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**TEMBO GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2023

*(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	March 31, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		804,641	2,255,550
GST receivable		62,208	67,665
Prepaid expenses		<u>252,615</u>	<u>94,180</u>
<b>Total current assets</b>		<u>1,119,464</u>	<u>2,417,395</u>
<b>Non-current assets</b>			
Plant and equipment	4	184,463	178,078
Exploration and evaluation assets	5	4,374,165	3,880,403
Deposits		<u>978,253</u>	<u>708,168</u>
<b>Total non-current assets</b>		<u>5,536,881</u>	<u>4,766,649</u>
<b>TOTAL ASSETS</b>		<u>6,656,345</u>	<u>7,184,044</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	606,774	704,573
Advances payable	6	44,000	44,000
Interest payable	7	<u>23,735</u>	<u>16,570</u>
<b>Total current liabilities</b>		<u>674,509</u>	<u>765,143</u>
<b>Non-current liabilities</b>			
Promissory note payable	7	<u>353,211</u>	<u>353,498</u>
<b>TOTAL LIABILITIES</b>		<u>1,027,720</u>	<u>1,118,641</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	44,034,856	44,034,856
Share-based payments reserve		15,624,470	15,617,035
Foreign currency translation reserve		6,253,240	6,258,421
Deficit		<u>(60,283,941)</u>	<u>(59,844,909)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>5,628,625</u>	<u>6,065,403</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>6,656,345</u>	<u>7,184,044</u>

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

**Events after the Reporting Period** - Note 13

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 25, 2023 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	
		March 31,	
		2023	2022
		\$	\$
<b>Expenses</b>			
Accounting and administration	9(c)	24,022	24,737
Audit		34,726	-
Corporate development		3,125	58,900
Depreciation	4	7,163	-
Executive management compensation	9(a)	147,945	129,541
Interest expense	7	7,170	-
Investor relations		-	38,616
Legal		17,304	25,152
Office		10,665	7,515
Professional fees		110,318	73,581
Regulatory		6,674	1,800
Rent and housing		27,104	16,802
Share-based compensation	8(c)	7,435	11,543
Shareholder costs		2,500	1,045
Transfer agent		1,275	1,611
Travel		16,631	6,965
Website design and maintenance		15,000	30,891
		<u>439,057</u>	<u>428,699</u>
<b>Loss before other items</b>		(439,057)	(428,699)
<b>Other items</b>			
Interest income		392	569
Foreign exchange		(367)	3,403
		<u>25</u>	<u>3,972</u>
<b>Net loss for the period</b>		(439,032)	(424,727)
<b>Other comprehensive loss</b>			
Change in currency translation of foreign subsidiary		<u>(5,181)</u>	<u>(1,812)</u>
<b>Comprehensive loss for the period</b>		<u>(442,213)</u>	<u>(426,539)</u>
<b>Basic and diluted loss per common share</b>		<u>\$(0.00)</u>	<u>\$(0.00)</u>
<b>Weighted average number of common shares outstanding</b>		<u>101,771,345</u>	<u>95,167,581</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)*

<b>Three Months Ended March 31, 2023</b>						
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Deficit \$</b>	<b>Total Shareholders' Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>					
<b>Balance at December 31, 2022</b>	101,771,345	44,034,856	15,617,035	6,258,421	(59,844,909)	6,065,403
Share-based compensation	-	-	7,435	-	-	7,435
Currency translation adjustment	-	-	-	(5,181)	-	(5,181)
Net loss for the period	-	-	-	-	(439,032)	(439,032)
<b>Balance at March 31, 2023</b>	<b>101,771,345</b>	<b>44,034,856</b>	<b>15,624,470</b>	<b>6,253,240</b>	<b>(60,283,941)</b>	<b>5,628,625</b>
<b>Three Months Ended March 31, 2022</b>						
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Deficit \$</b>	<b>Total Shareholders' Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>					
<b>Balance at December 31, 2021</b>	95,167,581	42,251,621	15,580,002	5,738,410	(56,548,673)	7,021,360
Share-based compensation	-	-	11,543	-	-	11,543
Currency translation adjustment	-	-	-	(1,812)	-	(1,812)
Net loss for the period	-	-	-	-	(424,727)	(424,727)
<b>Balance at March 31, 2022</b>	<b>95,167,581</b>	<b>42,251,621</b>	<b>15,591,545</b>	<b>5,736,598</b>	<b>(56,973,400)</b>	<b>6,606,364</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)*

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	(439,032)	(424,727)
Adjustments for:		
Depreciation	7,163	-
Share-based compensation	7,435	11,543
Changes in non-cash working capital items:		
GST receivable	5,457	2,270
Prepaid expenses and deposits	(158,326)	(33,852)
Accounts payable and accrued liabilities	(494,884)	145,731
Interest payable	7,170	-
<b>Net cash used in by operating activities</b>	<b><u>(1,065,017)</u></b>	<b><u>(299,035)</u></b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(98,492)	(170,222)
Additions to plant and equipment	(13,684)	(53,861)
Deposit	(270,660)	-
<b>Net cash used in investing activities</b>	<b><u>(382,836)</u></b>	<b><u>(224,083)</u></b>
<b>Financing activity</b>		
Advances received	-	12,496
<b>Net cash provided by financing activity</b>	<b><u>-</u></b>	<b><u>12,496</u></b>
<b>Effect of exchange rate changes on cash</b>	<b><u>(3,056)</u></b>	<b><u>89,806</u></b>
<b>Net change in cash</b>	<b>(1,450,909)</b>	<b>(420,816)</b>
<b>Cash at beginning of period</b>	<b><u>2,255,550</u></b>	<b><u>650,480</u></b>
<b>Cash at end of period</b>	<b><u>804,641</u></b>	<b><u>229,664</u></b>

