Toubani Resources Inc.
(formerly African Gold Group, Inc.)

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in United States Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Toubani Resources Inc.

Opinion

We have audited the consolidated financial statements of Toubani Resources Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and will require ongoing financings. As stated in Note 2, these events or conditions, along with other matters as set forth in Note2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

McGovern Hurley

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 28, 2023

Toubani Resources Inc. (formerly African Gold Group, Inc.)
Consolidated Statements of Financial Position
(Expresed in U.S. Dollars)

As at:		December 31, 2022		December 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	**$**	**3,642,903**	$	3,505,768
Receivables		**14,555**		18,851
Prepaid expenses		**87,287**		57,661
Total current assets		**3,744,745**		3,582,280
Non-current assets				
Property and equipment (Note 6)		**298,596**		300,971
Total assets	**$**	**4,043,341**	$	3,883,251
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 7, 8)	**$**	**612,629**	$	424,514
Total liabilities		**612,629**		424,514
SHAREHOLDERS' EQUITY				
Share capital (Notes 9(a) and (b))		**75,052,902**		71,589,619
Reserve - share based payments (Note 9(c))		**2,045,016**		2,564,352
Reserve - warrants (Note 9(d))		**1,592,329**		4,895,191
Accumulated other comprehensive loss		**(6,107,703)**		(6,021,714)
Accumulated deficit		**(69,151,832)**		(69,568,711)
Total shareholders' equity		**3,430,712**		3,458,737
Total liabilities and shareholders' equity	**$**	**4,043,341**	$	3,883,251

Going concern (Note 2)
Contingencies and commitments (Note 11)
Subsequent event (Note 15)

Approved on behalf of the Directors:

“Doug Jendry” — **Director**

“Daniel Callow” — **Director**

The accompanying summary of significant accounting policies and notes are an integral part of the consolidated financial statements.

Toubani Resources Inc. (formerly African Gold Group, Inc.)

Consolidated Statements of Operations and Comprehensive Loss

(Expresed in U.S. Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
Expenses				
Administrative and general	**$**	**692,767**	$	533,145
Consulting and personnel costs (Note 8)		**1,650,333**		2,111,475
Exploration and evaluation expenditures (Note 5)		**1,385,701**		1,393,948
Amortization (Note 6)		**19,544**		22,105
Foreign exchange (gain) loss		**(120,798)**		34,282
Share based payments (Notes 8, 9(c))		**(45,445)**		389,649
Total expenses	**$**	**(3,582,102)**	$	(4,484,604)
Other income				
Interest income		**13,641**		-
Net (loss) for the year		**(3,568,461)**		(4,484,604)
Other comprehensive (loss) - items that will subsequently reclassify into (loss):				
Foreign currency translation differences		**(85,989)**		(35,566)
Comprehensive (loss) for the year	**$**	**(3,654,450)**	$	(4,520,170)
Average weighted shares outstanding - basic and diluted		**75,486,670**		60,211,775
Basic and diluted (loss) per share (Note 10)	**$**	**(0.05)**	$	(0.07)

The accompanying summary of significant accounting policies and notes are an integral part of the consolidated financial statements.

Toubani Resources Inc. (formerly African Gold Group, Inc.)

Consolidated Statements of Equity

(Expresed in U.S. Dollars)

	Common Shares (Note 9(b))		Share Based Payments	Warrants	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	Equity
	#	$	$	$	$	$	$
Balance, December 31, 2020	49,656,649	65,506,374	2,174,703	5,593,248	(5,986,148)	(67,165,906)	122,271
Private placements (Note 9(b))	22,542,350	6,448,108	-	1,368,510	-	-	7,816,618
Share issuance costs (Note 9(b))	-	(280,678)	-	(68,953)	-	-	(349,631)
Broker warrants (Note 9(d))	-	(84,185)	-	84,185	-	-	-
Share based payments (Note 9(c))	-	-	389,649	-	-	-	389,649
Expiry of warrants (Note 9(d))	-	-	-	(2,081,799)	-	2,081,799	-
Other comprehensive (loss)	-	-	-	-	(35,566)	-	(35,566)
Net (loss) for the year	-	-	-	-	-	(4,484,604)	(4,484,604)
Balance, December 31, 2021	72,198,999	71,589,619	2,564,352	4,895,191	(6,021,714)	(69,568,711)	3,458,737
Prospectus offering (Note 9(b))	30,000,000	3,963,065	-	-	-	-	3,963,065
Share issuance costs (Note 9(b))	-	(499,782)	-	208,587	-	-	(291,195)
Share based payments (Note 9(c))	-	-	(45,445)	-	-	-	(45,445)
Expiry of stock options (Note 9(c))	-	-	(473,891)	-	-	473,891	-
Expiry of warrants (Note 9(d))	-	-	-	(3,511,449)	-	3,511,449	-
Other comprehensive (loss)	-	-	-	-	(85,989)	-	(85,989)
Net (loss) for the year	-	-	-	-	-	(3,568,461)	(3,568,461)
Balance, December 31, 2022	102,198,999	75,052,902	2,045,016	1,592,329	(6,107,703)	(69,151,832)	3,430,712

