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**TEMBO GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2021

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	September 30, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,369,134	47,175
GST receivable		23,417	14,378
Prepaid expenses		<u>8,990</u>	<u>135,009</u>
<b>Total current assets</b>		<u>1,401,541</u>	<u>196,562</u>
<b>Non-current assets</b>			
Plant and equipment	5	166,755	185,781
Exploration and evaluation assets	6	<u>6,634,522</u>	<u>6,361,872</u>
<b>Total non-current assets</b>		<u>6,801,277</u>	<u>6,547,653</u>
<b>TOTAL ASSETS</b>		<u>8,202,818</u>	<u>6,744,215</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	598,818	486,392
Advances payable	7	<u>44,000</u>	<u>77,418</u>
<b>TOTAL LIABILITIES</b>		<u>642,818</u>	<u>563,810</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	42,251,621	39,920,141
Share-based payments reserve		15,528,383	15,116,248
Foreign currency translation reserve		5,767,385	5,789,435
Deficit		<u>(55,987,389)</u>	<u>(54,645,419)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>7,560,000</u>	<u>6,180,405</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>8,202,818</u>	<u>6,744,215</u>

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 29, 2021 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 INCOME (LOSS)**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Expenses</b>					
Accounting and administration	9(d)	5,500	12,400	27,000	29,900
Audit		-	-	29,960	28,784
Corporate development		95,503	-	95,503	31,500
Depreciation	5	6,316	6,677	18,819	20,360
Executive management compensation	9(a)	116,002	50,100	278,002	233,993
Financial advisory fees		100,000	-	100,000	-
Interest expense		-	-	-	922
Investor relations		62,823	-	62,823	-
Legal		57,801	478	61,219	31,408
Office		5,044	3,037	5,954	5,415
Professional fees and compensation		28,201	1,998	101,741	58,173
Regulatory		6,433	16,154	12,126	20,254
Rent and housing allowance	9(c)	9,209	13,179	26,048	40,799
Share-based compensation	8(c)	393,968	1,122,300	468,968	1,122,300
Shareholder costs		2,367	3,354	6,005	5,146
Transfer agent		3,588	2,227	8,850	12,209
Website		44,175	-	44,175	-
		<u>936,930</u>	<u>1,231,904</u>	<u>1,347,193</u>	<u>1,641,163</u>
<b>Loss before other items</b>		(936,930)	(1,231,904)	(1,347,193)	(1,641,163)
<b>Other items</b>					
Foreign exchange		4,504	15	5,223	(27,924)
Recovery on forgiveness	4	<u>-</u>	<u>1,777,029</u>	<u>-</u>	<u>1,777,029</u>
		<u>4,504</u>	<u>1,777,044</u>	<u>5,223</u>	<u>1,749,105</u>
<b>Net (loss) income for the period</b>		(932,426)	545,140	(1,341,970)	107,942
<b>Other comprehensive income (loss)</b>					
Change in currency translation of foreign subsidiary		<u>163,079</u>	<u>(101,555)</u>	<u>(22,050)</u>	<u>87,876</u>
<b>Comprehensive (loss) income for the period</b>		<u>(769,347)</u>	<u>443,585</u>	<u>(1,364,020)</u>	<u>195,818</u>
<b>Basic and diluted (loss) income per common share</b>		<u>\$(0.01)</u>	<u>\$0.01</u>	<u>\$(0.02)</u>	<u>\$0.00</u>
<b>Weighted average number of common shares outstanding</b>		<u>90,757,760</u>	<u>75,753,767</u>	<u>83,245,843</u>	<u>65,945,594</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 EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

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

<b>Nine Months Ended September 30, 2020</b>						
<b>Share Capital</b>						
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance at December 31, 2019</b>	59,257,549	38,041,151	13,993,948	5,985,341	(54,643,692)	3,376,748
Common shares issued for:						
- private placement	19,966,668	1,915,000	-	-	-	1,915,000
- finder's fees	266,667	20,000	-	-	-	20,000
Share issue costs	-	(62,112)	-	-	-	(62,112)
Share-based compensation	-	-	1,122,300	-	-	1,122,300
Currency translation adjustment	-	-	-	87,876	-	87,876
Net income for the period	-	-	-	-	107,942	107,942
<b>Balance at September 30, 2020</b>	<b>79,490,884</b>	<b>39,914,039</b>	<b>15,116,248</b>	<b>6,073,217</b>	<b>(54,535,750)</b>	<b>6,567,754</b>