**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 THREE MONTHS ENDED MARCH 31, 2023**  
*(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 OTCQB under the symbol “TBGPF” and the Frankfurt Exchange under the symbol “T23”.

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 March 31, 2023 the Company had working capital of \$444,955 and an accumulated deficit of \$60,283,941. 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.

**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, 2022 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, 2022.

***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.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

**3. Subsidiaries**

As at March 31, 2023 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**

<b>Cost:</b>	<b>Exploration Equipment and Camp Facility \$</b>	<b>Vehicles \$</b>	<b>Total \$</b>
Balance at December 31, 2021	457,920	29,132	487,052
Additions	17,833	17,064	34,897
Foreign exchange movement	32,002	2,680	34,682
Balance at December 31, 2022	507,755	48,876	556,631
Additions	13,684	-	13,684
Foreign exchange movement	(398)	(38)	(436)
Balance at March 31, 2023	521,041	48,838	569,879
<b>Accumulated Depreciation:</b>			
Balance at December 31, 2021	(298,344)	(29,132)	(327,476)
Depreciation	(23,325)	(4,266)	(27,591)
Foreign exchange movement	(21,324)	(2,162)	(23,486)
Balance at December 31, 2022	(342,993)	(35,560)	(378,553)
Depreciation	(6,056)	(1,107)	(7,163)
Foreign exchange movement	272	28	300
Balance at March 31, 2023	(348,777)	(36,639)	(385,416)
<b>Carrying Value:</b>			
Balance at December 31, 2022	164,762	13,316	178,078
Balance at March 31, 2023	172,264	12,199	184,463

**5. Exploration and Evaluation Assets**

	<b>Total \$</b>
<b>Balance at December 31, 2021</b>	6,722,872
Exploration costs	2,746,142
Disposition of non-core licences	(5,762,462)
Foreign exchange movement	173,851
<b>Balance at December 31, 2022</b>	3,880,403
Exploration costs	496,328
Foreign exchange movement	(2,566)
<b>Balance at March 31, 2023</b>	4,374,165



**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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 “Closing”) the Company closed on the Sale Transaction and received \$7,508,280 (US \$6,000,000) and paid legal and filing costs totalling \$38,279 and an advisory fee of \$300,000 associated with the Sale Transaction and, accordingly, recorded a gain on disposal of exploration and evaluation assets of \$1,115,959. The Company also paid \$2,241,074 (US \$1,790,882) for capital gains tax remitted to the Tanzanian government.

Barrick has also agreed to conduct minimum exploration expenditures totalling US \$9,000,000 (the “Expenditure Commitment”) on the Non-core Licences over the next four years. 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”) totalling a maximum aggregate of US \$45,000,000, 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.

The Company has deposited \$707,593 (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.

**6. Advances Payable**

	\$
Balance December 31, 2021	44,000
Advances received	12,496
Advances repaid	<u>(12,496)</u>
Balance December 31, 2022 and March 31, 2023	<u>44,000</u>

The Company has received ongoing advances from directors and shareholders of the Company. The advances are non-interest bearing and are due on demand.

**7. Promissory Note Payable**

On April 20, 2022 the Company issued a promissory note (the “Promissory Note”) for \$353,211 (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 31<sup>st</sup> 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 three months ended March 31, 2023 the Company recorded interest expense of \$7,170 (2022 - \$nil). As at March 31, 2023 \$23,735 (December 31, 2022 - \$16,570) was unpaid.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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***

*Three Months Ended March 31, 2023*

No financings were completed during the three months ended March 31, 2023.

*Fiscal 2022*

During fiscal 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; and
- (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 \$9,715 for filing and other costs associated with these financings.

(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.

No share options were granted by the Company during the three months ended March 31, 2023 or 2022. During the three months ended March 31, 2023 the Company recorded share-based compensation expense of \$7,435 (2022 - \$11,543) on the vesting of share options previously granted.

The fair value of share options vested during the three months ended March 31, 2023 and 2022 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2023</u>	<u>2022</u>
Risk-free interest rate	3.32% - 3.54%	1.92%
Estimated volatility	94% - 134%	127%
Expected life	2.75 years - 4.25 years	2.5 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 vested during the three months ended March 31, 2023 was \$0.11 (2022 - \$0.12) 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 THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Share Capital (continued)**

A summary of the Company's share options at March 31, 2023 and 2022 and the changes for the three months ended on those dates, is as follows:

	2023		2022	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning and end of period	8,832,334	0.16	8,957,334	0.19

The following table summarizes information about the share options outstanding and exercisable at March 31, 2023:

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
1,150,334	1,150,334	0.15	August 27, 2024
1,372,000	1,372,000	0.185	September 1, 2024
150,000	37,500	0.20	October 28, 2025
125,000	93,750	0.25	June 1, 2027
8,832,334	8,688,584		

See also Note 13.