The accompanying summary of significant accounting policies and notes are an integral part of the consolidated financial statements.

Toubani Resources Inc. (formerly African Gold Group, Inc.)

Consolidated Statement of Cash Flows
(Expressed in U.S. Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Net (loss) for the year	**$**	**(3,568,461)**	$	(4,484,604)
Items not involving cash:				
Amortization (Note 6)		**19,544**		22,105
Share based payments (Note 9(c))		**(45,445)**		389,649
		(3,594,362)		(4,072,850)
Change in non-cash working capital items				
Receivables		**4,296**		(13,894)
Prepaid expenses		**(29,626)**		323,411
Accounts payable and accrued liabilities		**188,115**		(1,173,437)
Cash flows (used in) operating activities		**(3,431,577)**		(4,936,770)
FINANCING ACTIVITIES				
Prospectus offering (Note 9(b))		**3,963,065**		-
Private placements (Note 9(b))		**-**		8,066,618
Share issue costs (Note 9(b))		**(291,195)**		(349,631)
Cash flows from financing activities		**3,671,870**		7,716,987
INVESTING ACTIVITIES				
Investment in property and equipment (Note 6)		**(17,169)**		(24,562)
Cash flows (used in) investing activities		**(17,169)**		(24,562)
Effect of changes in foreign exchange rates on cash		**(85,989)**		(35,566)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**137,135**		2,720,089
CASH AND CASH EQUIVALENTS, beginning of the year		**3,505,768**		785,679
CASH AND CASH EQUIVALENTS, end of the year	**$**	**3,642,903**	$	3,505,768
SUPPLEMENTAL INFORMATION:				
Issuance of finders and broker warrants and options (Note 9(b) and 9(d))	$	208,587	$	84,185
Change in receivable on private placement	$	-	$	(250,000)

The accompanying summary of significant accounting policies and notes are an integral part of the consolidated financial statements.

1. NATURE OF BUSINESS

Toubani Resources Inc. (formerly African Gold Group, Inc. (the "Company" or "TRE") was incorporated in Ontario, Canada on October 2, 2002, and is a gold exploration and development company engaged in the exploration and development of properties located in West Africa. On June 13, 2022, the Company changed its name to Toubani Resources Inc. The Company's assets include mining and exploration licenses located in Mali, West Africa. The Company's shares are listed on the TSX Venture Exchange and the Australian Securities Exchange ("ASX") trading under the symbol "TRE". The address of the Company's head office is 100 King Street West, #1600, Toronto, Ontario, Canada M5X 1G5.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company's ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, non-compliance with regulatory requirements and political uncertainty.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and meet its liabilities and commitments in other than the normal course of business and at amounts different from those in the consolidated financial statements.

The Company reported a net loss of $3,568,461 for the year ended December 31, 2022 (year ended December 31, 2021 - $4,484,604) and cash flows used in operations of $3,431,577 (year ended December 31, 2021 – $4,936,770). As of December 31, 2022, the Company had working capital of $3,132,116 (December 31, 2021 – $3,157,766). At present, the Company has no producing properties and consequently has no current operating income or cash flows.

The Company's main assets are located in Mali, West Africa. Mali has been subject to prior political and military coups and remains subject to heightened political instability. These matters have not had a significant impact on the operations of the Company. There can be no assurance that the operations of the Company will not be significantly impacted in the future.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. The Company believes that it will be able to access funds from certain shareholders or potential investors in order to ensure that the Company can continue to fund on-going administrative expenses; however, the receipt of such funds remains uncertain. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, material adjustments may be needed to these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2023.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, the financial statements have been prepared on an accrual bases, except for cash flow information. The consolidated financial statements are presented in United States dollars unless otherwise indicated.

