntary information and voluntary compliance of those working directly or indirectly for the Company. The Company expects that procedures will continue to evolve according to the World Health Organization and Center for Disease Control guidelines as more becomes known about the virus.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact.

(b) On April 14, 2020 the Company announced its intention to conduct a non-brokered private placement of common shares at a price of $0.025 per share. On May 14, 2020 the Company closed the first tranche of the private placement financing and issued 18,860,000 common shares. In addition, the Company issued 800,000 common shares for finder's fees at a value of $20,000 on a portion of the first tranche closing. The Company also has made a submission to complete the final tranche of 25,140,000 common shares.