SRG MINING

Condensed Consolidated Interim Financial Statements

For the three-month period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)
(Unaudited)

TSX-V: SRG

Management's Responsibilities over Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements of SRG Mining Inc. (the "Company" or "SRG") for the three-month periods ended on March 31, 2022 and 2021 have been prepared by the management and are its responsibility. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation of the International Financial Reporting Interpretations Committee ("IFRIC") and reflect management's best estimates and judgment based on information currently available.

These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

SRG Mining Inc.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, in Canadian dollars)

	March 31, 2022	December 31, 2021
	$	$
ASSETS		
Current		
Cash and cash equivalents	**16,722,901**	4,575,961
Sales taxes and other receivables	**70,136**	17,426
Prepaid expenses	**29,796**	35,424
	16,822,833	4,628,811
Non-current		
Property and equipment	**319,422**	336,470
TOTAL ASSETS	**17,142,255**	4,965,281
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**1,495,271**	1,671,031
Short-term portion of lease liability (Note 5)	**34,582**	11,841
Short-term loans (Note 6)	**754,626**	752,796
Convertible debt - host (Note 7)	**345,657**	319,563
Convertible debt - derivative (Note 7)	**368,700**	270,561
Interest payable (Note 6 & 7)	**93,713**	147,171
	3,092,549	3,172,963
Non-current		
Long-term portion of lease liabilitiy (Note 5)	**14,502**	16,846
TOTAL LIABILITIES	**3,107,051**	3,189,809
EQUITY		
Share capital (Note 8)	**40,462,639**	27,699,990
Contributed surplus (Note 9)	**8,491,433**	8,098,705
Deficit	**(34,918,868)**	(34,023,223)
TOTAL EQUITY	**14,035,204**	1,775,472
TOTAL LIABILITIES AND EQUITY	**17,142,255**	4,965,281

Nature of operation and liquidity risk (Note 1)
Subsequent events (Note 16)

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

On behalf of the Board,

Marc Filion /s/
Director

Yves Grou /s/
Director

SRG Mining Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive loss

(Unaudited, in Canadian dollars)

	Three-month periods ended on March 31,	
	2022	2021
	$	$
Expenses		
Exploration and evaluation (Note 3)	**93,062**	79,158
General and administrative (Note 4)	**331,843**	388,777
Share-based payments (Note 9)	**392,728**	277,587
	817,633	745,522
Other expenses (income)		
Gain on extinguishment of debt (Note 7)	**(82,617)**	-
Change in fair value of embedded derivative (Note 7)	**102,238**	20,960
Interest revenue	**(40)**	(225)
Interest expense	**64,179**	75,628
Foreign exchange income	**(5,748)**	(1,835)
	78,012	94,528
Net loss and comprehensive loss for the period	**895,645**	840,050
Basic and diluted loss per common share for the period	**(0.01)**	(0.01)
Weighted average number of shares – basic and diluted	**90,457,243**	79,980,573

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

SRG Mining Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, in Canadian dollars)

	Number of issued and outstanding shares	Share capital	Contributed surplus	Deficit	Total equity
		$	$	$	$
Balance as at January 1, 2022	89,835,655	27,699,990	8,098,705	(34,023,223)	1,775,472
Issuance of units common shares (Note 8)	22,942,941	12,838,047	-	-	12,838,047
Share issuance costs	-	(75,398)	-	-	(38,668)
Stock-based compensation (Note 9)	-	-	392,728	-	392,728
Net loss and comprehensive loss for the period	-	-	-	(895,645)	(932,375)
Balance as at March 31, 2022	**112,778,596**	**40,462,639**	**8,491,433**	**(34,918,868)**	**14,035,204**
Balance as at January 1, 2021	**79,825,755**	**22,643,369**	**7,660,054**	**(31,358,645)**	**(1,055,222)**
Issuance of common shares (Note 8)	109,900	63,742	-	-	63,742
Exercise of stock options (Note 8 & 9)	200,000	158,035	(71,535)	-	86,500
Stock-based compensation (Note 9)	-	-	277,587	-	277,587
Net loss and comprehensive loss for the period	-	-	-	(840,050)	(840,050)
Balance as at March 31, 2021	**80,135,655**	**22,865,146**	**7,866,105**	**(32,198,695)**	**(1,467,444)**