Principles of Consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, AGG (Barbados) Limited (incorporated in Barbados), 2516232 Ontario Inc. (incorporated in Canada) and AGG (Mali) S.A.R.L. On December 31, 2021, 2516232 Ontario Inc. was amalgamated with the Company. All inter-company transactions and resulting balances have been eliminated on consolidation.

Financial Instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value either through profit or loss ("FVPL") or through fair value of other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations and comprehensive loss. As at December 31, 2022 and 2021, the Company's cash and cash equivalents and receivables are measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

Subsequent measurement – Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss. As at December 31, 2022 and 2021, the Company does not have any financial assets classified as FVPL.

Subsequent measurement – Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. As at December 31, 2022 and 2021, the Company does not have any financial assets classified at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payment is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive loss. As at December 31, 2022 and 2021, the carrying amounts for accounts payable and accrued liabilities are recorded at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement – Financial liabilities at FVPL

Financial liabilities measured at FVPL include any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities are measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss. As at December 31, 2022 and 2021 the Company did not have any financial liabilities classified as FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

Fair value of financial instruments

The Company measures fair value in accordance with IFRS 13 Fair Value Measurement, which provides a single source of fair value measurement guidance. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has applied the framework for measuring fair value, which requires a fair value hierarchy to be applied to all fair value measurements:

- Level 1 — valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 — valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 — valuation techniques with significant unobservable market inputs.

Cash and cash equivalents

Cash and cash equivalents include cash at financial institutions subject to an insignificant risk of change in value and amounts held in trust without restriction.

Exploration and evaluation costs

Pre-acquisition costs are expensed in the year in which they are incurred.

Exploration and evaluation costs include such costs as the acquisition of rights to explore; sampling and surveying costs; costs related to topography, geology, geochemistry and geophysical studies; drilling costs and costs in relation to technical feasibility and commercial feasibility of extracting a mineral resource. Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of operations until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets and included as a component of property, plant and equipment.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share based payments

Where equity-settled share options are awarded to employees, directors and officers, the fair value of the options at the date of grant is charged to the consolidated statement of operations and comprehensive loss over the vesting period. Fair value is calculated using the Black-Scholes model. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of operations over the remaining vesting period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company’s estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on grant date.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in Reserve - share based payments, until exercised or expired. Upon exercise, the shares are issued and the amount reflected in Reserve - share based payments is credited to share capital for any consideration paid. Upon expiry, the reserve of share-based payments and the accumulated deficit is reduced by the value of the options expired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive (loss)

Comprehensive income includes net (loss) and other comprehensive (loss) income. Other comprehensive income includes currency gains and losses relating to the translation of the consolidated financial statements to the presentation currency of the Company.

Foreign currency transactions and translation

The presentation currency is the U.S. dollar. Toubani Resources Inc. and 2516263 Ontario Inc., (up to the date of amalgamation) have a functional currency of the Canadian dollar. The functional currency of the Company's remaining subsidiaries, AGG (Barbados) Limited and AGG (Mali) S.A.R.L is the U.S. dollar. References to CAD$ represent Canadian dollars.

Accordingly, the accounts of the Company are translated to U.S. dollars, the Company's presentation currency, as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the consolidated statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive (loss).

Transactions in currencies other than the respective functional currencies are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the date of the consolidated statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of operations.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per common share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments are converted during the year.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statements of operations as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to consolidated statements of operations during the financial year in which they are incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in consolidated statements of operations.

Amortization is based on the cost of an asset less its residual value. Amortization is recognized in profit or loss over the estimated useful lives as follows:

Equipment	-	30% diminishing balance
Computer equipment	-	30% diminishing balance
Furniture and fixtures	-	20% diminishing balance
Building	-	4% diminishing balance

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Provisions

(a) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the consolidated statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

(b) Decommissioning and site rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The liability incorporates consideration of risk by way of adjusting the cash flows and is discounted using a risk-free discount rate. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The obligation is generally considered to have been incurred when the mine assets are constructed, or the environment is disturbed at the Company's operations. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased based on the unwind of the discount rate.

The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs attributable to development will be recognized as changes to the corresponding assets and rehabilitation liability when they occur.

