# Condensed Consolidated Interim Financial Statements

## For the three-month periods ended March 31, 2023 and 2022

(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”) 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”) 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)

| | Notes | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | | | |
| Cash and cash equivalents | | **9,200,742** | 11,106,401 |
| Sales taxes and other receivables | | **196,640** | 101,605 |
| Prepaid expenses and deposits | | **102,876** | 105,818 |
| | | **9,500,258** | 11,313,824 |
| Non-current assets | | | |
| Property and equipment | | **314,787** | 332,098 |
| **TOTAL ASSETS** | | **9,815,045** | 11,645,922 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | **582,986** | 921,251 |
| Short-term portion of lease liability | 5 | **38,415** | 12,116 |
| | | **621,401** | 933,367 |
| Non-current liabilities | | | |
| Long-term portion of lease liability | 5 | **5,017** | 7,346 |
| | | **626,418** | 940,713 |
| **EQUITY** | | | |
| Share capital | 6 | **41,282,782** | 41,282,782 |
| Contributed surplus | 7 | **9,518,365** | 9,314,620 |
| Deficit | | **(41,612,520)** | (39,892,193) |
| | | **9,188,627** | 10,705,209 |
| **TOTAL LIABILITIES AND EQUITY** | | **9,815,045** | 11,645,922 |

Nature of operation and liquidity risk (Note 1)

*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 March 31, | |
|---|---|---|---|
| | | **2023** | 2022 |
| | Notes | **$** | $ |
| **Expenses** | | | |
| Exploration and evaluation | 3 | **767,020** | 93,062 |
| General and administrative | 4 | **767,844** | 331,843 |
| Share-based payments | 7 | **203,745** | 392,728 |
| | | **1,738,609** | 817,633 |
| **Other expenses (income)** | | | |
| Other expenses | | **338** | - |
| Gain on extinguishment of debt | | **-** | (82,617) |
| Change in fair value of embedded derivative | | **-** | 102,238 |
| Interest expense (Income) | | **(20,919)** | 64,139 |
| Foreign exchange (income) loss | | **2,299** | (5,748) |
| | | **(18,282)** | 78,012 |
| Net loss and comprehensive loss for the period | | **1,720,327** | 895,645 |
| Basic and diluted loss per common share for the period | | **0.02** | 0.01 |
| Weighted average number of shares – basic and diluted | | **113,822,338** | 90,457,243 |

*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)

| | Notes | Number of issued and outstanding common shares | Share capital | Contributed surplus | Deficit | Total equity |
|---|---|---|---|---|---|---|
| | | | $ | $ | $ | $ |
| **Balance as at January 1, 2023** | | **113,822,338** | **41,282,782** | **9,314,620** | **(39,892,193)** | **10,705,209** |
| Share-based compensation | 7 | - | - | 203,745 | - | 203,745 |
| Net loss and comprehensive loss for the year | | - | - | - | (1,720,327) | (1,720,327) |
| **Balance as at March 31, 2023** | | **113,822,338** | **41,282,782** | **9,518,365** | **(41,612,520)** | **9,188,627** |
| Balance as at January 1, 2022 | | 89,835,655 | 27,699,990 | 8,098,705 | (34,023,223) | 1,775,472 |
| Issuance of common shares | 6 | 22,442,941 | 12,568,047 | - | - | 12,568,047 |
| Issuance of shares in settlement of account payable and accrued liabilities | 6 | 500,000 | 270,000 | - | - | 270,000 |
| Share issuance costs | 6 | - | (75,398) | - | - | (75,398) |
| Share-based compensation | 7 | - | - | 392,728 | - | 392,728 |
| Net loss and comprehensive loss for the year | | - | - | - | (895,645) | (895,645) |
| **Balance as at March 31, 2022** | | **112,778,596** | **40,462,639** | **8,491,433** | **(34,918,868)** | **14,035,204** |

*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)