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

SRG Mining Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, in Canadian dollars)

	2022	2021
Cash flows provided by (used in)	**$**	$
OPERATING ACTIVITIES		
Net loss for the period	**(895,645)**	(840,050)
Adjustments for non-cash items		
Depreciation	**46,484**	61,557
Accreted interest on lease liability (Note 5)	**961**	1,104
Foreign exchange on lease liability (Note 5)	**74**	(546)
Gain on extinguishment of debt (Note 7)	**(82,617)**	-
Interest payable (Note 6 & 7)	**29,159**	31,609
Accreted interest on loan (Note 6)	**1,830**	1,592
Foreign exchange on convertible debenture (Note 7)	**(9,338)**	(5,278)
Accretion expense on convertible debenture (Note 7)	**31,333**	40,487
Change in fair value of embedded derivatives (Note 7)	**102,238**	20,960
Stock-based compensation (Note 9)	**392,728**	277,587
Change in non-cash working capital items (Note 13)	**(222,842)**	53,237
	(605,635)	(357,741)
INVESTING ACTIVITIES		
Deposit for investment (Note 7)	**-**	(400,000)
	-	(400,000)
FINANCING ACTIVITIES		
Lease liability (Note 5)	**(10,074)**	(11,185)
Issuance of units as part of a private placement (Note 8)	**12,838,047**	-
Issuance of shares (Note 8)	**-**	63,742
Share issuance costs	**(75,398)**	-
Exercise of stock options (Note 8 & 9)	**-**	86,500
Issuance of convertible debenture (Note 7)	**-**	915,908
	12,752,575	1,054,965
Net change in cash and cash equivalents	**12,146,940**	297,224
Cash and cash equivalents, beginning of period	**4,575,961**	523,136
Cash and cash equivalents, end of period	**16,722,901**	820,360

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

SRG Mining Inc. is a Canadian-based mineral exploration and development business with activities in Africa. The Company was incorporated on April 16, 1996 under the *Canada Business Corporations Act*. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SRG.V". The Company's principal office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8.

These condensed consolidated interim financial statements were authorized for publication by the Board of Directors on May 27, 2022.

The Company's mining properties are located in the Republic of Guinea ("Guinea"), Africa, and hence are subject to the risks normally associated with unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

As at March 31, 2022, the Company had a working capital of $ 13.7 million, which included cash of $16.7 million. Management of the Company believes that it has sufficient funds to maintain the status of its current obligations and keep its properties in good standing, to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments beyond the ensuing 12 months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future. To continue the Company's future operations and fund its development expenditures, the Company will periodically need to raise additional funds, which may be completed in a number of ways, including, but not limited to, the issuance of new equity, debt financing or securing capital from potential partners. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2022.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Companys accounting policies.

The Company has consistently applied the same accounting policies throughout all the periods presented in these condensed consolidated interim financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for:

(i) cash flow information;
(ii) Share-based payment arrangements, which are measured at faire value on grant date pursuant to IFRS 2, Share-based Payment

(Unaudited and in Canadian dollars)

Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2021 except for the followings amendments to accounting policies:

New or revised accounting standards or interpretations and modifications to significant accounting policies

Restricted share units

The Restricted Share Unit plan (the "RSU Plan") allows the grant to directors, employees, or service providers nontransferable Restricted Share Units ("RSUs") based on the value of the Corporation's share price at volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant. Unless otherwise stated, the awards typically have a vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Corporation. The Corporation intends to settle all RSUs in equity. The Corporation uses the fair value method to recognize compensation expense related to the granting of RSUs.