Where a closure and environmental obligation arises from production activities, the costs are expensed as incurred because there are no associated economic benefits.

Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Going Concern

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. The factors considered by management are disclosed in Note 2.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgments (continued)

Judgments (continued)

Functional Currency

The determination of an entity's functional currency is a key judgment based on the primary economy environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment

Assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts.

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates the higher of fair value less costs to sell and value in use. Determining the recoverable amount of property and equipment requires management to make assumptions about future events and circumstances and cash flows. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Provisions and Contingencies

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined or additional information is acquired.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgments (continued)

Estimates (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Decommissioning obligations

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

New accounting standards

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2022 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The adoption of IAS 16 on January 1, 2022 did not have a material impact on the Company's consolidated financial statements.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The adoption of IAS 37 on January 1, 2022 did not have a material impact on the Company's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards (continued)

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The adoption of IFRS 3 on January 1, 2022 did not have a material impact on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company does not expect the adoption of these amendments to have a material impact on its financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023. The Company does not expect the adoption of the amendments to IAS 1 to have a material impact on its financial statements.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023. The Company does not expect the adoption of the amendments to IAS 1 to have a material impact on its financial statements.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The Company does not expect the adoption of the amendments to IAS 8 to have a material impact on its financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at banks and on hand earn interest at floating interest rates based on daily deposit rates. The Company had cash of $3,642,903 as at December 31, 2022 (December 31, 2021 - $3,505,768). As at December 31, 2022 and 2021, the Company did not have any cash equivalents.

(Expressed in U.S. Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES

Mali Concessions

TRE holds certain exploration and operating permits for gold and other minerals in Mali, Africa. These exploration permits are subject to renewal processes in 2023 and expire in 2024 and 2025, respectively. The mining permit, issued in 2015 expires in 2045. During the year ended December 31, 2022, the Company received VAT relief from the government of Mali and recorded a recovery of $110,230. There were no material expenditures on the Faraba permit during the year ended December 31, 2021.

	Year ended December 31, 2022	December 31, 2021
Kobada		
Drilling and feasibility study	$ 277,546	$ 399,307
Project management/ engineering	302,667	-
Site development and maintenance	192,752	209,090
Camp	387,683	426,165
Assays and sampling	93,406	25,682
Technical report	-	3,757
Vehicle rent and maintenance	69,060	64,358
Travel	6,070	4,885
Security	123,937	158,144
Environmental	-	17,525
Community development	3,713	26,173
Permits	28,459	58,862
Other (Note 7)	(110,230)	-
Total Kobada expenditures	$ 1,375,063	$ 1,393,948
Faraba		
Permits	10,638	-
Total Faraba expenditures	$ 10,638	$ -
Total expenditures	**$ 1,385,701**	**$ 1,393,948**

(Expressed in U.S. Dollars)

6. PROPERTY AND EQUIPMENT

Cost	Equipment	Furniture and fixtures	Computer equipment	Building	Total
Cost at December 31, 2020	$ 47,370	$ 17,118	$ 1,689	$ 268,409	$ 334,586
Additions	-	-	-	24,562	24,562
Balance at December 31, 2021	$ 47,370	$ 17,118	$ 1,689	$ 292,971	$ 359,148
Additions	-	-	1,482	15,687	17,169
Balance at December 31, 2022	$ 47,370	$ 17,118	$ 3,171	$ 308,658	$ 376,317
Accumulated Amortization					
Balance at December 31, 2020	$ 19,185	$ 4,793	$ 253	$ 11,841	$ 36,072
Additions	8,456	2,465	430	10,754	22,105
Balance at December 31, 2021	$ 27,641	$ 7,258	$ 683	$ 22,595	$ 58,177
Additions	5,919	1,972	524	11,129	19,544
Balance at December 31, 2022	$ 33,560	$ 9,230	$ 1,207	$ 33,724	$ 77,721
Net book value at December 31, 2021	$ 19,729	$ 9,860	$ 1,006	$ 270,376	$ 300,971
Net book value at December 31, 2022	**$ 13,810**	**$ 7,888**	**$ 1,964**	**$ 274,934**	**$ 298,596**

7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
Exploration and development suppliers and contractors	**$ 281,005**	$ 204,674
Corporate payables	**331,624**	109,610
Mali VAT	**-**	110,230
Total accounts payable and accrued liabilities	**$ 612,629**	$ 424,514

8. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

On March 31, 2021, certain structural corporate changes were made to the Company's senior management team. In addition, the Company terminated its services agreement with Forbes & Manhattan, Inc ("F&M"). The cost of terminating the associated consulting agreements with certain members of senior management and various supporting consultants and the services agreement was CAD$1,153,746 ($906,178).