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

**TEMBO GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Nine Months Ended September 30	
	2021 \$	2020 \$
<b>Operating activities</b>		
Net (loss) income for the period	(1,341,970)	107,942
Adjustments for:		
Depreciation	18,819	20,360
Interest expense	-	922
Share-based compensation	468,968	1,122,300
Recovery on forgiveness	-	(1,777,029)
Changes in non-cash working capital items:		
GST receivable	(9,039)	(21,847)
Prepaid expenses and deposits	126,025	(218,694)
Accounts payable and accrued liabilities	111,374	(789,345)
<b>Net cash used in operating activities</b>	<u>(625,823)</u>	<u>(1,555,391)</u>
<b>Investing activity</b>		
Expenditures on exploration and evaluation assets	<u>(292,660)</u>	<u>(123,998)</u>
<b>Net cash used in investing activity</b>	<u>(292,660)</u>	<u>(123,998)</u>
<b>Financing activities</b>		
Issuance of common shares	2,190,505	1,915,000
Share issue costs	(11,858)	(42,112)
Advances received	47,118	56,268
Repayment of advances	<u>(49,536)</u>	<u>(138,128)</u>
<b>Net cash provided by financing activities</b>	<u>2,176,229</u>	<u>1,791,028</u>
<b>Effect of exchange rate changes on cash</b>	<u>64,213</u>	<u>13,475</u>
<b>Net change in cash</b>	1,321,959	125,114
<b>Cash at beginning of period</b>	<u>47,175</u>	<u>3,588</u>
<b>Cash at end of period</b>	<u>1,369,134</u>	<u>128,702</u>

**Supplemental cash flow information** - See Note 11

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

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of Operations and Going Concern**

Tembo Gold Corp. (the “Company”) is a public company incorporated on March 3, 1937 pursuant to the laws of the Province of Ontario, Canada. The Company is a publicly listed company with its common shares listed on the TSX Venture Exchange (“TSXV”) under the symbol “TEM”.

The 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, 2021 the Company had working capital of \$758,723 and an accumulated deficit of \$55,987,389. 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.

The recent spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has been monitoring the COVID-19 outbreak and the potential impact at all of its operations and has put measures in place to ensure the wellness of all of its employees and surrounding communities where the Company works while continuing to operate. As at September 30, 2021, fieldwork had been halted on the Tembo Project and all corporate personnel travel had been restricted to absolute minimum requirements and employees encouraged to work remotely. In October 2021 the Company determined to recommence field and exploration activities on the Tembo Project.

With respect to the Company’s operations or work locations in Tanzania, the Company has implemented the typical control measures for dealing with the outbreak of COVID-19. These include self-screening for symptoms and travel history with possible COVID-19 exposure of any employees, visitors and contractors (site personnel) prior to any travel to or from a site and isolation, where necessary, from the general site population. These cautions and precautions rely on voluntary information and voluntary compliance of those working directly or indirectly for the Company. The Company expects that procedures will continue to evolve according to the World Health Organization and Center for Disease Control guidelines as more becomes known about the virus.

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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, 2020 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, 2020.

*Basis of Measurement*

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

**3. Subsidiaries**

The subsidiaries of the Company are:

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

**4. Forgiveness**

During fiscal 2020 the Company reviewed its accounts payable and accrued liabilities and negotiated settlement of certain of the amounts arising from past compensation and salaries accrued to management of the Company. The Company reached agreements with its President and an employee of the Company for the forgiveness of \$1,066,517 and \$710,512, respectively, for a total \$1,777,029, which has been recognized as a recovery of costs in the condensed consolidated interim statements of comprehensive income (loss).

<b>Cost:</b>	<b>Exploration Equipment and Camp Facility \$</b>	<b>Vehicles \$</b>	<b>Total \$</b>
Balance at December 31, 2019	471,682	30,007	501,689
Foreign exchange movement	<u>(11,811)</u>	<u>(751)</u>	<u>(12,562)</u>
Balance at December 31, 2020	459,871	29,256	489,127
Foreign exchange movement	<u>325</u>	<u>20</u>	<u>345</u>
Balance at September 30, 2021	<u>460,196</u>	<u>29,276</u>	<u>489,472</u>



**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Plant and Equipment (continued)**

	<b>Exploration Equipment and Camp Facility \$</b>	<b>Vehicles \$</b>	<b>Total \$</b>
<b>Accumulated Depreciation:</b>			
Balance at December 31, 2019	(267,667)	(17,289)	(284,956)
Depreciation	(20,357)	(6,531)	(26,888)
Foreign exchange movement	<u>7,734</u>	<u>764</u>	<u>8,498</u>
Balance at December 31, 2020	(280,290)	(23,056)	(303,346)
Depreciation	(14,247)	(4,572)	(18,819)
Foreign exchange movement	<u>(455)</u>	<u>(97)</u>	<u>(552)</u>
Balance at September 30, 2021	<u>(294,992)</u>	<u>(27,725)</u>	<u>(322,717)</u>
<b>Carrying Value:</b>			
Balance at December 31, 2020	<u>179,581</u>	<u>6,200</u>	<u>185,781</u>
Balance at September 30, 2021	<u>165,204</u>	<u>1,551</u>	<u>166,755</u>