Basis of consolidation

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

The subsidiaries of the Company, all of which are wholly owned, are as follows:

Subsidiaries	**Jurisdiction of incorporation**
Sama Resources Guinee SARL (“SRG Guinée”)	Guinea
SRG Graphite International Inc. (“SRG Intl”)	Cayman Islands
SRG Liberia Inc. (“SRG Liberia”)	Liberia
SRG Lithium Inc. (“SRG Lithium”)	Canada

3. EXPLORATION AND EVALUATION EXPENSES

The Company has one project currently under evaluation which is named Lola Graphite.

On August 10, 2018, the Government of Guinea awarded SRG Guinée, through ministerial order NoA2018/5349/MMG/SGG, the Lola Graphite research permit for a final two-year period, and, as per the legislation, the surface area was reduced to 94.38 square kilometers (from 187 square kilometers). This research permit has been canceled on November 6, 2019 when the mining permit has been issued.

On November 6, 2019, the Government of Guinea awarded SRG Guinée, through presidential order NºD/2019/291/PRG/SGG awarded the fifteen (15) year renewable mining permit for its Lola graphite project near the town of Lola in eastern Guinea, West Africa. The mining permit covers an area of 94.38 square kilometers. SRG Guinée has agreed to develop the mine and has an obligation to invest US$110,000,000 within the first year of the permit being granted. The Company has asked for a deferment and suspension of its obligations due to force majeure events including the COVID-19 Pandemic as well as the coup d’état in the Republic of Guinea. Furthermore, on June 5, 2021, the Company and the government of Guinea signed an agreement which stipulates that the Company must begin work on its Lola project within six months of being formally reissued the Gogota permit. As of this date, the Company has yet to receive formal notice of reissuance of the Gogota permit.

(Unaudited and in Canadian dollars)

Lola Graphite Property	March 31, 2022	March 31, 2021
	$	$
Geochemistry	737	435
Camp operations, field supplies and other expenses	10,468	4,247
Metallurgical tests	-	6,250
HSEC Community relations on site	563	533
Salaries and wages	48,167	24,773
Amortization	33,127	42,920
Total Lola Graphite Property	93,062	79,158
Total E&E expenses	93,062	79,158

4. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of expenditures required to manage the business but which are not directly linked to the sale of goods, the provision of services, and to the carrying out of construction or E&E activities.

	March 31, 2022	March 31, 2021
	$	$
Operating expenses		
Salaries and benefits	108,899	75,173
Consulting fees	95,540	146,372
Travel and representation	31,050	11,582
General and office expenses	53,449	32,458
Professional fees	8,206	80,936
Investor relation fees	-	101
Transfer agent and filing fees	21,342	19,918
Shareholder information	-	3,600
Amortization	13,257	18,637
Total general and administrative expenses	**331,843**	**388,777**

(Unaudited and in Canadian dollars)

5. LEASE LIABILITIES

The movement in lease liabilities during the three-month period ended March 31, 2022 and the year ended December 31, 2021 is comprised of the following:

	March 31, 2022	December 31, 2021
	$	$
Lease liabilities at the beginning of the period	28,687	44,698
Lease payments	(10,570)	(43,212)
Lease addition	29,932	29,268
Lease termination	-	(5,229)
Accreted interest	961	2,263
Foreign exchange gain	74	899
Balance, end of period	**49,084**	28,687
Current portion	**34,582**	11,841
Long-term portion	**14,502**	16,846

The leases mature at the latest in 2024.

6. LOAN PAYABLE

On June 18, 2019, the Company received a bridge loan of $1,000,000 from Sama Resources Inc. ("SRI"), a related company, to fund the immediate cash requirements of the Company. The loan bears interest at 10% per annum. As at March 31, 2022 $728,959 remains unpaid including an interest charge of $28,959. The parties have agreed to extend the final maturity date for the repayment of the outstanding balance to December 31st, 2022 and if the Company completes a financing of at least $3,000,000 before December 31st, 2022, the outstanding balance will become due immediately. Given the recent La Mancha equity financing, the SRI loan will be reimbursed during Q2-2022.

