
TEMBO GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2022

(Unaudited - Expressed in Canadian Dollars)

**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	September 30, 2022 \$	December 31, 2021 \$
ASSETS			
Current assets			
Cash		3,688,046	650,480
GST receivable		70,249	30,019
Prepaid expenses		<u>122,879</u>	<u>22,024</u>
Total current assets		<u>3,881,174</u>	<u>702,523</u>
Non-current assets			
Plant and equipment	4	237,345	159,576
Exploration and evaluation assets	5	4,154,543	6,722,872
Deposit	5	<u>715,732</u>	<u>-</u>
Total non-current assets		<u>5,107,620</u>	<u>6,882,448</u>
TOTAL ASSETS		<u>8,988,794</u>	<u>7,584,971</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	594,673	519,611
Advances payable	6	44,000	44,000
Interest payable	7	<u>9,466</u>	<u>-</u>
Total current liabilities		<u>648,139</u>	<u>563,611</u>
Non-current liabilities			
Promissory note payable	7	<u>357,753</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,005,892</u>	<u>563,611</u>
SHAREHOLDERS' EQUITY			
Share capital	8	44,034,106	42,251,621
Share-based payments reserve		15,604,435	15,580,002
Foreign currency translation reserve		6,374,794	5,738,410
Deficit		<u>(58,030,433)</u>	<u>(56,548,673)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>7,982,902</u>	<u>7,021,360</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>8,988,794</u>	<u>7,584,971</u>

Nature of Operations - See Note 1

Event after the Reporting Period - See Note 13

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 29, 2022 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 COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Accounting and administration	9(d)	24,253	5,500	81,517	27,000
Audit		-	-	38,542	29,960
Corporate development		114,089	95,503	182,609	95,503
Depreciation	4	11,448	6,316	11,448	18,819
Executive management compensation	9(a)	84,549	116,002	411,271	278,002
Financial advisory fees		-	100,000	-	100,000
Interest expense		6,242	-	8,860	-
Investor relations		27,000	62,823	138,168	62,823
Legal		26,440	57,801	93,414	61,219
Office		7,936	5,159	23,339	6,157
Professional fees and compensation		102,480	28,201	300,112	101,741
Regulatory		12,743	6,433	21,516	12,126
Rent and housing	9(c)	19,202	9,209	49,877	26,048
Share-based compensation	8(c)	4,100	393,968	24,433	468,968
Shareholder costs		3,617	2,367	8,712	6,005
Transfer agent		606	3,588	10,845	8,850
Travel		27,840	-	44,508	-
Website and maintenance		5,374	44,175	56,265	44,175
		<u>477,919</u>	<u>937,045</u>	<u>1,505,436</u>	<u>1,347,396</u>
Loss before other items		(477,919)	(937,045)	(1,505,436)	(1,347,396)
Other items					
Interest income		2,638	115	4,535	203
Foreign exchange		16,790	4,504	19,141	5,223
		<u>19,428</u>	<u>4,619</u>	<u>23,676</u>	<u>5,426</u>
Net loss for the period		(458,491)	(932,426)	(1,481,760)	(1,341,970)
Other comprehensive income (loss)					
Change in currency translation of foreign subsidiary		434,600	163,079	636,384	(22,050)
Comprehensive loss for the period		<u>(23,891)</u>	<u>(769,347)</u>	<u>(845,376)</u>	<u>(1,364,020)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>	<u>\$(0.02)</u>
Weighted average number of common shares outstanding		<u>101,514,512</u>	<u>90,757,760</u>	<u>98,786,298</u>	<u>83,245,843</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 SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

Nine Months Ended September 30, 2022						
	Share Capital		Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$				
Balance at December 31, 2021	95,167,581	42,251,621	15,580,002	5,738,410	(56,548,673)	7,021,360
Common shares issued for:						
- private placements	6,603,764	1,792,950	-	-	-	1,792,950
Share issue costs	-	(10,465)	-	-	-	(10,465)
Share-based compensation	-	-	24,433	-	-	24,433
Currency translation adjustment	-	-	-	636,384	-	636,384
Net loss for the period	-	-	-	-	(1,481,760)	(1,481,760)
Balance at September 30, 2022	101,771,345	44,043,106	15,604,435	6,374,794	(58,030,433)	7,982,902