Stan Bharti, former CEO and Chairman of the Company, is the Executive Chairman of F&M, a corporation that provided administrative and consulting services to the Company, including but not limited to strategic planning and business development. F&M charged a monthly consulting fee of CAD$25,000 ($19,747) totaling $nil for the year ended December 31, 2022 (December 31, 2021 - CAD$25,000 ($19,747)). During the year ended December 31, 2021, F&M was paid a termination fee of CAD$600,000 ($473,934) in addition to the consulting fee as part of the terminated services agreement noted above.

(Expressed in U.S. Dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Included in accounts payable as at December 31, 2022 is CAD$283,174 ($209,077) (December 31, 2021 - CAD$71,271 ($56,217)) owed to other key management personnel for consulting and directors fees and CAD$9,309 ($6,873) (December 31, 2021 - $nil) for expense reimbursement. The amounts owing are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2022, the Company issued a total of 482,221 stock options to directors and officers of the Company (December 31, 2021 – 1,083,333) and recorded a recovery of $45,445 in share based payments (December 31, 2021 - $368,807) in relation to the changes in the estimated fair value of options expected to vest (see note 9(c)).

The remuneration of directors and key management of the Company was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Remuneration	**$ 1,647,959**	$ 1,817,311
Share-based payments	**(45,445)**	368,807
Short term employee benefits	**$ 1,602,514**	$ 2,186,118

See Note 9.

9. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS

a) Shares authorized

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

b) Share transactions

	Number of shares	**$**
Balance as of December 31, 2020	49,656,675	65,506,374
Private placements	22,542,324	6,448,108
Share issuance costs	-	(280,678)
Broker warrants issued	-	(84,185)
Balance as of December 31, 2021	72,198,999	71,589,619
Prospectus offering	30,000,000	3,963,065
Share issuance costs	-	(499,782)
Balance as of December 31, 2022	102,198,999	75,052,902

On June 13, 2022, the Company consolidated its common shares on the basis of one new common share for every three shares outstanding effective as of June 13, 2022. The impact of the share capital consolidation has been reflected retroactively in these consolidated financial statements and accompanying notes.

9. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)

b) Share transactions (continued)

On February 24, 2021, the Company closed a non-brokered private placement financing of 10,294,246 units of the Company for gross proceeds of CAD$4,632,422 ($3,688,279). Each unit consists of one common share of the Company and one half of a common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CAD$0.75 until February 24, 2023. In connection with the financing, the Company paid $109,377 in cash commissions and issued 258,957 finders' warrants with exercise prices of CAD$0.45. The issue date fair value of the warrants and finder's warrants were estimated at $800,776 and $50,465 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 140%; risk-free interest rate of 0.23%, a stock price of CAD$0.36 and an expected life of 2 years. Share issue costs of $31,190 were allocated to the warrants. Certain directors and officers of the Company purchased or acquired direction and control over a total of 388,889 units of the Company under the final tranche for gross proceeds of CAD$175,000 ($139,333).

On November 7, 2021, the Company closed a non-brokered private placement financing and issued 12,248,078 units of the Company at a price of CAD$0.42 per unit for gross proceeds of CAD$5,144,200 ($4,128,339). Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share of the Company at an exercise price of CAD$0.75 until November 7, 2023. If at any time after March 8, 2022, the common shares of the Company trade at CAD$1.50 per common share or higher (on a volume weighted adjusted basis) for a period of 10 consecutive days, the Company will have the right to accelerate the expiry date of the Warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right.

In connection with the closing of the November 7, 2021 financing, the Company has paid aggregate finder's fees of CAD$299,371 ($240,254) in cash and issued 340,665 finder's warrants to certain finders with an exercise price of CAD $0.75. The issue date fair value of the warrants and finder's warrants were estimated at $567,734 and $33,720 respectively using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 94%; risk-free interest rate of 0.95%, a stock price of CAD$0.36 and an expected life of 2 years. Share issue costs of $37,763 were allocated to the warrants.