In response to COVID-19, the Company has received a $60,000 emergency loan from the Canada Emergency Business Account ("CEBA"). The loan is interest-free until December 31, 2022, and if $40,000 is reimbursed by said date, the Company will be entitled to a $20,000 exemption as government grant.

Although the government grant of $20,000 is not refundable if the Company repays the amount of $40,000 by December 31, 2022, this amount will be recognized in income when the Company has reasonable assurance that it will comply with the terms of early repayment of this aid. As at March 31, 2022 the loan is measured at a fair value of $54,627 and $1,830 in accreted interest has been recorded for the period. In January 2022, the government of Canada announced that the maturity of the CEBA loans was extended to December 31, 2023.

7. CONVERTIBLE DEBENTURE

On January 26, 2021, SRG entered into a private placement in the form of a convertible debt financing for US$7,500,000 with Sprott Private Resource Lending II (Collector), LP ("Sprott"). The first tranche ("First Tranche") of US$800,000 was received on January 25, 2021 and included a subscription for 109,900 common shares of the Company (the "Incentive Shares"). Incentive Shares were issued at $0.58 per share.

On April 6, 2021, Sprott agreed to refinance the First Tranche and replace it with a new secured credit agreement for US$1,600,000 (the "US$1.6M Note"). The US$1.6M Note, included a refinancing and a replacement of the US$800,000 First Tranche, as well as a fresh cash injection on the same terms which are for the totality of the amount; (i) an interest rate of 8% per annum, (ii) a term expiring on July 31, 2023, (iii) is convertible into common shares of the Company, at the discretion of Sprott, at a conversion price equal to $0.69 per share and (iv) includes the issuance of 2,913,623 common share purchase warrants to Sprott exercisable for up to 2,913,623 common shares of the Company at $0.69 per share until July 31, 2023.

(Unaudited and in Canadian dollars)

The Company was unsuccessful in its bid to acquire NAL, and $1,400,000 (US$1,117,629) of the US$1.6M Note was reimbursed to Sprott. The full amount outstanding including principal, implied interest, prepayment fee and expenses under the US$1.6M Note is due immediately. Pre-payment fees of US$65,067 were waived during the period, recognized as a gain of $82,617. See Note 16. As at March 31, 2021, the amount due immediately to Sprott is estimated at $752,745 (US$601,959)

As at March 31, 2022, the embedded foreign exchange derivative liability was fair valued at $368,700 and the residual value of $345,657 was assigned to the debt host liability. A change in fair value of the embedded foreign exchange derivative liability between the initial recognition date and March 31, 2022 has generated a loss of $102,238 for the period.

As at March 31, 2022	**Host**	**Derivative**	**Total**
	$	**$**	**$**
Balance beginning of period	319,563	270,561	590,124
Change in fair value of derivative	-	102,238	102,238
Change in foreign exchange rate	(5,239)	(4,099)	(9,338)
Accretion	31,333	-	31,333
Balance end of period	**345,657**	**368,700**	**714,357**

The value of the embedded derivative was determined using a Black & Scholes valuation model on the following assumptions at March 31, 2022:

Stock price	$0.90
Exercise price	$0.69
Expected life	1.33 year
Expected volatility	84,74%
Risk-free interest	2,17%

8. SHARE CAPITAL

2021

On January 27, 2021 as part of the Financing with Sprott, the Company has issued 109,900 Incentive Shares at a price of $0.58 per share for total proceeds of $63,742. See Note 7.

In November 5, 2021 the Company closed a concurrent non-brokered private placement for the issuance of a total of 9,600,000 units of SRG at a price of $0.50 per unit for gross proceeds of $4,800,000, and issuance costs of $34,052. Each unit comprises one common share of the Company and half of one non-transferable common share purchase warrant of the Company. Each warrant entitles the holder thereof to acquire one additional common share of the Company at an exercise price of $0.75 per common share at any time for a period of 24 months. Based on the residual method, a fair value of $nil was allocated to the warrants.