Nine Months Ended September 30, 2021						
	Share Capital		Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$				
Balance at December 31, 2020	79,490,884	39,920,141	15,116,248	5,789,435	(54,645,419)	6,180,405
Common shares issued for:						
- private placement	14,810,031	2,221,505	-	-	-	2,221,505
- finder's fees	500,000	75,000	-	-	-	75,000
- share options	366,666	65,000	-	-	-	65,000
Share issue costs	-	(86,858)	-	-	-	(86,858)
Share-based compensation	-	-	468,968	-	-	468,968
Transfer on exercise of share options	-	56,833	(56,833)	-	-	-
Currency translation adjustment	-	-	-	(22,050)	-	(22,050)
Net loss for the period	-	-	-	-	(1,341,970)	(1,341,970)
Balance at September 30, 2021	95,167,581	42,251,621	15,528,383	5,767,385	(55,987,389)	7,560,000

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)

	Nine Months Ended September 30	
	2022 \$	2021 \$
Operating activities		
Net loss for the period	(1,481,760)	(1,341,970)
Adjustments for:		
Depreciation	11,448	18,819
Share-based compensation	24,433	468,968
Changes in non-cash working capital items:		
GST receivable	(40,230)	(9,039)
Prepaid expenses and deposits	(94,855)	126,025
Accounts payable and accrued liabilities	(180,075)	111,374
Interest payable	8,860	-
Net cash used in operating activities	<u>(1,752,179)</u>	<u>(625,823)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(1,885,261)	(292,660)
Net proceeds from sale of exploration and evaluation assets	5,016,796	-
Deposit	(715,732)	-
Additions to plant and equipment	<u>(77,048)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>2,338,755</u>	<u>(292,660)</u>
Financing activities		
Issuance of common shares	1,792,950	2,190,505
Share issue costs	(10,465)	(11,858)
Advances received	12,496	47,118
Repayment of advances	(12,496)	(49,536)
Promissory note payable	<u>357,753</u>	<u>-</u>
Net cash provided by financing activities	<u>2,140,238</u>	<u>2,176,229</u>
Effect of exchange rate changes on cash	<u>310,752</u>	<u>64,213</u>
Net change in cash	3,037,566	1,321,959
Cash at beginning of period	<u>650,480</u>	<u>47,175</u>
Cash at end of period	<u>3,688,046</u>	<u>1,369,134</u>

Supplemental cash flow information - See Note 11

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 NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

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 condensed consolidated interim financial statements have been prepared on a going concern basis. As at September 30, 2022 the Company had working capital of \$3,233,105 and an accumulated deficit of \$58,030,433. 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.

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. Fieldwork had been halted on the Tembo Project and all corporate personnel travel had been restricted to absolute minimum requirements and employees encouraged to work remotely. In October 2021 the Company determined to recommence field and exploration activities on the Tembo Project.

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.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

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, 2021 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, 2021.

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.

3. Subsidiaries

As at September 30, 2022 the subsidiaries of the Company are:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Tembo Gold (T) Ltd.	Tanzania	100%
Mineral Industry Promotion & Consulting Company Ltd.	Tanzania	100%

4. Plant and Equipment

Cost:	Exploration Equipment and Camp Facility \$	Vehicles \$	Total \$
Balance at December 31, 2020	459,871	29,256	489,127
Foreign exchange movement	<u>(1,951)</u>	<u>(124)</u>	<u>(2,075)</u>
Balance at December 31, 2021	457,920	29,132	487,052
Additions	59,080	17,968	77,048
Foreign exchange movement	<u>37,167</u>	<u>2,364</u>	<u>39,531</u>
Balance at September 30, 2022	<u>554,267</u>	<u>49,464</u>	<u>603,631</u>
Accumulated Depreciation:			
Balance at December 31, 2020	(280,290)	(23,056)	(303,346)
Depreciation	(19,028)	(6,106)	(25,134)
Foreign exchange movement	<u>974</u>	<u>30</u>	<u>1,004</u>
Balance at December 31, 2021	(298,344)	(29,132)	(327,476)
Depreciation	(8,294)	(3,154)	(11,448)
Foreign exchange movement	<u>(24,783)</u>	<u>(2,579)</u>	<u>(27,362)</u>
Balance at September 30, 2022	<u>(331,421)</u>	<u>(34,865)</u>	<u>(366,286)</u>

