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**TEMBO GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
JUNE 30, 2020

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	June 30, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		166,743	3,588
GST receivable		13,736	2,394
Prepaid expenses		<u>4,074</u>	<u>9,322</u>
<b>Total current assets</b>		<u>184,553</u>	<u>15,304</u>
<b>Non-current assets</b>			
Property, plant and equipment	3	212,516	216,733
Exploration and evaluation assets	4	<u>6,453,866</u>	<u>6,060,739</u>
<b>Total non-current assets</b>		<u>6,666,382</u>	<u>6,277,472</u>
<b>TOTAL ASSETS</b>		<u>6,850,935</u>	<u>6,292,776</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	2,885,564	2,772,028
Advances payable	5	<u>117,140</u>	<u>144,000</u>
<b>TOTAL LIABILITIES</b>		<u>3,002,704</u>	<u>2,916,028</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	38,511,901	38,041,151
Share subscriptions received	11(a)(i)	248,500	-
Share-based payments reserve		13,993,948	13,993,948
Foreign currency translation reserve		6,174,772	5,985,341
Deficit		<u>(55,080,890)</u>	<u>(54,643,692)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>3,848,231</u>	<u>3,376,748</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>6,850,935</u>	<u>6,292,776</u>

**Nature of Operations and Going Concern** - See Note 1

**Events after the Reporting Period** - See Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 31, 2020 and are signed on its behalf by:

/s/ David Scott  
David Scott  
Director

/s/ Simon Benstead  
Simon Benstead  
Director

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

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND**  
**COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended June 30.		Six Months Ended June 30.	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>Expenses</b>					
Accounting and administration	7(c)	11,500	12,200	17,500	13,000
Audit		28,784	30,495	28,784	30,495
Corporate development		24,000	15,000	31,500	22,500
Depreciation	3	6,946	7,515	13,683	14,271
Executive management compensation	7(a)	152,064	501,668	183,893	603,137
Interest expense	5	-	1,608	922	3,198
Legal		28,257	6,376	30,930	6,376
Office		1,990	1,361	2,378	1,624
Professional fees		239	13,866	2,915	16,520
Regulatory		2,800	2,300	4,100	4,350
Rent	7(b)	13,728	13,240	27,620	26,397
Salaries and benefits		27,036	52,183	53,260	104,038
Shareholder costs		1,792	-	1,792	-
Transfer agent		8,816	1,065	9,982	1,965
		<u>307,952</u>	<u>658,877</u>	<u>409,259</u>	<u>847,871</u>
<b>Loss before other item</b>		<u>(307,952)</u>	<u>(658,877)</u>	<u>(409,259)</u>	<u>(847,871)</u>
<b>Other item</b>					
Foreign exchange		<u>30,377</u>	<u>12,489</u>	<u>(27,939)</u>	<u>23,466</u>
<b>Net loss for the period</b>		<u>(277,575)</u>	<u>(646,388)</u>	<u>(437,198)</u>	<u>(824,405)</u>
<b>Other comprehensive income (loss)</b>					
Change in currency translation of foreign subsidiary		<u>(200,539)</u>	<u>(95,672)</u>	<u>189,431</u>	<u>(194,104)</u>
<b>Comprehensive loss for the period</b>		<u>(478,114)</u>	<u>(742,060)</u>	<u>(247,767)</u>	<u>(1,018,509)</u>
<b>Basic and diluted loss per common share</b>					
		<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>
<b>Weighted average number of common shares outstanding</b>					
		<u>62,679,841</u>	<u>54,244,216</u>	<u>60,968,693</u>	<u>54,244,216</u>

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

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

**Six Months Ended June 30, 2020**

	<b>Share Capital</b>		<b>Share Subscriptions</b> \$	<b>Share-Based Payments Reserve</b> \$	<b>Foreign Currency Translation Reserve</b> \$	<b>Deficit</b> \$	<b>Total Equity</b> \$
	<b>Number of Shares <sup>(1)</sup></b>	<b>Amount</b> \$					
<b>Balance at December 31, 2019</b>	59,257,549	38,041,151	-	13,993,948	5,985,341	(54,643,692)	3,376,748
Common shares issued for:							
- private placement	6,286,668	471,500	-	-	-	-	471,500
- finder's fees	266,667	20,000	-	-	-	-	20,000
Share issue costs	-	(20,750)	-	-	-	-	(20,750)
Share subscriptions received	-	-	248,500	-	-	-	248,500
Currency translation adjustment	-	-	-	-	189,431	-	189,431
Net loss for the period	-	-	-	-	-	(437,198)	(437,198)
<b>Balance at June 30, 2020</b>	<b>65,810,884</b>	<b>38,511,901</b>	<b>248,500</b>	<b>13,993,948</b>	<b>6,174,772</b>	<b>(55,080,890)</b>	<b>3,848,231</b>