On November 21, 2022, the Company closed a capital raise in connection with a prospectus lodged with the Australian Securities and Investments Commission in relation to its proposed dual listing on the Australian Securities Exchange ("ASX") issuing 30,000,000 CHESS Depositary Interests over common shares in the capital of the Company ("CDIs") at an issue price of AUD$0.20 per CDI for gross proceeds of AUD$6 million (CAD$5,331,000 or $3,963,065). Each CDI represented a beneficial interest in one common share of the Company. The Company paid $291,195 in share issue costs and issued 2,972,383 broker options. One third of the issued broker options have an exercise price of AUD$0.26, one third have an exercise price of AUD$0.28 and one third have an exercise price of AUD$0.30. Each of the broker options have an expiry date of three years from the date of issue. The issue date fair value of the broker options was estimated at $208,587 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 92.9%; risk-free interest rate of 3.72%, a stock price of AUD$0.20 and an expected life of 3 years. Certain directors and officers of the Company purchased or acquired direction and control over a total of 4,100,000 CDIs of the Company for gross proceeds of CAD$728,570 ($541,619).

9. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)

c) Stock options

The Company has a Stock Option Plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10,219,900 (December 31, 2021 – 7,219,900) common shares, representing approximately 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

For options issued to employees, directors and officers, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

On June 13, 2022, the Company consolidated its common shares on the basis of one new common share for every three shares outstanding effective as of June 13, 2022. The Company's options were consolidated on the same basis. These consolidated financial statements and accompanying notes fully reflect the share consolidation on a retroactive basis.

On March 31, 2021, the Company granted a total of 933,329 stock options to certain officers, directors and consultants of the Company pursuant to the Company's stock option plan. The stock options vested immediately and may be exercised at a price of CAD$0.45 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CAD$307,023 ($243,807) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.99%, expected volatility of 157% based on the Company's historic volatility, an estimated life of 5 years, a stock price of CAD$0.36 and an expected dividend yield of 0%.

On December 14, 2021, the Company granted 166,666 stock options to a director of the Company pursuant to the Company's stock option plan. The stock options vested immediately and may be exercised at a price of CAD$0.42 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CAD$64,120 ($49,968) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.29%, expected volatility of 153% based on the Company's historic volatility, an estimated life of 5 years, a stock price of CAD$0.42 and an expected dividend yield of 0%.

On January 1, 2022, 303,330 options, with weighted average exercise prices of CAD$0.84, expired, unexercised.

On March 31, 2022, 611,107 options with weighted average exercise prices of CAD$0.72, expired, unexercised.

On May 4, 2022, the Company granted a total of 482,221 stock options to certain officers, directors and consultants of the Company pursuant to the Company's stock option plan. The stock options vested immediately and may be exercised at a price of CAD$0.30 per option for a period of five years from the date of grant. The fair market value of the options vested was estimated to be CAD$122,170 ($95,048) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 2.74%, expected volatility of 123.7% based on the Company's historic volatility, an estimated life of 5 years, a stock price of CAD$0.30 and an expected dividend yield of 0%.

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)

c) Stock options (continued)

During the year ended December 31, 2022, the Company changed an estimate for the number of options expected to vest for certain options and recorded a recovery of $155,033 (December 31, 2021 - $nil) related to the change in estimate.

As at December 31, 2022, the Company had the following stock options outstanding:

Date of grant	Options outstanding	Options exercisable	Grant date fair value vested	Exercise price (CAD$)	Expiry date	Remaining life in years
June 3, 2019	224,442	224,442	$ 108,725	$ 0.68	June 3, 2024	1.42
August 7, 2019	33,333	33,333	17,708	0.75	August 7, 2024	1.60
August 13, 2019	666,666	333,333	235,488	0.75	August 13, 2024	1.62
March 2, 2020	400,000	400,000	168,430	0.60	March 2, 2025	2.17
August 10, 2020	1,918,886	1,918,886	1,125,842	0.84	August 10, 2025	2.61
March 31, 2021	933,329	933,329	243,807	0.45	March 31, 2026	3.25
December 14, 2021	166,666	166,666	49,968	0.42	December 14, 2026	3.96
May 4, 2022	482,221	482,221	95,048	0.30	May 4, 2027	4.34
	4,825,543	4,492,210	$ 2,045,016			2.72