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

4. Plant and Equipment (continued)

Carrying Value:	Exploration Equipment and Camp Facility \$	Vehicles \$	Total \$
Balance at December 31, 2021	159,576	-	159,576
Balance at September 30, 2022	222,746	14,599	237,345

5. Exploration and Evaluation Assets

	Total \$
Balance at December 31, 2020	<u>6,361,872</u>
Exploration costs	
Geological	134,609
Technical services	<u>202,737</u>
	<u>337,346</u>
Acquisition costs	
Property / concession payments	<u>74,643</u>
Foreign exchange movement	<u>(50,989)</u>
Balance at December 31, 2021	<u>6,722,872</u>
Exploration costs	
Assays	37,810
Camp costs	366,257
Consulting	48,451
Drilling	798,517
Exploration site costs	63,740
Field transportation	30,182
Geological	77,364
Geophysical	3,208
Power generating costs	39,516
Technical services	<u>350,367</u>
	<u>1,815,412</u>
Acquisition costs	
Property / concession payments	<u>290,364</u>
Net proceeds from the Sale Transaction	<u>(5,016,796)</u>
Foreign exchange movement	<u>342,691</u>
Balance at September 30, 2022	<u>4,154,543</u>

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

Tembo Project

The Tembo Project originally consisted of seven prospecting licences located in northwest Tanzania. On December 7, 2021 the Company and Barrick Gold Corporation and Bulyanhulu Gold Mine Limited (collectively “Barrick”) entered into an asset purchase agreement (the “Sale Transaction”) whereby the Company agreed to sell to Barrick six of its non-core prospecting licences (the “Non-core Licences”) in the Tembo Gold Project for an agreed amount of US \$6,000,000. On April 22, 2022 the Company closed on the Sale Transaction and received net proceeds of US \$4,209,118, representing the US \$6,000,000 sale price less US \$1,790,882 for capital gains tax remitted to the Tanzanian government. The Company also paid legal and filing costs totalling \$38,279 and an advisory fee of \$300,000 and, accordingly has recognized net proceeds of \$5,016,796 as a credit to capitalized exploration and evaluation assets.

Barrick also agreed to conduct minimum exploration expenditures totalling US \$9,000,000 (the “Expenditure Commitment”) on the Non-core Licences, as follows:

Date	US \$
First year after closing	1,000,000
Second year after closing	2,000,000
Third year after closing	3,000,000
Fourth year after closing	3,000,000
	<u>9,000,000</u>

Any underfunded exploration work commitment may be made up in the following years. In the event that the Expenditure Commitment is not funded by April 22, 2026, then Barrick must pay the Company the deficiency.

Barrick also agreed to pay the Company contingent payments (“Contingent Payments”), calculated based on the inferred, indicated and measured gold mineral resources (“Mineral Resources”) identified on the Non-core Licences, as follows:

- (i) US \$20 per ounce for the initial 1,000,000 ounces of Mineral Resources;
- (ii) US \$10 per ounce for the second 1,000,000 ounces of Mineral Resources; and
- (iii) US \$5 per ounce for the remaining ounces of Mineral Resources,

for a total maximum aggregate of US \$45,000,000.

The Company has deposited \$715,732 (US \$522,865) in escrow in respect of taxes which may be payable in respect of any Contingent Payments received on or before April 22, 2027, after which any remaining deposit balance will be returned to the Company.

Concurrent with the closing of the Sale Transaction, the Company also completed a private placement (the “Barrick Private Placement”) and issued 5,518,764 common shares of the Company to Barrick for \$1,500,000 cash.

During the nine months ended September 30, 2022, through an agreement with a local company, the Company paid \$290,364 (US \$224,000) for application of five additional prospecting licenses.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

6. Advances Payable

	\$
Balance December 31, 2020	77,418
Advances received	47,118
Repayment of advances	(49,536)
Advances settled	<u>(31,000)</u>
Balance December 31, 2021	44,000
Advances received	12,496
Advances repaid	<u>(12,496)</u>
Balance September 30, 2022	<u>44,000</u>

The Company has received ongoing advances from directors and shareholders of the Company. Through December 31, 2019 the advances bore interest. Effective January 1, 2020 the advances ceased to bear interest and, accordingly, the advances are now non-interest bearing and due on demand. As at September 30, 2022 accrued interest of \$13,054 (December 31, 2021 - \$13,054) from past interest charges remained outstanding and has been included in accounts payable and accrued liabilities.

