
TEMBO GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023

(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)

	Notes	September 30, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash		9,499	2,255,550
GST receivable		68,899	67,665
Prepaid expenses		<u>252,347</u>	<u>94,180</u>
Total current assets		<u>330,745</u>	<u>2,417,395</u>
Non-current assets			
Plant and equipment	5	169,957	178,078
Exploration and evaluation assets	6	4,830,755	3,880,403
Deposits	4(b), 6	<u>842,113</u>	<u>708,168</u>
Total non-current assets		<u>5,842,825</u>	<u>4,766,649</u>
TOTAL ASSETS		<u>6,173,570</u>	<u>7,184,044</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	758,409	704,573
Advances payable	7	122,100	44,000
Interest payable	8	<u>41,251</u>	<u>16,570</u>
Total current liabilities		<u>921,760</u>	<u>765,143</u>
Non-current liabilities			
Promissory note payable	8	<u>352,872</u>	<u>353,498</u>
TOTAL LIABILITIES		<u>1,274,632</u>	<u>1,118,641</u>
SHAREHOLDERS' EQUITY			
Share capital	9	45,258,326	44,034,856
Share-based payments reserve		15,060,696	15,617,035
Foreign currency translation reserve		6,244,390	6,258,421
Deficit		<u>(61,664,474)</u>	<u>(59,844,909)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>4,898,938</u>	<u>6,065,403</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,173,570</u>	<u>7,184,044</u>

Nature of Operations and Going Concern - See Note 1

Event after the Reporting Period - See Note 4(a)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 24, 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 September 30.		Nine Months Ended September 30.	
		2023 \$	2022 \$	2023 \$	2022 \$
Expenses					
Accounting and administration	10(c)	17,852	24,253	70,039	81,517
Audit		23,337	-	58,063	38,542
Corporate development		603	114,089	8,670	182,609
Depreciation	5	7,107	11,448	21,388	11,448
Executive management compensation	10(a)	145,468	84,549	439,948	411,271
Interest expense	8	8,763	6,242	24,589	8,860
Investor relations		-	27,000	-	138,168
Legal		77,888	26,440	132,675	93,414
Office		7,410	7,936	31,145	23,339
Professional fees		40,950	102,480	276,931	300,112
Regulatory		12,940	12,743	29,311	21,516
Rent and housing	10(b)	-	19,202	30,716	49,877
Share-based compensation	9(c)	57	4,100	93,281	24,433
Shareholder costs		3,680	3,617	8,385	8,712
Transfer agent		1,449	606	4,056	10,845
Travel		20,000	27,840	43,833	44,508
Website and maintenance		15,000	5,374	45,000	56,265
		<u>382,504</u>	<u>477,919</u>	<u>1,318,030</u>	<u>1,505,436</u>
Loss before other items		<u>(382,504)</u>	<u>(477,919)</u>	<u>(1,318,030)</u>	<u>(1,505,436)</u>
Other items					
Interest income		161	2,638	776	4,535
Standstill agreement payments	4(a)	(80,049)	-	(512,597)	-
Other		(10,091)	-	3,424	-
Foreign exchange		1,027	16,790	6,862	19,141
		<u>(88,952)</u>	<u>19,428</u>	<u>(501,535)</u>	<u>23,676</u>
Net loss for the period		<u>(471,456)</u>	<u>(458,491)</u>	<u>(1,819,565)</u>	<u>(1,481,760)</u>
Other comprehensive income (loss)					
Change in currency translation of foreign subsidiaries		<u>110,423</u>	<u>434,600</u>	<u>(14,031)</u>	<u>636,384</u>
Comprehensive loss for the period		<u>(361,033)</u>	<u>(23,891)</u>	<u>(1,833,596)</u>	<u>(845,376)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.02)</u>	<u>\$(0.02)</u>
Weighted average number of common shares outstanding		<u>104,617,945</u>	<u>101,514,512</u>	<u>102,870,212</u>	<u>98,786,298</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, 2023						
	Share Capital		Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
	Number of Shares	Amount \$				
Balance at December 31, 2022	101,771,345	44,034,856	15,617,035	6,258,421	(59,844,909)	6,065,403
Common shares issued for:						
- share options exercised	3,609,000	573,850	-	-	-	573,850
Transfer on exercise of share options	-	649,620	(649,620)	-	-	-
Share-based compensation	-	-	93,281	-	-	93,281
Currency translation adjustment	-	-	-	(14,031)	-	(14,031)
Net loss for the period	-	-	-	-	(1,819,565)	(1,819,565)
Balance at September 30, 2023	105,380,345	45,258,326	15,060,696	6,244,390	(61,664,474)	4,898,938