A summary of the Company's stock option activity during the years is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of options	**Weighted average exercise price (CAD$)**	Number of options	Weighted average exercise price (CAD$)
Balance, beginning of period	**5,257,759**	**$ 0.70**	4,157,759	$ 0.72
Forfeited	**(914,437)**	**0.73**	-	-
Granted	**482,221**	**0.30**	1,100,000	0.45
Balance, end of period	**4,825,543**	**$ 0.66**	5,257,759	$ 0.70

d) Warrants

The Company has warrants outstanding entitling the holder to purchase one common share with each warrant exercisable per the terms below:

Date of issuance	Warrants	Exercise Price ($)	Expiry Date	Estimated Fair Value at Grant Date ($)	Remaining life in years
February 24, 2021	5,147,123	CAD 0.75	February 24, 2023	769,586	0.15
February 24, 2021	258,957	CAD 0.45	February 24, 2023	50,465	0.15
November 7, 2021	6,464,704	CAD 0.75	November 7, 2023	563,691	0.85
November 21, 2022	990,795	AUD 0.26	November 21, 2025	71,573	2.89
November 21, 2022	990,794	AUD 0.28	November 21, 2025	69,485	2.89
November 21, 2022	990,794	AUD 0.30	November 21, 2025	67,529	2.89
	14,843,167			**1,592,329**	

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)

d) Warrants (continued)

A summary of the Company's warrant activity during the years is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of warrants	**Weighted average exercise price (CAD$)**	Number of warrants	Weighted average exercise price (CAD$)
Balance, beginning of year	**24,194,130**	**$ 0.89**	21,512,697	$ 0.97
Granted, private placements	**-**	**-**	11,271,162	0.75
Granted, broker warrants	**2,972,383**	**0.26**	599,622	0.62
Expired	**(12,323,346)**	**1.02**	(9,189,351)	0.90
Balance, end of year	**14,843,167**	**$ -**	24,194,130	$ 0.89

On June 13, 2022, the Company consolidated its common shares on the basis of one new common share for every three shares outstanding effective as of June 13, 2022. The Company's warrants were consolidated on the same basis. These consolidated financial statements and accompanying notes fully reflect the share consolidation on a retroactive basis.

On February 24, 2021, the Company closed a private placement financing issuing 10,294,246 units of the Company for gross proceeds of CAD$4,632,422 ($3,688,279). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CAD$0.75 until February 24, 2023. In connection with the closing of the financing, the Company issued 258,957 finders' warrants with exercise prices of CAD$0.45 to certain finders.

On November 7, 2021, the Company closed a private placement financing issuing 12,248,078 units of the Company for gross proceeds of CAD$5,144,200 ($4,128,339). Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CAD$0.75 until November 7, 2023. In connection with the closing of the financing, the Company issued 340,665 finders' warrants with exercise prices of CAD$0.75 to certain finders.

During the year ended December 31, 2022, 12,232,346 warrants, with weighted average exercise prices of CAD$1.02, expired, unexercised. During the year ended December 31, 2021, 9,189,351 warrants with weighted average exercise prices of CAD$0.90 per share expired, unexercised.

On November 21, 2022, in connection with a capital raise the Company issued 2,972,383 broker options. One third of the issued broker options have an exercise price of AUD$0.26, one third have an exercise price of AUD$0.28 and one third have an exercise price of AUD$0.30. Each of the broker options have an expiry date of three years from the date of issue. The issue date fair value of the broker options was estimated at $208,587 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility based on the historical volatility of the Company's shares of 92.9%; risk-free interest rate of 3.72%, a stock price of AUD$0.20 and an expected life of 3 years.

(Expressed in U.S. Dollars)

10. BASIC AND DILUTED LOSS PER SHARE

Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of outstanding stock options, warrants and broker options is the same as basic loss per share. For the 2022 and 2021 years presented, the conversion of stock options, warrants and broker options was not included in the diluted loss per share calculation because the calculation would be anti-dilutive. The potentially dilutive shares excluded from the loss per share calculation due to anti-dilution are as follows:

	December 31, 2022	December 31, 2021
Options	**4,825,543**	5,257,759
Share purchase warrants and broker options	**14,843,167**	24,194,130
	19,668,710	29,451,889

11. CONTINGENCIES AND COMMITMENTS

Management Commitments

The Company is party to certain management contracts. As of December 31, 2022, these contracts require payments of approximately CAD$1,205,000 ($840,720) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately CAD$292,500 ($207,810) pursuant to the terms of these contracts as of December 31, 2022. As a triggering event has not taken place on December 31, 2022, these amounts have not been recorded in these consolidated financial statements.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. To date, COVID-19 has not had a material effect on the Company's operations.