**Six Months Ended June 30, 2019**

	<b>Share Capital</b>		<b>Share Subscriptions</b> \$	<b>Share-Based Payments Reserve</b> \$	<b>Foreign Currency Translation Reserve</b> \$	<b>Deficit</b> \$	<b>Total Equity</b> \$
	<b>Number of Shares <sup>(1)</sup></b>	<b>Amount</b> \$					
<b>Balance at December 31, 2018</b>	54,244,216	37,667,781	-	13,993,948	6,189,767	(54,125,774)	3,725,722
Share subscriptions received	-	-	167,000	-	-	-	167,000
Currency translation adjustment	-	-	-	-	(194,104)	-	(194,104)
Net loss for the period	-	-	-	-	-	(824,405)	(824,405)
<b>Balance at June 30, 2019</b>	<b>54,244,216</b>	<b>37,667,781</b>	<b>167,000</b>	<b>13,993,948</b>	<b>5,995,663</b>	<b>(54,950,179)</b>	<b>2,874,213</b>

<sup>(1)</sup> The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for three old basis effective July 17, 2020. See Note 6(b).

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

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Six Months Ended	
	June 30	
	2020	2019
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(437,198)	(824,405)
Adjustments for:		
Depreciation	13,683	14,271
Interest expense	922	-
Changes in non-cash working capital items:		
GST receivable	(11,342)	(5,134)
Prepaid expenses and deposits	5,329	(40,100)
Accounts payable and accrued liabilities	(68,008)	674,897
<b>Net cash used in operating activities</b>	<u>(496,614)</u>	<u>(180,471)</u>
<b>Investing activity</b>		
Expenditures on exploration and evaluation assets	(24,488)	-
<b>Net cash used in investing activity</b>	<u>(24,488)</u>	<u>-</u>
<b>Financing activities</b>		
Issuance of common shares	436,500	-
Share issue costs	(750)	-
Share subscriptions received	248,500	167,000
Deferred share issue costs	-	(750)
Advances received	56,268	25,000
Advances repaid	(48,128)	-
<b>Net cash provided by financing activities</b>	<u>692,390</u>	<u>191,250</u>
<b>Effect of exchange rate changes on cash</b>	<u>(8,133)</u>	<u>(88)</u>
<b>Net change in cash</b>	163,155	10,691
<b>Cash at beginning of period</b>	<u>3,588</u>	<u>3,086</u>
<b>Cash at end of period</b>	<u>166,743</u>	<u>13,777</u>

**Supplemental cash flow information** - See Note 9

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

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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.

The recent 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.

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.

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at June 30, 2020 the Company has a working capital deficit of \$2,818,151 and an accumulated deficit of \$55,080,890. 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 condensed consolidated interim 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 11.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

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**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended December 31, 2019.

***Basis of Measurement***

The Company’s condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

***Basis of Consolidation***

In addition to the Company, these condensed consolidated interim 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.

***Adoption of New Accounting Standards***

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

Effective January 1, 2020 the Company adopted IASB - *Definition of a Business* (Amendments to IFRS 3) which clarifies 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:

- (i) clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- (ii) 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;
- (iii) narrow the definition of a business and the definition of outputs; and
- (iv) add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company’s condensed consolidated interim financial statements.