| | | Three-month periods ended March 31, | |
|---|---|---|---|
| | | **2023** | 2022 |
| Cash flows provided by (used in) | Notes | **$** | $ |
| **Operating activities** | | | |
| Net (loss) income for the period | | **(1,720,327)** | (895,645) |
| Adjustments for non-cash items | | | |
| Depreciation | | **52,051** | 46,484 |
| Accreted interest on lease liability | 5 | **992** | 961 |
| Foreign exchange on lease liability | 5 | **382** | 74 |
| Gain on extinguishment of debt | | **-** | (82,617) |
| Interest payable | | **-** | 29,159 |
| Accreted interest on loan | | **-** | 1,830 |
| Foreign exchange on convertible debenture | | **-** | (9,338) |
| Accretion expense on convertible debenture | | **-** | 31,333 |
| Change in fair value of embedded derivatives | | **-** | 102,238 |
| Share-based payments | 7 | **203,745** | 392,728 |
| | | **(1,463,157)** | (382,793) |
| Change in non-cash working capital items | 11 | **(430,358)** | (222,842) |
| | | **(1,893,515)** | (605,635) |
| **Investing activities** | | | |
| | | **-** | - |
| **Financing activities** | | | |
| Lease liability | 5 | **(12,144)** | (10,074) |
| Issuance of shares as part of a private placement | 6 | **-** | 12,568,047 |
| Issuance of shares in settlement of account payable and accrued liabilities | 6 | **-** | 270,000 |
| Share issuance costs | 6 | **-** | (75,398) |
| | | **(12,144)** | 12,752,575 |
| Net change in cash and cash equivalents | | **(1,905,659)** | 12,146,940 |
| Cash and cash equivalents, beginning of period | | **11,106,401** | 4,575,961 |
| **Cash and cash equivalents, end of period** | | **9,200,742** | 16,722,901 |

*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 24, 2023.

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, 2023, the Company had a working capital of $ 8.9 million, which included cash of $9.2 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 Company's 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 cash flow information.

### 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, 2022.

(Unaudited and in Canadian dollars)

**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 | Ownership % |
|---|---|---|
| Sama Resources Guinee SARL (“SRG Guinée”) | Guinea | 100% |
| SRG Graphite International Inc. (“SRG Intl”) | Cayman Islands | 100% |
| SRG Liberia Inc. (“SRG Liberia”) | Liberia | 100% |
| SRG Lithium Inc. (“SRG Lithium”) | Canada | 100% |

## 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 the mining permit for its Lola graphite project near the town of Lola in eastern Guinea, West Africa. The fifteen (15) year renewable permit was officially granted by the Government of Guinea through presidential decree number D/2019/291/PRG/SGG. 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 mining permit is subject to the general obligations of the Guinean mining code. In June 2020, the Company asked the Government of Guinea for a deferment due to the ongoing Covid-19 crisis. A number of events since its receipt of the mining permit, namely the COVID pandemic as well as a Coup d’État, each of which the Company considers being a Force Majeur event, rendered impossible the fulfillment of certain obligations by the Company during a significant period of time. 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. The Company remains in active dialogue with the government of Guinea about the development timeline for the Lola Graphite Project and intends to start early development works on the mining permit in Q2 2023.

| | **Three-month periods ended March 31,** | |
|---|---|---|
| Lola Graphite Property | **2023** | 2022 |
| | **$** | **$** |
| Exploration expenses | **55,799** | 11,205 |
| Engineering study | **604,416** | - |
| HSEC & Community relations on site | **3,513** | 563 |
| Salaries and wages | **66,335** | 48,167 |
| Amortization | **36,957** | 33,127 |
| Total Lola Graphite Property | **767,020** | 93,062 |
| Total Exploration & Evaluation expenses | **767,020** | 93,062 |

(Unaudited and in Canadian dollars)

## 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 exploration & evaluation activities.

| | Three-month periods ended March 31, | |
|---|---|---|
| Operating expenses | **2023** | 2022 |
| | **$** | $ |
| Salaries and benefits | **187,992** | 108,899 |
| Consulting fees | **280,076** | 95,540 |
| Travel and representation | **107,547** | 31,050 |
| General and office expenses | **76,207** | 53,449 |
| Professional fees | **47,437** | 8,206 |
| Investor relation fees | **32,452** | - |
| Transfer agent and filing fees | **21,039** | 21,342 |
| Amortization | **15,094** | 13,357 |
| Total general and administrative expenses | **767,844** | 331,843 |

## 5. LEASE LIABILITIES

The Company leases office space for employees. These leases are for a period of one to four years. Certain leases include an option to renew after the end of the contract term.

The movement in lease liabilities during the three-month period ended March 31, 2023 and the year ended December 31, 2022 is comprised of the following:

| | **March 31, 2023** | December 31, 2022 |
|---|---|---|
| | **$** | $ |
| Lease liabilities at the beginning of the period | **19,462** | 28,687 |
| Lease payments | **(12,144)** | (45,879) |
| Lease addition | **34,740** | 29,483 |
| Accreted interest | **992** | 2,965 |
| Foreign exchange gain | **382** | 4,206 |
| Balance, end of period | **43,432** | 19,462 |
| Current portion | **38,415** | 12,116 |
| Long-term portion | **5,017** | 7,346 |

The undiscounted minimum lease payments on lease liabilities for the forthcoming years are as follows:

| | |
|---|---|
| | $ |
| 2023 | 39,997 |
| 2024 | 5,233 |
| **Total minimum payments** | **45,230** |
| Less interest | (1,798) |
| Total minimum capital payments | 43,432 |

(Unaudited and in Canadian dollars)

## 6. SHARE CAPITAL

**2022**

On February 22, 2022, the Company settled an account payable of $270,000 in equity, at a price of $0.54 per common 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 $0.56 per common share, issuing 22,442,941 common shares.