During the year ended December 31 2021, 200,000 stock options were exercised at a price of $0.365 per stock and 100,000 stock options were exercised at a price of $0.50 per stock option for total proceeds of $123,001.

2022

On February 22, 2022, the Company completed a non-brokered private placement for a total of $270,000 at a price of $0.54 per share, issuing 500,000 shares.

On March 31, 2022, the Company completed a non-brokered private placement for a total of $12,568,047 at a price of

(Unaudited and in Canadian dollars)

$0.56 per share, issuing 22,442,941 shares.

Warrants

The outstanding share purchase warrants as at March 31, 2022 and December 31, 2021 and the respective changes during the quarter are summarized as follows:

	Three-month period ended March 31, 2022		Year ended December 31, 2021	
	Number	**$(1)**	Number	$(1)
Balance, beginning of period	14,880,203	0.86	7,166,580	1.00
Issued	-	-	7,713,623	0.73
Balance exercisable, end of period	**14,880,203**	**0.86**	**14,880,203**	**0.86**

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

		Three-month period ended March 31, 2022
Expiry date	**Number**	**Exercice Price $(1)**
March 4, 2023	4,039,800	1.00
March 9, 2023	946,780	1.00
March 31, 2023	180,000	1.00
July 2, 2023	2,000,000	1.00
July 31, 2023	2,913,623	0.69
November 5, 2023	4,800,000	0.75
Balance exercisable, end of period	**14,880,203**	**0.86**

(1) Weighted average exercice price.

9. SHARE-BASED PAYMENTS

Share purchase options

The Company has a rolling stock 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 exercise price of each option (“Option”) shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than $0.05, being the minimum exercise price allowable under TSX-V policy.

The following table shows the changes in stock options:

(Unaudited and in Canadian dollars)

	Three-month period ended March 31, 2022		Year ended December 31, 2021	
	Number	**$[2]**	Number	$[2]
Balance, beginning of period	7,660,500	0.70	7,470,500	0.69
Granted	1,300,000	0.70	490,000	0.69
Exercised	-	-	(300,000)	0.41
Balance, end of period	8,960,500	0.70	7,660,500	0.70
Excercisable, end of period	8,093,831	0.70	7,025,876	0.72

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

			March 31, 2022
	Number outstanding	**Number exercisable**	**Exercise price $[2]**
June 21, 2022	200,000	200,000	0.41
October 24, 2023	150,000	150,000	1.20
February 20, 2027	1,902,007	1,902,007	0.365
April 25, 2027	100,000	100,000	0.50
June 14, 2027	25,000	25,000	0.36
November 22, 2027	325,000	325,000	1.30
January 14, 2028	125,000	125,000	1.72
August 8, 2028	2,285,000	2,285,000	1.10
May 11, 2030	1,108,493	1,108,493	0.37
June 19, 2030	950,000	950,000	0.51
February 9, 2031	490,000	490,000	0.69
March 1, 2032	1,300,000	433,331	0.70
	8,960,500	8,093,831	

(2) Weighted average exercice price.

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	Three-month period ended March 31, 2022	Year ended December 31, 2021
Weighted average price at the grant date	$0.70	$0.69
Weighted average exercise price	$0.70	$0.69
Expected dividend	-$	-$
Expected average volatility	134.95%	98.31%
Risk-free average interest rate	1.70%	0.99%
Expected average life	10 years	10 years
Weighted fair value per stock option	$0.68	$0.61

A share-based compensation expense of $348,180 was recognized during the period ended March 31, 2022 (2021 – $277,587). An amount of $nil and $348,180 (2021 – $16,762 and $260,825) was recognized in E&E expenses and in general and administrative expenses, respectively, in the consolidated statement of loss and comprehensive loss.