**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**3. Property, Plant and Equipment**

<b>Cost:</b>	<b>Office Furniture and Equipment \$</b>	<b>Exploration Equipment and Camp Facility \$</b>	<b>Computer Software \$</b>	<b>Vehicles \$</b>	<b>Total \$</b>
Balance at December 31, 2018	128,006	492,739	73,519	31,347	725,611
Foreign exchange movement	<u>(5,471)</u>	<u>(21,057)</u>	<u>(3,141)</u>	<u>(1,340)</u>	<u>(31,009)</u>
Balance at December 31, 2019	122,535	471,682	70,378	30,007	694,602
Foreign exchange movement	<u>5,339</u>	<u>20,552</u>	<u>3,066</u>	<u>1,308</u>	<u>30,265</u>
Balance at June 30, 2020	<u>127,874</u>	<u>492,234</u>	<u>73,444</u>	<u>31,315</u>	<u>724,867</u>
<b>Accumulated Depreciation:</b>					
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	<u>5,446</u>	<u>11,381</u>	<u>3,141</u>	<u>590</u>	<u>20,558</u>
Balance at December 31, 2019	(122,535)	(267,667)	(70,378)	(17,289)	(477,869)
Depreciation	-	(10,359)	-	(3,324)	(13,683)
Foreign exchange movement	<u>(5,339)</u>	<u>(11,646)</u>	<u>(3,066)</u>	<u>(748)</u>	<u>(20,799)</u>
Balance at June 30, 2020	<u>(127,874)</u>	<u>(289,672)</u>	<u>(73,444)</u>	<u>(21,361)</u>	<u>(512,351)</u>
<b>Carrying Value:</b>					
Balance at December 31, 2019	<u>-</u>	<u>204,015</u>	<u>-</u>	<u>12,718</u>	<u>216,733</u>
Balance at June 30, 2020	<u>-</u>	<u>202,562</u>	<u>-</u>	<u>9,954</u>	<u>212,516</u>

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**4. Exploration and Evaluation Assets**

	<b>Total \$</b>
<b>Balance at December 31, 2018</b>	<u>6,103,024</u>
<b>Exploration costs</b>	
Technical services	114,162
<b>Acquisition costs</b>	
Property / concession payments	107,869
<b>Foreign exchange movement</b>	<u>(264,316)</u>
<b>Balance at December 31, 2019</b>	<u>6,060,739</u>
<b>Exploration costs</b>	
Technical services	70,001
<b>Acquisition costs</b>	
Property / concession payments	34,731
<b>Foreign exchange movement</b>	<u>288,395</u>
<b>Balance at June 30, 2020</b>	<u>6,453,866</u>

***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.

**5. Advances Payable**

	<b>\$</b>
Balance December 31, 2018	245,000
Advances received	83,000
Advances settled	<u>(184,000)</u>
Balance December 31, 2019	144,000
Advances received	56,268
Advances settled	(35,000)
Repayment of advances	<u>(48,128)</u>
Balance June 30, 2020	<u>117,140</u>

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 an advance bore interest at 5% per annum (the "Interest-bearing Advance"). Effective April 1, 2020 the holder of the Interest-bearing Advance agreed to cease interest charges. During the six months ended June 30, 2020 the Company incurred a total of \$922 (2019 - \$1,586) of interest expense and, as at June 30, 2020, accrued interest of \$13,976 (December 31, 2019 - \$13,054) remained outstanding and was included in accounts payable and accrued liabilities.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

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**5. Advances Payable (continued)**

All of the advances are without fixed terms of repayment.

In May 2020 advances payable in the amount of \$35,000 were settled through the issuance of 466,667 shares of the Company. See Note 6(c).

In July 2019 advances payable in the amount of \$184,000 were settled through the issuance of 7,360,000 of shares of the Company. See Note 6(c).

**6. 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) ***Share Consolidation***

On July 17, 2020 the Company completed a consolidation of its share capital on a one new for three old basis. The share and per share amounts have been adjusted within these condensed consolidated interim financial statements to reflect the share consolidation.

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

*Six Months Ended June 30, 2020*

On May 14, 2020 the Company closed the first tranche of a non-brokered private placement financing and issued 6,286,668 common shares at \$0.075 per share for gross proceeds of \$471,500 of which 466,667 common shares were issued for settlement of the advances. In addition, the Company issued 266,667 common shares for finder's fees at a value of \$20,000 on a portion of the first tranche closing. An officer of the Company acquired a total of 166,667 common shares of the private placement.

See also Note 11(a).

*Fiscal 2019*

In July 2019 the Company completed a non-brokered private placement of 5,013,333 common shares at \$0.075 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 2,533,333 common shares (including the 2,453,333 shares issued for settlement of the advances) of the private placement.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

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**6. Share Capital (continued)**

(d) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at June 30, 2020 and 2019 and the changes for the six months ended on those dates, is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	-	-	4,600,167	0.36
Expired	-	-	(4,600,167)	0.36
Balance, end of period	-	-	-	-

As at June 30, 2020 no warrants were outstanding.

(e) ***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 the six months ended June 30, 2020 and 2019 no share options were granted. No share options were outstanding as at June 30, 2020 and 2019.

See also Note 11(b).