On April 25, 2022, the Company has converted the full outstanding amount of capital owed to Sprott 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.

During the year ended December 31, 2022, 200,000 share purchase options we exercised at a price of $0.41 per share purchase option via a cashless exercice, resulting in a net issuance of 68,564 common shares and 25,000 share purchase options were exerciced at a price of $0.365 per share purchase option for total proceeds of $9,125.

During the year ended December 31, 2022, 68,628 shares were issued to former directors from a previous DSU grant.

**2023**

During the first quarter ended March 31, 2023, there were no transactions on the share capital of the Company.

**Warrants**

The outstanding share purchase warrants as at March 31, 2023 and December 31, 2022 and the respective changes during the quarter are summarized as follows:

| | **Three-month period ended March 31, 2023** | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **$** | Number | $ |
| Balance, beginning of period | 14,880,203 | 0.86 | 14,880,203 | 0.86 |
| Expired | (5,166,580) | 1.00 | - | - |
| Balance exercisable, end of period | 9,713,623 | 0.78(1) | 14,880,203 | 0.86(1) |

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, 2023** |
|---|---|---|
| Expiry date | Number | Exercice Price $ |
| 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 | 9,713,623 | 0.78(1) |

(1) Weighted average exercice price.

(Unaudited and in Canadian dollars)

### 7. 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:

| | **Three-month period ended March 31, 2023** | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **$(2)** | Number | $(2) |
| Balance, beginning of period | 8,735,500 | 0.71 | 7,660,500 | 0.70 |
| Granted | - | - | 1,300,000 | 0.70 |
| Exercised | - | - | (225,000) | 0.41 |
| Balance, end of period | 8,735,500 | 0.71 | 8,735,500 | 0.71 |
| Excercisable, end of period | 8,302,162 | 0.71 | 7,868,831 | 0.71 |

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

| | | | **March 31, 2023** |
|---|---|---|---|
| | **Number outstanding** | **Number exercisable** | **Exercise price $** |
| October 24, 2023 | 150,000 | 150,000 | 1.20 |
| February 20, 2027 | 1,877,007 | 1,877,007 | 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 | 866,662 | 0.70 |
| | 8,735,500 | 8,302,162 | |

(2) Weighted average exercice price.

(Unaudited and in Canadian dollars)

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, 2023** | Year ended December 31, 2022 |
|---|---|---|
| Weighted average price at the grant date | - | $0.70 |
| Weighted average exercise price | - | $0.70 |
| Expected dividend | - | -$ |
| Expected average volatility | - | 134.95% |
| Risk-free average interest rate | - | 1.70% |
| Expected average life | - | 10 years |
| Weighted fair value per stock option | - | $0.68 |

A share-based payment expense of $80,001 was recognized during the three-month period ended March 31, 2023 ($348,180 during the three-month period ended March 31, 2022) in share-based compensation in the condensed consolidated statement of loss and comprehensive loss. The expected underlying volatility was based on the historical comparable companies shares over a period equivalent to the expected average life of the options.

**Deferred share units**

The Deferred Share Units ("DSU") plan provides for the payment of directors' compensation with DSUs. Each DSU is a right granted by the Company to an eligible director to receive an equivalent of the value of one common share on termination of service. The Company may make payments due under the DSU Plan by issuing one common share for each DSU. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by last closing price of the common shares on the TSXV, at the time the DSU is granted. Under the DSU Plan, 6,940,000 shares are reserved for issuance.

The following table summarizes the changes in DSUs issued during the three-month period ended March 31, 2023:

| | **Three-month period ended March 31, 2023** | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **$(3)** | Number | $(3) |
| Balance, beginning of year | 382,163 | 0.70 | 171,570 | 0.51 |
| Granted | - | - | 279,221 | 0.77 |
| Exercised | - | - | (68,628) | 0.51 |
| Balance, end of year | 382,163 | 0.70 | 382,163 | 0.70 |

(3) Weighted average fair value.

**Restricted share units**

The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Company's issued and outstanding common shares, less any shares reserved for issuance under the 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, 2023 are as follows:

(Unaudited and in Canadian dollars)

| | Three-month period ended March 31, 2023 | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **$(3)** | Number | $(3) |
| Balance, beginning of period | 1,750,000 | 0.70 | - | - |
| Granted | - | - | 1,750,000 | 0.70 |
| Balance, end of period | 1,750,000 | 0.70 | 1,750,000 | 0.70 |
| Excercisable, end of period | - | - | - | - |

(3) Weighted average fair value.