(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 March 31, 2023.

**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 THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

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

- (a) During the three months ended March 31, 2023 the Company incurred \$180,388 (2022 - \$159,932) for executive management compensation which have been allocated based on the nature of the services provided: expensed \$147,945 (2022 - \$129,541) to executive management compensation and capitalized \$32,443 (2022 - \$30,391) to exploration and evaluation assets. As at March 31, 2023 \$363,682 (December 31, 2022 - \$215,759) remained unpaid and has been included in accounts payable and accrued liabilities.
- (b) 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 three months ended March 31, 2023 the Company paid or accrued \$10,139 (2022 - \$9,544) to the President. As at March 31, 2023 \$23,683 (December 31, 2022 - \$13,488) remained unpaid and has been included in accounts payable and accrued liabilities.
- (d) During the three months ended March 31, 2023 the Company incurred \$15,100 (2022 - \$16,000) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at March 31, 2023 \$11,300 (December 31, 2022 - \$3,000) remained unpaid and has been included in accounts payable and accrued liabilities.
- (e) See also Note 6.

**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	March 31, 2023 \$	December 31, 2022 \$
Cash	Amortized cost	804,641	2,255,550
Accounts payable and accrued liabilities	Amortized cost	(606,774)	(704,573)
Advances payable	Amortized cost	(44,000)	(44,000)
Interest payable	Amortized cost	(23,735)	(16,570)
Promissory note payable	Amortized cost	(353,211)	(353,498)

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 THREE MONTHS ENDED MARCH 31, 2023**  
*(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 due to the instrument being due on demand.

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. The following table is based on the contractual maturity dates of financial assets and liabilities and the earliest date on which the Company can be required to settle financial liabilities.

	<b>Contractual Maturity Analysis at March 31, 2023</b>				
	<b>Carrying Amount \$</b>	<b>Contractual Cash Flows \$</b>	<b>Less than 3 Months \$</b>	<b>3 -12 Months \$</b>	<b>1 - 5 Years \$</b>
Cash	804,641	804,641	804,641	-	-
Accounts payable and accrued liabilities	(606,774)	(606,774)	(606,774)	-	-
Advances payable	(44,000)	(44,000)	(44,000)	-	-
Interest payable	(23,735)	(23,735)	(16,570)	(7,165)	-
Promissory note payable	(353,211)	(353,211)	-	-	(353,211)

*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 March 31, 2023, 1 Canadian Dollar was equal to 0.74 US Dollar (2022 - 0.80 US Dollar).

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

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

Balances are as follows:

	<u>March 31, 2023</u>		<u>December 31, 2021</u>	
	US \$	CDN \$ Equivalent	US \$	CDN \$ Equivalent
Cash	586,600	792,703	178,321	222,901
Deposit	522,865	707,593	-	-
Accounts payable	(113,249)	(153,039)	(393,978)	(492,473)
Advances payable	-	-	(10,000)	(12,496)
Interest payable	(17,538)	(23,735)	-	-
Promissory note payable	<u>(261,000)</u>	<u>(353,211)</u>	<u>-</u>	<u>-</u>
	<u>717,678</u>	<u>970,311</u>	<u>(225,657)</u>	<u>(282,068)</u>

Based on the net exposures as of March 31, 2023 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 \$98,000 (2022 - \$28,000) 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 and cash. As at March 31, 2023 total amount of capital was \$44,839,497 (December 31, 2022 - \$46,290,406). 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 three months ended March 31, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023 \$	2022 \$
Operating activity		
Accounts payable and accrued liabilities	<u>(397,836)</u>	<u>(33,248)</u>
Investing activity		
Exploration and evaluation assets	<u>397,836</u>	<u>33,248</u>

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

**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:

	<b>As at March 31, 2023</b>		
	<b>Canada</b>	<b>Tanzania</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current assets	101,849	1,017,615	1,119,464
Plant and equipment	-	184,463	184,463
Exploration and evaluation assets	-	4,374,165	4,374,165
Deposit	-	707,593	707,593
	<u>101,849</u>	<u>6,283,836</u>	<u>6,385,685</u>
	<b>As at December 31, 2022</b>		
	<b>Canada</b>	<b>Tanzania</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current assets	138,764	2,278,631	2,417,395
Plant and equipment	-	178,078	178,078
Exploration and evaluation assets	-	3,880,403	3,880,403
Deposit	-	708,168	708,168
	<u>138,764</u>	<u>7,045,280</u>	<u>7,184,044</u>

**13. Events after the Reporting Period**

Subsequent to March 31, 2023 the Company:

- (i) issued 750,000 common shares on the exercise of share options for \$112,500; and
- (ii) granted share options to a director of the Company to purchase 750,000 common shares of the Company at an exercise price of \$0.18 per share on or before May 11, 2026.