**7. 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.

- (a) During the six months ended June 30, 2020 the Company incurred \$219,276 (2019 - \$672,255) for executive management compensation. Of this amount \$35,383 (2019 - \$69,119) has been capitalized to exploration and evaluation assets based on the nature of the expenditures and \$183,893 (2019 - \$603,137) has been expensed to executive management compensation. As at June 30, 2020 \$1,291,408 (December 31, 2019 - \$1,288,782) remained unpaid and has been included in accounts payable and accrued liabilities.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

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**7. Related Party Disclosures** (continued)

- (b) The Company incurred rent in Tanzania for housing accommodation provided to the President of the Company. The value of the accommodation for the six months ended June 30, 2020 was \$27,620 (2019 - \$26,398). As at June 30, 2020 \$140,328 (December 31, 2019 - \$134,730) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During the six months ended June 30, 2020 the Company incurred \$17,500 (2019 - \$13,000) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at June 30, 2020 \$15,705 (December 31, 2019 - \$57,499) remained unpaid and has been included in accounts payable and accrued liabilities.
- (d) See also Notes 5 and 6.

**8. 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	June 30, 2020 \$	December 31, 2019 \$
Cash	Amortized cost	166,743	3,588
Accounts payable and accrued liabilities	Amortized cost	(2,885,564)	(2,772,028)
Advances payable	Amortized cost	(117,140)	(144,000)

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.

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**8. Financial Instruments and Risk Management (continued)**

*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.

*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 they are non-interest bearing. 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 June 30, 2020, 1 Canadian Dollar was equal to 0.73 US Dollar (2019 - 0.76 US Dollar).

Balances are as follows:

	June 30, 2020		June 30, 2019	
	US \$	CDN \$ Equivalent	US \$	CDN \$ Equivalent
Cash	2,208	3,024	2,247	2,957
Accounts payable and accrued liabilities	<u>(1,993,378)</u>	<u>(2,730,655)</u>	<u>(1,744,892)</u>	<u>(2,295,911)</u>
	<u>(1,991,170)</u>	<u>(2,727,631)</u>	<u>(1,742,645)</u>	<u>(2,292,954)</u>

Based on the net exposures as of June 30, 2020, 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 \$257,000 (2019 - \$322,000) 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. 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.

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**9. Supplemental Cash Flow Information**

During the six months ended June 30, 2020 and 2019 non-cash activities were conducted by the Company as follows:

	2020 \$	2019 \$
Operating activity		
Accounts payable and accrued liabilities	<u>80,244</u>	<u>141,244</u>
Investing activity		
Exploration and evaluation assets	<u>(80,244)</u>	<u>(141,244)</u>
Financing activities		
Issuance of common shares	55,000	-
Share issue costs	(20,000)	-
Advances settled	<u>(35,000)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**10. 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:

	<u>As at June 30, 2020</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	182,798	1,755	184,553
Property, plant and equipment	-	212,516	212,516
Exploration and evaluation assets	<u>-</u>	<u>6,453,866</u>	<u>6,453,866</u>
	<u>182,798</u>	<u>6,668,137</u>	<u>6,850,935</u>
	<u>As at December 31, 2019</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	13,247	2,057	15,304
Property, plant and equipment	-	216,733	216,733
Exploration and evaluation assets	<u>-</u>	<u>6,060,739</u>	<u>6,060,739</u>
	<u>13,247</u>	<u>6,279,529</u>	<u>6,292,776</u>

**11. Events after the Reporting Period**

(a) Subsequent to June 30, 2020 the Company completed private placements as follows:

- (i) on July 20, 2020 the Company closed the final tranche of a non-brokered private placement and issued 8,380,000 common shares at a price of \$0.075 per share for gross proceeds of \$628,500. Directors and officers of the Company participated in this final tranche of the private placement and purchased a total of 7,046,667 common shares for gross proceeds of \$528,500. As at June 30, 2020 the Company had received \$248,500 in share subscriptions; and

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**11. Event after the Reporting Period (continued)**

- (ii) on August 6, 2020 the Company completed a non-brokered private placement and issued 5,300,000 common shares at a price of \$0.15 per share for gross proceeds of \$795,000. Directors and officers of the Company participated in this private placement and purchased a total of 1,333,334 common shares for gross proceeds of \$200,000.
- (b) On July 27, 2020 the Company granted share options to purchase a total of 6,235,000 common shares, at exercise prices ranging from \$0.15 to \$0.20 per share, expiring July 27, 2023.