(Unaudited and in Canadian dollars)

Restricted share units

In February 2022, the Corporation adopted a RSU Plan to reward certain employees, officers and directors of the Corporation (the "Participants"), subject to approval by its shareholders at the Corporation's Annual and Special Meeting of Shareholders on June 9, 2022. Following the implementation of the RSU Plan, the Corporation granted to Participants a number of restricted share units ("RSUs") based on the volume weighted average trading price of the common shares for the five days immediately preceding the grant date. If approval is not granted, the Corporation will issue cash bonuses to its Participants. The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Corporation's issued and outstanding common shares, less any shares reserved for issuance under the Stock Option Plan and the DSU Plan. The RSUs are time-based awards and all the amount of RSUs granted will vest upon the continuous employment of the Participants on the third anniversaries of the RSU grant, starting from the date of the grant or such other period not exceeding three years determined by the Board of Directors.

Pursuant to the terms of the RSU Plan, Participants will receive, upon vesting of the RSUs, common shares of the Corporation issued from treasury. The outstanding RSU's as at March 31, 2022 are as follows:

	Three-month period ended March 31, 2022		Year ended December 31, 2021	
	Number	**$(3)**	Number	$(3)
Balance, beginning of period	-	-	-	-
Granted	1,750,000	0.70	-	-
Balance, end of period	1,750,000	0.70	-	-
Excercisable, end of period	-	-	-	-

(3) Weighted average fair value.

A share-based compensation payment of $44,548 was recognized during the period ended March 31, 2022 (2021 $nil).

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which will allow it to pursue its E&E activities and develop the mine.

The Company considers its capital structure to include shareholders' equity, debts and convertible debentures. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the exploration and evaluation of its E&E assets and develop the mine, the Company prepares annual expenditure budgets, which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, issue more debts or convertible debenture instruments, sell off permits and enter into joint venture arrangements.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended March 31, 2022.

The changes in the Company's capital are disclosed in the consolidated statements of changes in shareholder's equity.

(Unaudited and in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification

The Company's financial instruments as at March 31, 2022 and December 31, 2021 consist of cash and cash equivalents, receivable and other current assets, accounts payable and accrued liabilities, loans and convertible debenture.

The classification of financial instruments is summarized as follows:

	Carrying value as at March 31, 2022	Carrying value as at December 31, 2021
	$	$
Financial assets at amortized costs		
Cash and cash equivalents	16,722,901	4,575,961
Receivables	943	1,070
Financial liabilities at amortized costs		
Accounts payables and accrued liabilities	1,495,271	1,671,031
Short-term loan	754,626	752,796
Convertible debenture host	345,657	319,563
Interest payable	93,713	147,171
Financial liabilities at fair value		
Convertible debt derivative	368,700	270,561

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit concentration risk by holding cash and cash equivalents. This risk is minimized by holding cash and cash equivalents balances with large Canadian financial institutions and a minimal amount with local banks in Africa.

Liquidity risk

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at March 31, 2022 the Company had cash and cash equivalents of $16,722,901 to settle curent liabilities of $3,092,549.

Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity instruments, issuance of debts, issuance of convertible debentures, further expenditure reductions, or other measures.

Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Company's financial instruments as at March 31, 2022 consist of cash and cash equivalents, accounts payable and accrued liabilities, loans and convertible debenture. The Company's financial assets and financial liabilities approximate their fair values due to their relatively short periods to maturity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

Except for the fixed interest recognized on the convertible debenture and short-term loan, all of the Company's assets and liabilities are non-interest-bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

Market risk

Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange (''FX'') risk as cash is primarily held in Canadian dollars, while a significant portion of expenditures are denominated in US dollars and Guinean francs and, to a lesser extent, euros, Australian dollars and British pounds.

	March 31, 2022 in CAD	**Impact of 10% change in FX**	**December 31, 2021 in CAD**	**Impact of 10% change in FX**
United States dollar	352,161	+/- 35,216	160,704	+ / - $16,074
Guinea franc	67,394	+/- 6,739	73,297	+ / - $7,329

Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies, as outlined above. As the Company has not yet developed commercial mineral interests, the Company is not a party to financial instruments exposed to the price of commodities. However, the Company is indirectly exposed to commodity price risk, as it impacts the Company's access to capital and funding.