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

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	
	2023 \$	2022 \$
Operating activities		
Net loss for the period	(1,819,565)	(1,481,760)
Adjustments for:		
Depreciation	21,388	11,448
Share-based compensation	93,281	24,433
Changes in non-cash working capital items:		
GST receivable	(1,234)	(40,230)
Prepaid expenses and deposits	(157,554)	(94,855)
Accounts payable and accrued liabilities	441,605	(180,075)
Interest payable	24,990	8,860
Net cash used in operating activities	<u>(1,397,089)</u>	<u>(1,752,179)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(1,004,362)	(1,885,261)
Net proceeds from sale of exploration and evaluation assets	-	5,016,796
Deposits	(132,400)	(715,732)
Additions to plant and equipment	(13,684)	(77,048)
Net cash (used in) provided by investing activities	<u>(1,150,446)</u>	<u>2,338,755</u>
Financing activities		
Issuance of common shares	240,000	1,792,950
Share issue costs	-	(10,465)
Advances received	78,100	12,496
Repayment of advances	-	(12,496)
Promissory note payable	-	357,753
Net cash provided by financing activities	<u>318,100</u>	<u>2,140,238</u>
Effect of exchange rate changes on cash	<u>(16,616)</u>	<u>310,752</u>
Net change in cash	(2,246,051)	3,037,566
Cash at beginning of period	<u>2,255,550</u>	<u>650,480</u>
Cash at end of period	<u>9,499</u>	<u>3,688,046</u>

Supplemental cash flow information - See Note 12

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, 2023
(Unaudited - Expressed in Canadian Dollars)

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 September 30, 2023 the Company had a working capital deficit of \$591,015 and an accumulated deficit of \$61,664,474. 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.

In August 2023 the Company entered into a number of mineral property agreements, as described in Note 4.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. Subsidiaries

As at September 30, 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. Proposed Acquisitions

(a) *Imwelo Project*

On August 8, 2023 the Company entered into a licence purchase agreement (the “Imwelo LP Agreement”) with Lake Victoria Gold Ltd. (“LVG”), a private Australian company, and its Tanzanian subsidiary, Tanzoz Mineral Limited (“Tanzoz”), pursuant to which the Company will acquire (the “Imwelo Acquisition”) LVG’s Imwelo Gold Project (the “Imwelo Project”) in Tanzania. The Company has also entered into a binding letter of intent, dated August 8, 2023, for a \$11,520,000 financing (the “Financings”) with Taifa Mining and Civils Limited (“Taifa”), a private Tanzanian mining contracting firm.

- (i) Under the terms of the Imwelo LP Agreement the Company will acquire the Imwelo Project for consideration of \$5,500,000, consisting of approximately 23,600,000 common shares of the Company (the “Tembo Shares”), plus approximately US \$221,000 cash.

LVG will be required to hold the Tembo Shares in escrow in accordance with the share release conditions outlined below:

- one third of the Tembo Shares released from escrow upon commercial production being achieved on the Imwelo Project;
- one third of the Tembo Shares released six months after commercial production; and
- one third of the Tembo Shares released twelve months after commercial production.

If commercial production is not achieved within three years of closing, the escrow shares will be released to LVG. During the escrow period the Company will retain voting rights over the escrowed shares.

Conditions to closing of the LVG Acquisition include:

- satisfactory completion of due diligence by the Company;
- the Company obtaining all necessary shareholder approvals to complete the LVG Acquisition;
- the Company and LVG obtaining all required regulatory approvals,
- completion of the initial tranche of the Financings;
- completion of a technical report on the Imwelo Project and acceptance of the report by the TSXV; and
- other customary conditions precedent for a transaction of this nature.

- (ii) The Financings will be conducted in the following tranches;

- Prior to completion of the LVG Acquisition Taifa, or its affiliates, will initially subscribe for 16,000,000 shares of the Company at \$0.22 per share for gross proceeds of \$3,520,000 (the “First Private Placement”). On November 7, 2023 the Company received an initial \$2,227,000 (US \$1,630,000) for the First Private Placement.
- Upon completion of final engineering and closing of the LVG Acquisition Taifa will have twenty days to complete a second private placement of 16,000,000 units (the “Units”) at a price of \$0.24 per Unit (subject to TSXV pricing rules) for gross proceeds of \$3,840,000. Each Unit will consist of one common share of the Company and one warrant (“Warrant”) exercisable to purchase one

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4. Proposed Acquisitions (continued)

additional common share of the Company for two years at a price of \$0.26 per share (subject to TSXV pricing rules).