7. Promissory Note Payable

On April 20, 2022 the Company issued a promissory note (the “Promissory Note”) for US \$261,000 for advances made by Barrick. The Promissory Note bears interest at the variable rate per annum equal to the Royal Bank of Canada base rate for US dollar loans. Interest accrued will be due and payable on December 31st of each year and on the date of repayment of the Promissory Note. The maturity date of the Promissory Note is dependent upon the Contingent Payments made as described in Note 5, but no later than April 22, 2025.

During the nine months ended September 30, 2022 the Company recorded interest expense of \$8,860 (US \$6,906). As at September 30, 2022, \$9,466 was unpaid.

8. 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***

Nine Months Ended September 30, 2022

During the nine months ended September 30, 2022 the Company

- (i) completed the Barrick Private Placement and issued 5,518,764 common shares of the Company to Barrick for \$1,500,000 cash. See also Note 5.
- (ii) completed a non-brokered private placement financing and issued a total of 1,085,000 common shares at \$0.27 per share for \$292,950.

The Company incurred a total of \$10,465 for filing and other costs associated with these financings.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

Fiscal 2021

During the year ended December 31, 2021 the Company completed a non-brokered private placement financing and issued 14,810,031 common shares at \$0.15 per share for \$2,221,505. Directors and officers of the Company and private corporations controlled by certain directors participated in this private placement and purchased a total of 1,753,315 common shares for \$262,997. The Company also issued 500,000 common shares for finder's fees at a value of \$75,000 on a portion of the private placement.

The Company incurred a total of \$11,858 for filing and other costs associated with the financing.

(c) **Share Option Plan**

On August 9, 2022 the Company amended and adopted 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 nine months ended September 30, 2022 the Company granted share options to purchase 125,000 (2021 - 3,589,000) common shares and recorded share-based compensation expense of \$8,875 (2021 - \$468,968).

During the nine months ended September 30, 2022 the Company recorded share-based compensation expense of \$15,558 (2021 - \$nil) on the vesting of share options previously granted.

The fair value of share options granted and/or vested during the nine months ended September 30, 2022 and 2021 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2022</u>	<u>2021</u>
Risk-free interest rate	2.86% - 3.25%	0.28% - 0.63%
Estimated volatility	103% - 145%	162% - 171%
Expected life	2.25 years - 5 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The estimated volatility was based on the historical share prices of the Company. The weighted average grant date fair value of all share options granted and/or vested during the nine months ended September 30, 2022 was \$0.11 (2021 - \$0.14) per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

A summary of the Company's share options at September 30, 2022 and 2021 and the changes for the nine months ended on those dates, is as follows:

	2022		2021	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	8,957,334	0.19	6,235,000	0.16
Granted	125,000	0.25	3,589,000	0.17
Exercised	-	-	(366,666)	0.18
Cancelled / expired	-	-	(500,000)	0.17
Balance, end of period	<u>9,082,334</u>	0.19	<u>8,957,334</u>	0.19

The following table summarizes information about the share options outstanding and exercisable at September 30, 2022:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
5,150,000	5,150,000	0.15	July 27, 2023
885,000	885,000	0.20	July 27, 2023
1,550,334	1,550,334	0.15	August 27, 2024
1,372,000	1,372,000	0.185	September 1, 2024
<u>125,000</u>	<u>31,250</u>	0.25	June 1, 2027
<u>9,082,334</u>	<u>8,988,584</u>		

(d) **Equity Incentive Plan**

On August 9, 2022 the Company adopted an equity incentive plan (the "EIP Plan"), pursuant to which the Company may grant restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs") (collectively, the "Awards") to directors, officers, employees and consultants of the Company (excluding investor relations consultants). The EIP Plan is a fixed number plan, and the number of common shares issued under the EIP Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

No Awards have been granted as of September 30, 2022.