(Expressed in U.S. Dollars)

12. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 - 26.5%) were as follows:

		2022		2021
(Loss) before income taxes	$	(3,568,461)	$	(4,484,604)
Expected income tax recovery based on statutory rate	$	(946,000)	$	(1,188,000)
Adjustment to expected income tax benefit:				
Stock Based Compensation		(12,000)		103,000
Difference in tax rate		17,000		14,000
Expenses not deductible for tax purposes		77,000		17,000
Other		269,000		21,000
Foreign currency difference		743,000		477,000
Share issuance cost		(116,000)		(108,000)
Change in benefit of tax assets not recognized		(32,000)		664,000
Deferred income tax provision (recovery)	$	-	$	-

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

		2022		2021
Property & Equipment	$	15,000	$	16,000
Non-capital loss carry-forwards		32,784,000		31,449,000
Share issue costs		894,000		905,000
Mineral property costs		11,340,000		12,744,000
Total	$	45,033,000	$	45,114,000

The Company expects that it will have certain tax pools available related to the exploration and evaluation properties in Mali, which has not been recognized in the temporary differences above.

As at December 31, 2022, the Company has non-capital losses in Canada of approximately $30,743,000 (2021 - $30,246,000) that may be carried forward to reduce taxable income derived in future years. These losses expire between 2026 to 2042.

As at December 31, 2022, the Company has non-capital losses in Mali and Barbados of approximately $2,024,000 and $17,000 that may be carried forward to reduce taxable income derived in future years. These losses in Mali expire between 2023 to 2025 and the losses in Barbados expire between 2026 to 2029.

(Expressed in U.S. Dollars)

12. INCOME TAXES (continued)

The tax losses will expire as follows:

Year of Expiry		
2023	$	67,000
2024		857,000
2025		1,100,000
2026		1,235,000
2027		1,572,000
2028		824,000
2029		1,393,000
2030		2,065,000
2031		1,130,000
2032		1,571,000
2033		592,000
2034		1,449,000
2035		1,204,000
2036		1,290,000
2037		1,976,000
2038		1,356,000
2039		2,748,000
2040		4,961,000
2041		2,795,000
2042		2,599,000
	$	32,784,000

13. CAPITAL MANAGEMENT

The Company manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development 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 properties to which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. TRE will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the years ended December 31, 2022 or 2021. Neither TRE nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of nine months.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt other than its accounts payable and accrued liabilities and is dependent on the capital markets to finance exploration and development activities.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and commodity price risk.

Foreign Currency Risk

Given the global nature of the Company's business, the Company's operating businesses, financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations. For the year ended December 31, 2022, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar, Australian dollar and Mali CFA, assuming all other variables remained constant, the net loss would have increased or decreased by approximately $553,033.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates would have no significant impact on the net loss due to the immateriality of the interest earned.

Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is remote as the Company is not a producing entity.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

On December 31, 2022, TRE had a cash and cash equivalents balance of $3,642,903 (December 31, 2021 - $3,505,768) and current liabilities of $612,629 (December 31, 2021 - $424,514). As outlined in Note 2, the Company may be required to obtain additional financing for working capital and continued exploration and development of its properties.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash and cash equivalents and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash and cash equivalents is minimized by depositing with only reputable financial institutions. Management has reviewed the receivable balances and determined that the balances are collectible as they are Harmonized Sales Tax (HST) rebates from the Government of Canada; accordingly, there have been no expected credit losses recorded.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

15. SUBSEQUENT EVENTS

On January 9, 2023, the Company granted 2,000,000 stock options to the CEO of the Company. 1,000,000 of the options have an exercise price of AUD$0.35 and vest 12 months from the date of grant and 1,000,000 of the options have an exercise price of AUD$0.50 and vest 24 months from the date of grant. All the options expire on January 9, 2026. In addition, the Company is committed to issue up to 8,500,000 shares of the Company on the attainment of certain share price targets.

On February 15, 2023, the Company granted 1,000,000 stock options to management of the Company with exercise prices of AUD$0.35. The options vest immediately and expire 3 years from the date of grant.

On February 24, 2023, 5,406,080 warrants with weighted average exercise prices of CAD$0.74, expired, unexercised.