A share-based payment expense of $123,744 was recognized during the three-month period ended March 31, 2023 ($44,548 during the three-month period ended March 31, 2022) in share-based compensation in the condensed consolidated statement of loss and comprehensive loss.

## 8. 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 exploration & evaluation 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 exploration & evaluation 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, 2023.

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

## 9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

### Classification

The Company's financial instruments as at March 31, 2023 and December 31, 2022 consist of cash and cash equivalents, receivable and other current assets, accounts payable and accrued liabilities.

The classification of financial instruments is summarized as follows:

(Unaudited and in Canadian dollars)

| Financial Assets | Classification | **March 31, 2023** | December 31, 2022 |
|---|---|---|---|
| | | **$** | $ |
| Cash and cash equivalents | Financial assets at amortized cost | 9,200,742 | 11,106,401 |
| Other receivables | Financial assets at amortized cost | - | 339 |
| | | 9,200,742 | 11,106,740 |

| Financial Liabilities | Classification | **March 31, 2023** | December 31, 2022 |
|---|---|---|---|
| | | **$** | $ |
| Accounts payable and accrued liabilities | Financial liabilities at amortized cost | 508,269 | 649,551 |
| | | 508,269 | 649,551 |

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 exploration & evaluation programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at March 31, 2023 the Company had cash and cash equivalents of $9,200,742 to settle current liabilities of $621,401.

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, 2023 consist of cash and cash equivalents, accounts payable and accrued liabilities. 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, 2023 in CAD | Impact of 10% change in FX | December 31, 2022 in CAD | Impact of 10% change in FX |
|---|---|---|---|---|
| United States dollar | 4,814 | +/- 481 | 41,009 | + / - $4,101 |
| Guinea franc | 136,556 | +/- 13,656 | 119,602 | + / - $11,960 |
| British pound | - | - | 3,695 | + / - $370 |

**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.

## 10. RELATED PARTIES

**Transactions with related parties**

During the three-month periods ended March 31, 2023 and 2022 and the year ended December 31, 2022, the following related party transactions occurred in the normal course of operations:

- Consulting fees of $18,750 for the three-month period ended March 31, 2023 ($6,250 for the three-month period ended March 31, 2022) to GCGL Inc., a company owned by the Company's Executive Chairman. As at March 31, 2023 and December 31, 2022, no amount was due to that company.

- Exploration and Evaluation expenses to Sama Resources Inc., a related company, and its subsidiaries of $nil for the three-month period ended March 31, 2023 ($1,861 for the three-month period ended March 31, 2022). As at March 31, 2023 and December 31, 2022, no amount was due to Sama Resources Inc. ("SRI") and its subsidiaries.

**Remuneration of key management personnel**

Key management personnel are the members of the Board of Directors, and executive officers of the Company. During the three-month periods ended March 31, 2023 and 2022, the remuneration awarded to key management personnel (including the amounts above) is as follows:

(Unaudited and in Canadian dollars)

| | Three-month periods ended March 31, 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| Salaries and benefits | **16,417** | 29,334 |
| Consulting and professional fees | **144,167** | 79,641 |
| Share-based payments | **161,910** | 256,653 |
| | **322,493** | 365,627 |

**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, 2023, the total amounts payable in respect of severance would amount to $1,496,000. If a change of control would occur during the year ending December 31, 2023, the total amounts payable in respect of severance, if elected by the executive members, would amount to $2,323,750.

(Unaudited and in Canadian dollars)

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

| | **Three-month period ended March 31,** | |
|---|---|---|
| | **2023** | 2022 |
| **Changes in working capital items** | **$** | $ |
| Sales taxes and other receivables | **(95,035)** | (52,710) |
| Prepaid expenses and deposits | **2,942** | 5,628 |
| Accounts payable and accrued liabilities | **(338,265)** | (175,760) |
| | **(430,358)** | (222,842) |

## 12. COMMITMENTS

The Company must pay $9,579 in superficial rights every year for the next eleven 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** |
|---|---|
| | **$** |
| 2023 | 9,579 |
| 2024 | 9,579 |
| 2025 | 9,579 |
| 2026 | 9,579 |
| 2027 | 9,579 |
| Thereafter | 57,472 |

## 13. OPERATING SEGMENTS

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at March 31, 2023, $286,935 of the Company’s non-current assets are located in Guinea, Africa, and $27,852 are located in Montréal, Canada. As at December 31, 2022, $297,056 of the Company’s non-current assets were located in Guinea, Africa and $35,042 in Montréal, Canada.