**6. Exploration and Evaluation Assets**

	<b>Total \$</b>
<b>Balance at December 31, 2019</b>	<u>6,060,739</u>
<b>Exploration costs</b>	
Geological	165,776
Technical services	<u>56,026</u>
	<u>221,802</u>
<b>Acquisition costs</b>	
Property / concession payments	217,710
<b>Foreign exchange movement</b>	<u>(138,379)</u>
<b>Balance at December 31, 2020</b>	<u>6,361,872</u>
<b>Exploration costs</b>	
Geological	131,955
Technical services	<u>79,977</u>
	<u>211,932</u>
<b>Acquisition costs</b>	
Property / concession payments	80,728
<b>Foreign exchange movement</b>	<u>(20,010)</u>
<b>Balance at September 30, 2021</b>	<u>6,634,522</u>

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**6. Exploration and Evaluation Assets (continued)**

***Tembo Project***

The Tembo Project is located in northwest Tanzania.

The Company will be required to make a US \$250,000 payment to a third party upon a production decision being made on the Tembo Project. Further payments totalling US \$4,750,000 may then be payable as follows:

- (i) US \$250,000 payment upon production of 250,000 ounces of gold;
- (ii) US \$1,000,000 payment upon production of 1,000,000 ounces of gold;
- (iii) US \$1,500,000 payment upon production of 1,500,000 ounces of gold; and
- (iv) a final payment of US \$2,000,000 upon production of 2,000,000 ounces of gold.

**7. Advances Payable**

	\$
Balance December 31, 2019	144,000
Advances received	71,546
Advances settled	<u>(138,128)</u>
Balance December 31, 2020	77,418
Advances received	47,118
Advances paid	(49,536)
Advances settled	<u>(31,000)</u>
Balance September 30, 2021	<u>44,000</u>

The Company has received ongoing advances from directors and shareholders of the Company. Effective January 1, 2020 all advances were determined to be non-interest bearing and are due on demand. As at September 30, 2021 accrued interest of \$13,054 (December 31, 2020 - \$13,054) remained outstanding from fiscal 2019 and has been included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2021 \$31,000 of the indebtedness was settled.

**8. Share Capital**

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares. All issued common shares are fully paid.

(b) ***Reconciliation of Changes in Share Capital***

*Nine Months ended September 30, 2021*

During the nine months ended September 30, 2021 the Company completed a non-brokered private placement financing and issued 14,810,031 common shares at \$0.15 per share for \$2,221,505. Directors and officers of the Company and private corporations controlled by certain directors participated in this private placement and purchased a total of 1,753,315 common shares for \$262,997. The Company also issued 500,000 common shares for finder's fees at a value of \$75,000 on a portion of the private placement.

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

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Share Capital (continued)**

*Fiscal 2020*

On May 14, 2020 the Company closed the first tranche of a non-brokered private placement financing and issued 6,286,668 common shares at \$0.075 per share, for \$471,500. On July 20, 2020 the Company closed the remaining tranche of the private placement and issued 8,380,000 common shares for \$628,500. Directors and officers of the Company participated in this private placement and purchased a total of 7,213,334 common shares for \$541,000. The Company issued 266,667 common shares for finder's fees at a value of \$20,000 on a portion of the private placement.

On August 6, 2020 the Company completed a non-brokered private placement and issued 5,300,000 common shares, at a price of \$0.15 per share, for \$795,000. Directors and officers of the Company participated in this private placement and purchased a total of 1,333,334 common shares for gross proceeds of \$200,000.

The Company incurred a total of \$36,010 for filing and other costs associated with these financings.

(c) **Share Option Plan**

The Company has established 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, 2021 the Company granted share options to purchase 3,589,000 (2020 - 6,235,000) common shares and recorded compensation expense of \$468,968 (2020 - \$1,122,300). The fair value of share options granted during the nine months ended September 30, 2021 and 2020 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.28% - 0.63%	0.27%
Estimated volatility	162% - 171%	177%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during the nine months ended September 30, 2021 was \$0.14 (2020 - \$0.18) per share option.