12. RELATED PARTIES

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO"), the Vice-President Corporate and Legal Affairs, and the Vice-President Operations, Metallurgy, and Process Design.

Remuneration of key management personnel

During the period ended March 31, 2022, the Company incurred fees of $15,556 (2021 – $35,972) with one officer. These fees are recorded under legal fees in administration expenses. As at, March 31, 2022, $130,821 was due to this officer (December 31, 2021 – $115,404).

During the period ended March 31, 2022, the Company incurred salaries of $87,308 (2021 – $29,333) to four employees who are officers of the Company, recorded under general and administrative expenses. As at, March 31, 2022, $324,920 was due to these officers (December 31, 2021 – $278,920).

During the period ended March 31, 2022, the Company recognized stock-based compensation of $256,653 (2021 – $277,587) in connection with stock options granted to officers and directors solely, of which $nil was expensed under E&E expenses (2021 – $16,762) and $256,653 was expensed under general and administrative expenses (2021 – $260,825).

Transactions with related parties

During the period ended March 31, 2022, the Company incurred no fees from a consultant who is also a director and the Qualified Person under National Instrument NI 43-101 (2021 – $nil). As at, March 31, 2022, $40,000 was due to that consultant (December 31, 2021 – $40,000).

During the period ended March 31, 2022, the Company incurred consulting fees and administrative fees of $6,250 (2021 – $18,863) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. As at, March 31, 2022, $70,360 was due to that corporation (December 31, 2021 – $45,360).

During the period ended March 31, 2022, SRI and one of its subsidiaries charged the Company $1,861 for services recorded as E&E expenses as well as services recorded as general and administrative expenses (2021 – $1,255). As at, March 31, 2022 and December 31, 2021 no amount was due to Sama Resources Inc. and its subsidiary.

In 2019, SRI has loaned $1,000,000 of which $728,959 remains unpaid as at March 31, 2022 (December 31, 2021 – $711,699). See Note 6.

Termination and change of control provisions

Certain agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2022, the total amounts payable in respect of severance would amount to $1,123,001. If a change of control would occur during the year ending December 31, 2022, the total amounts payable in respect of severance, if elected by the executive members, would amount to $1,627,750.

(Unaudited and in Canadian dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Period ended	March 31,
	2022	2021
Changes in working capital items	**$**	$
Sales taxes and other receivables	**(52,710)**	(13,126)
Prepaid expenses and deposits	**5,628**	5,401
Accounts payable and accrued liabilities	**(175,760)**	60,962
	(222,842)	53,237

14. COMMITMENTS

The Company must pay $8,852 in superficial rights every year for the next twelve years to the government of Guinea to retain the rights of its mining title.

Minimum annual payments relating to the above commitments in the next five fiscal years and thereafter are as follows:

Year	**Other**
	$
2022	8,852
2023	8,852
2024	8,852
2025	8,852
2026	8,852
Thereafter	61,962

15. OPERATING SEGMENTS

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at March 31, 2022, $268,470 of the Company's non-current assets are located in Guinea, Africa, and $50,952 are located in Montréal, Canada. As at December 31, 2021 $278,750 of the Company's non-current assets were located in Guinea, Africa and $57,720 in Montréal, Canada.

16. SUBSEQUENT EVENTS

On April 25th, 2022, Sprott Private Resource Lending II (Collector), LP ("Sprott"), has converted the full outstanding amount of capital owed under the previously announced Sprott convertible debt facility to common shares of the Company. The total principal amount of US$482,371 has been converted at the pre-agreed conversion price of C$0.69 per share. As a result, SRG has issued 881,550 common shares to Sprott. In addition to the Shares, the Company has paid the Recipient in cash accrued interest and certain expenses. The Recipient has waived its entitlement to an early prepayment fee.