- On the date that is six months after the Company breaks ground on the Imwelo Project Taifa will have twenty days to exercise the Warrants which will result in the issuance of an additional 16,000,000 shares of the Company for gross proceeds to the Company of \$4,160,000

During the nine months ended September 30, 2023 the Company paid a total of \$512,597 (US \$381,000) for the exclusive right to negotiate and finalize the LVG Acquisition. The amounts paid have been expensed.

On November 7, 2023 the Company received an initial \$2,227,000 (US \$1,630,000) for the First Private Placement.

(b) ***Dora Project***

On August 28, 2023 the Company entered into a license purchase agreement (the “Dora LP Agreement”) with an arm’s length private Tanzanian citizen, pursuant to which the Company will acquire the Dora Gold Project (the “Dora Project”) in Tanzania. As at September 30, 2023 the Company has deposited \$135,200 (US \$100,000) to the vendor, which is refundable in the event the vendor does not satisfy certain conditions precedent by February 28, 2024.

5. Plant and Equipment

	Exploration Equipment and Camp Facility \$	Vehicles \$	Total \$
Cost:			
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
	<u>507,755</u>	<u>48,876</u>	<u>556,631</u>
Balance at December 31, 2022	507,755	48,876	556,631
Additions	13,684	-	13,684
Foreign exchange movement	(898)	(86)	(984)
	<u>520,541</u>	<u>48,790</u>	<u>569,331</u>
Balance at September 30, 2023	<u>520,541</u>	<u>48,790</u>	<u>569,331</u>
Accumulated Depreciation:			
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)
	<u>(342,993)</u>	<u>(35,560)</u>	<u>(378,553)</u>
Balance at December 31, 2022	(342,993)	(35,560)	(378,553)
Depreciation	(18,082)	(3,306)	(21,388)
Foreign exchange movement	520	47	567
	<u>(360,555)</u>	<u>(38,819)</u>	<u>(399,374)</u>
Balance at September 30, 2023	<u>(360,555)</u>	<u>(38,819)</u>	<u>(399,374)</u>
Carrying Value:			
Balance at December 31, 2022	<u>164,762</u>	<u>13,316</u>	<u>178,078</u>
Balance at September 30, 2023	<u>159,986</u>	<u>9,971</u>	<u>169,957</u>

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6. Exploration and Evaluation Assets

	Total \$
Balance at December 31, 2021	6,722,872
Exploration costs	2,746,142
Disposition of non-core licences	(5,762,462)
Foreign exchange movement	<u>173,851</u>
Balance at December 31, 2022	3,880,403
Exploration costs	952,480
Foreign exchange movement	<u>(2,128)</u>
Balance at September 30, 2023	<u>4,830,755</u>

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 \$706,913 (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.

7. Advances Payable

	\$
Balance December 31, 2021	44,000
Advances received	12,496
Advances repaid	<u>(12,496)</u>
Balance December 31, 2022	44,000
Advances received	<u>78,100</u>
Balance September 30, 2023	<u>122,100</u>

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7. Advances Payable (continued)

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

8. Promissory Note Payable

On April 20, 2022 the Company issued a promissory note (the "Promissory Note") for \$352,872 (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 6, but no later than April 22, 2025.

During the nine months ended September 30, 2023 the Company recorded interest expense of \$24,589 (2022 - \$8,860). As at September 30, 2023 \$41,251 (December 31, 2022 - \$16,570) of accrued interest was outstanding.

9. 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) ***Equity Financings***

Nine Months Ended September 30, 2023

No financings were completed during the nine months ended September 30, 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.

During the nine months ended September 30, 2023 the Company granted share options to purchase 750,000 (2022 - 125,000) common shares and recorded share-based compensation expense of \$82,500 (2022 - \$8,875).

During the nine months ended September 30, 2023 the Company recorded share-based compensation expense of \$10,781 (2022- \$15,558) on the vesting of share options previously granted.

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9. Share Capital (continued)

The fair value of share options granted and/or vested during the nine months ended September 30, 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	3.22% - 4.51%	2.86% - 3.25%
Estimated volatility	59% - 121%	103% - 145%
Expected life	2.25 years - 4 years	2.25 years - 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 granted and/or vested during the nine months ended September 30, 2023 was \$0.10 (2022 - \$0.11) 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.

A summary of the Company's share options at September 30, 2023 and 2022 and the changes for the nine months ended on those dates, is as follows:

	<u>2023</u>		<u>2022</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	8,832,334	0.19	8,957,334	0.19
Granted	750,000	0.18	125,000	0.25
Exercised	(3,609,000)	0.16	-	-
Expired	(2,426,000)	0.15	-	-
Balance, end of period	<u>3,547,334</u>	0.18	<u>9,082,334</u>	0.19

The following table summarizes information about the share options outstanding and exercisable at September 30, 2023:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
1,150,334	1,150,334	0.15	August 27, 2024
1,372,000	1,372,000	0.185	September 1, 2024
150,000	112,500	0.20	October 28, 2025
750,000	750,000	0.18	May 11, 2026
<u>125,000</u>	<u>125,000</u>	0.25	June 1, 2027
<u>3,547,334</u>	<u>3,509,834</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.