9. 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.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

9. Related Party Disclosures (continued)

- (a) During the nine months ended September 30, 2022 the Company incurred \$503,647 (2021 - \$323,060) for executive management compensation which have been allocated based on the nature of the services provided: expensed \$411,271 (2021 - \$278,002) to executive management compensation and capitalized \$92,376 (2021 - \$45,058) to exploration and evaluation assets. As at September 30, 2022 \$44,149 (December 31, 2021 - \$192,737) remained unpaid and has been included in accounts payable and accrued liabilities.
- (b) During the nine months ended September 30, 2021 the Company recorded \$219,520 for share-based compensation on share options granted to officers and directors of the Company.
- (c) The Company had a rental agreement with an arms-length party (the "Landlord") for housing accommodation in Tanzania provided to the President of the Company. The housing arrangement was terminated on July 31, 2021 and, commencing August 1, 2021, the Company provided the President with a monthly housing allowance of US \$2,500. During the nine months ended September 30, 2022 the Company paid or accrued \$nil (2021 - \$19,713) to the Landlord and \$28,988 (2021 - \$6,335) to the President. As at September 30, 2022 \$3,330 (December 31, 2021 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.
- (d) During the nine months ended September 30, 2022 the Company incurred \$55,600 (2021 - \$27,000) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at September 30, 2022 \$12,500 (December 31, 2021 - \$6,000) remained unpaid and has been included in accounts payable and accrued liabilities.
- (e) See also Notes 6 and 8(b).

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	September 30, 2022 \$	December 31, 2021 \$
Cash	Amortized cost	3,688,046	650,480
Accounts payable and accrued liabilities	Amortized cost	(594,673)	(519,611)
Advances payable	Amortized cost	(44,000)	(44,000)
Interest payable	Amortized cost	(9,466)	-
Promissory note payable	Amortized cost	(357,753)	-

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.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

The recorded amounts for cash, accounts payable and accrued liabilities, advances payable and interest payable approximate their fair value due to their short-term nature. The promissory note payable approximates its fair value.

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.

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 September 30, 2022, 1 Canadian Dollar was equal to 0.73 US Dollar (2021 - 0.81 US Dollar).

Balances are as follows:

	<u>September 30, 2022</u>		<u>September 30, 2021</u>	
	US \$	CDN \$ Equivalent	US \$	CDN \$ Equivalent
Cash	2,665,758	3,651,723	288,855	370,327
Deposit	522,865	715,732	-	-
Accounts payable	(390,826)	(535,379)	(362,889)	(465,242)
Interest payable	(6,906)	(9,466)	-	-
Promissory note payable	<u>(261,000)</u>	<u>(357,753)</u>	<u>-</u>	<u>-</u>
	<u>2,529,891</u>	<u>3,464,857</u>	<u>(74,034)</u>	<u>(94,915)</u>

Based on the net exposures as of September 30, 2022 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 income or loss being approximately \$357,000 (2021 - \$8,900) higher (or lower).

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management (continued)

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 September 30, 2022 total amount of capital was \$47,722,152 (December 31, 2021 - \$42,902,101). 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.

11. Supplemental Cash Flow Information

During the nine months ended September 30, 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022 \$	2021 \$
Operating activity		
Accounts payable and accrued liabilities	<u>220,515</u>	<u>-</u>
Investing activity		
Exploration and evaluation assets	<u>(220,515)</u>	<u>-</u>
Financing activities		
Issuance of common shares	-	106,000
Share issue costs	-	(75,000)
Advances settled	<u>-</u>	<u>(31,000)</u>
	<u>-</u>	<u>-</u>

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:

	<u>As at September 30, 2022</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	348,016	3,533,158	3,881,174
Plant and equipment	-	237,345	237,345
Exploration and evaluation assets	-	4,154,543	4,154,543
Deposit	<u>-</u>	<u>715,732</u>	<u>715,732</u>
	<u>348,016</u>	<u>8,640,778</u>	<u>8,988,794</u>

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited - Expressed in Canadian Dollars)

12. Segmented Information

	<u>As at December 31, 2021</u>		
	<u>Canada</u>	<u>Tanzania</u>	<u>Total</u>
	\$	\$	\$
Current assets	689,569	12,954	702,523
Plant and equipment	-	159,576	159,576
Exploration and evaluation assets	-	<u>6,722,872</u>	<u>6,722,872</u>
	<u>689,569</u>	<u>6,895,402</u>	<u>7,584,971</u>

13. Event after the Reporting Period

On October 28, 2022 the Company granted stock options to purchase 150,000 common shares of the Company at an exercise price of \$0.20 per share, for a period of three years, with 25% vesting every three months beginning January 28, 2023.