A summary of the Company's share options at September 30, 2021 and 2020 and the changes for the nine months ended on those dates, is as follows:

	<u>2021</u>		<u>2020</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	6,235,000	0.16	-	-
Granted	3,589,000	0.17	6,235,000	0.16
Exercised	(366,666)	0.18	-	-
Cancelled/Expired	(500,000)	0.17	-	-
Balance, end of period	<u>8,957,334</u>	0.19	<u>6,235,000</u>	0.16

**TEMBO GOLD CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**  
*(Unaudited - Expressed in Canadian Dollars)*

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**8. Share Capital (continued)**

The following table summarizes information about the share options outstanding and exercisable at September 30, 2021:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
5,150,000	5,150,000	0.15	July 27, 2023
885,000	885,000	0.20	July 27, 2023
1,550,334	1,150,334	0.15	August 27, 2024
<u>1,372,000</u>	<u>1,372,000</u>	0.185	September 1, 2024
<u>8,957,334</u>	<u>8,557,334</u>		

**9. Related Party Disclosures**

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

*Transactions with Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

- (a) During the nine months ended September 30, 2021 the Company incurred \$323,060 (2020 - \$269,376) for executive management compensation. Of this amount \$45,058 (2020 - \$35,383) has been capitalized to exploration and evaluation assets based on the nature of the expenditures and \$278,002 (2020 - \$233,993) has been expensed to executive management compensation. As at September 30, 2021 \$123,737 (December 31, 2020 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.
- (b) During the nine months ended September 30, 2021 the Company recorded \$219,520 (2020 - \$963,000) for share-based compensation on share options granted to officers and directors of the Company.
- (c) The Company had incurred rent to an arms-length party for housing accommodation in Tanzania provided to the President of the Company. The housing arrangement was terminated on July 31, 2021 and, commencing August 1, 2021, the Company is providing a monthly housing allowance of US \$2,500. During the nine months ended September 30, 2021 the Company incurred \$19,713 (US \$15,750) for rent and \$6,335 (US \$5,000) for housing allowance for a total of \$26,048 and, as at September 30, 2021 \$5,733 was unpaid to the arms-length party and has been included in accounts payable and accrued liabilities.
- (d) During the nine months ended September 30, 2021 the Company incurred \$27,000 (2020 - \$29,900) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at September 30, 2021 \$6,000 (December 31, 2020 - \$4,277) remained unpaid and has been included in accounts payable and accrued liabilities.
- (e) See also Notes 7 and 8(b).

**TEMBO GOLD CORP.**  
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**10. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2021 \$	December 31, 2020 \$
Cash	Amortized cost	1,369,134	47,175
Accounts payable and accrued liabilities	Amortized cost	(598,818)	(486,392)
Advances payable	Amortized cost	(44,000)	(77,418)

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 and advances payable approximate their fair value due to their short-term nature.

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

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

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**10. 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, 2021, 1 Canadian Dollar was equal to 0.78 US Dollar (2020 - 0.75 US Dollar).

Balances are as follows:

	<u>September 30, 2021</u>		<u>September 30, 2020</u>	
	US \$	CDN \$ Equivalent	US \$	CDN \$ Equivalent
Cash	288,855	370,327	47,827	63,769
Accounts payable	<u>(362,889)</u>	<u>(465,242)</u>	<u>(359,500)</u>	<u>(479,333)</u>
	<u>(74,034)</u>	<u>(94,915)</u>	<u>(311,673)</u>	<u>(415,564)</u>

Based on the net exposures as of September 30, 2021 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 \$8,900 (2020 - \$42,000) 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, cash and cash equivalents. 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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**11. Supplemental Cash Flow Information**

During the nine months ended September 30, 2021 and 2020 non-cash activities were conducted by the Company as follows:

	2021 \$	2020 \$
Operating activities		
Accounts payable and accrued liabilities	-	240,478
Recovery on forgiveness	-	(623,671)
	<u>-</u>	<u>(383,193)</u>
Investing activity		
Exploration and evaluation assets	-	383,193
Financing activities		
Issuance of common shares	106,000	20,000
Share issue costs	(75,000)	(20,000)
Advances settled	(31,000)	-
	<u>-</u>	<u>-</u>

**12. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Tanzania and its corporate assets are located in Canada.

The Company's total assets are segmented geographically as follows:

	<u>As at September 30, 2021</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	1,241,248	160,293	1,401,541
Plant and equipment	-	166,755	166,755
Exploration and evaluation assets	-	6,634,522	6,634,522
	<u>1,241,248</u>	<u>6,961,570</u>	<u>8,202,818</u>
	<u>As at December 31, 2020</u>		
	Canada \$	Tanzania \$	Total \$
Current assets	188,859	7,703	196,562
Plant and equipment	-	185,781	185,781
Exploration and evaluation assets	-	6,361,872	6,361,872
	<u>188,859</u>	<u>6,555,356</u>	<u>6,744,215</u>