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9. Share Capital (continued)

No Awards have been granted under the EIP Plan as of September 30, 2023.

10. 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 nine months ended September 30, 2023 the Company incurred \$532,781 (2022 - \$503,647) for executive management compensation which have been allocated based on the nature of the services provided: expensed \$439,948 (2022 - \$411,271) to executive management compensation and capitalized \$92,833 (2022 - \$92,376) to exploration and evaluation assets. As at September 30, 2023 \$273,472 (December 31, 2022 - \$215,759) remained unpaid and has been included in accounts payable and accrued liabilities. In addition, the Company recorded share-based compensation of \$82,500 on the granting of share options to a key management personnel.
- (b) The Company had an arrangement to provide housing and office accommodation for the President in Tanzania. Effective June 30, 2023 this arrangement was mutually terminated. During the nine months ended September 30, 2023 the Company incurred \$20,313 (2022 - \$28,988) to an arm's length party. As at September 30, 2023 \$nil (December 31, 2022 - \$13,488) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) During the nine months ended September 30, 2023 the Company incurred \$43,400 (2022 - \$55,600) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at September 30, 2023 \$nil (December 31, 2022 - \$3,000) remained unpaid and has been included in accounts payable and accrued liabilities.
- (d) See also Note 7.

11. 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, 2023 \$	December 31, 2022 \$
Cash	Amortized cost	9,499	2,255,550
Accounts payable and accrued liabilities	Amortized cost	(758,409)	(704,573)
Advances payable	Amortized cost	(122,100)	(44,000)
Interest payable	Amortized cost	(41,251)	(16,570)
Promissory note payable	Amortized cost	(352,872)	(353,498)

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11. Financial Instruments and Risk Management (continued)

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, 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.

	Contractual Maturity Analysis at September 30, 2023				
	Carrying Amount	Contractual Cash Flows	Less than 3 Months	3 -12 Months	1 - 5 Years
	\$	\$	\$	\$	\$
Cash	9,499	9,499	9,499	-	-
Accounts payable and accrued liabilities	(758,409)	(758,409)	(758,409)	-	-
Advances payable	(122,100)	(122,100)	(122,100)	-	-
Interest payable	(41,251)	(41,251)	-	(41,251)	-
Promissory note payable	(352,872)	(352,872)	-	-	(352,872)

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.

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11. Financial Instruments and Risk Management (continued)

(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, 2023, 1 Canadian Dollar was equal to 0.74 US Dollar (2022 - 0.73 US Dollar).

Balances are as follows:

	<u>September 30, 2023</u>		<u>September 30, 2022</u>	
	US \$	CDN \$ Equivalent	US \$	CDN \$ Equivalent
Cash	4,043	5,463	2,665,758	3,651,723
Deposits	622,865	842,113	522,865	715,732
Accounts payable	(372,398)	(503,241)	(390,826)	(535,379)
Interest payable	(30,511)	(41,251)	(6,906)	(9,466)
Promissory note payable	<u>(261,000)</u>	<u>(352,872)</u>	<u>(261,000)</u>	<u>(357,753)</u>
	<u>(37,001)</u>	<u>(49,788)</u>	<u>2,529,891</u>	<u>3,464,857</u>

Based on the net exposures as of September 30, 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 \$5,200 (2022 - \$357,000) 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 September 30, 2023 total amount of capital was \$45,267,825 (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.

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12. Supplemental Cash Flow Information

During the nine months ended September 30, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023 \$	2022 \$
Operating activity		
Accounts payable and accrued liabilities	<u>(281,968)</u>	<u>220,515</u>
Investing activity		
Exploration and evaluation assets	<u>(51,882)</u>	<u>(220,515)</u>
Financing activities		
Issuance of share capital	983,470	-
Share-based payments reserve	<u>(649,620)</u>	<u>-</u>
	<u>333,850</u>	<u>-</u>

13. 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, 2023</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	94,055	236,690	330,745
Plant and equipment	-	169,957	169,957
Exploration and evaluation assets	-	4,830,755	4,830,755
Deposits	-	<u>842,113</u>	<u>842,113</u>
	<u>94,055</u>	<u>6,079,515</u>	<u>6,173,570</u>
	<u>As at December 31, 2022</u>		
	Canada \$	Tanzania \$	Total \$
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	-	<u>708,168</u>	<u>708,168</u>
	<u>138,764</u>	<u>7,045,280</u>	<u>7,184,044</u>