



**Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2021 and 2020**

(Expressed in United States Dollars)

**(Unaudited)**



**AFRICAN GOLD GROUP, INC.  
NOTICE TO SHAREHOLDERS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**Responsibility for Consolidated Financial Statements**

The accompanying condensed interim consolidated financial statements for African Gold Group, Inc. for the three and nine months ended September 30, 2021 and 2020 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial reporting (see note 1 to the condensed interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the condensed interim consolidated financial statements, management is satisfied that these condensed interim consolidated financial statements have been fairly presented.

**Auditors Involvement**

McGovern Hurley LLP, Chartered Accountants, the external auditors of African Gold Group, Inc., have not audited or performed review procedures applicable to auditor review of condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and 2020.

**African Gold Group Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in U.S. Dollars)

As at:	September 30, 2021	December 31, 2020
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 619,314	\$ 785,679
Receivables	12,410	254,957
Prepaid expenses	33,778	381,072
Total current assets	665,502	1,421,708
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 4)	32,234,043	31,135,277
Property and equipment (Note 5)	306,497	298,514
Total assets	\$ 33,206,042	\$ 32,855,499
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6, 7)	\$ 640,311	\$ 1,597,951
Total liabilities	640,311	1,597,951
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Notes 8(a) and (b))	68,130,661	65,506,374
Reserve - share based payments (Note 8(c))	2,487,108	2,174,703
Reserve - warrants (Note 8(d))	4,466,064	5,593,248
Accumulated other comprehensive loss	(5,956,401)	(5,986,148)
Accumulated deficit	(36,561,701)	(36,030,629)
Total shareholders' equity	32,565,731	31,257,548
Total liabilities and shareholders' equity	\$ 33,206,042	\$ 32,855,499

Going concern (Note 2)  
Contingencies and commitments (Note 9)  
Subsequent events (Note 12)

Approved on behalf of the Directors:  
"Scott Eldridge"  
Director

"Daniel Callow"  
Director

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

# African Gold Group Inc.

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars)

(Unaudited)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
<b>Expenses</b>				
Administrative and general	\$ 91,049	306,585	\$ 413,389	\$ 897,528
Consulting and personnel costs (Note 7)	296,950	1,306,855	1,839,463	2,336,671
Amortization (Note 5)	5,526	6,566	16,579	18,209
Foreign exchange loss	11,072	(38,294)	31,035	89,867
Share based payments (Notes 7, 8(c))	27,277	1,370,862	312,405	1,829,696
Net (loss) for the period before the undernoted	(431,874)	\$ (2,952,574)	(2,612,871)	\$ (5,171,971)
<b>Other Comprehensive income - items that will subsequently reclassify into income (loss):</b>				
Foreign currency translation differences	(24,455)	(594,290)	29,747	(420,093)
Comprehensive (loss) for the period	\$ (456,329)	\$ (3,546,864)	\$ (2,583,124)	\$ (5,592,064)
Average weighted shares outstanding - basic and diluted	179,852,759	132,120,046	173,630,947	105,817,517
Basic and diluted (loss) per share	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.05)

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

**African Gold Group Inc.**  
**Condensed Interim Consolidated Statements of Equity**  
(Expresed in U.S. Dollars)  
(Unaudited)

	Common Shares		Share Based	Warrants	Accumulated Other	Accumulated	Equity
	#	\$	Payments		Comprehensive	Deficit	
			\$	\$	(Loss) Income	\$	\$
<b>Balance, December 31, 2019</b>	78,177,898	57,159,199	488,775	4,136,743	(6,157,052)	(31,807,479)	23,820,186
Private placement (Note 8(b))	70,257,050	8,708,938	-	3,341,594	-	-	12,050,532
Share issuance costs (Note 8(b))	-	(385,880)	-	-	-	-	(385,880)
Broker warrants (Note 8(d))	-	(322,606)	-	322,606	-	-	-
Option exercise	500,000	177,803	(88,538)	-	-	-	89,265
Warrant exercise	35,000	16,169	-	(10,715)	-	-	5,454
Share based payments (Note 8(c))	-	-	1,829,696	-	-	-	1,829,696
Expiry of stock options (Note 8(e))	-	-	(18,300)	(2,044,229)	-	2,062,529	-
Other comprehensive loss	-	-	-	-	(420,093)	-	(420,093)
Net (loss) for the period	-	-	-	-	-	(5,171,971)	(5,171,971)
<b>Balance, September 30, 2020</b>	148,969,948	65,353,623	2,211,633	5,745,999	(6,577,145)	(34,916,921)	31,817,189
<b>Balance, December 31, 2020</b>	148,969,948	65,506,374	2,174,703	5,593,248	(5,986,148)	(36,030,629)	31,257,548
Private placement (Note 8(b))	30,882,811	2,784,129	-	904,150	-	-	3,688,279
Share issuance costs (Note 8(b))	-	(109,377)	-	-	-	-	(109,377)
Broker warrants (Note 8(d))	-	(50,465)	-	50,465	-	-	-
Share based payments (Note 8(c))	-	-	312,405	-	-	-	312,405
Expiry of warrants (Note 8(d))	-	-	-	(2,081,799)	-	2,081,799	-
Other comprehensive income	-	-	-	-	29,747	-	29,747
Net (loss) for the period	-	-	-	-	-	(2,612,871)	(2,612,871)
<b>Balance, September 30, 2021</b>	179,852,759	68,130,661	2,487,108	4,466,064	(5,956,401)	(36,561,701)	32,565,731

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

# African Gold Group Inc.

## Consolidated Statement of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net (loss) for the period	\$ (2,583,124)	\$ (5,592,064)
Items not involving cash:		
Amortization (Note 5)	16,579	18,209
Share-based compensation (Note 8(c))	312,405	1,829,696
	<b>(2,254,140)</b>	<b>(3,744,159)</b>
Change in non-cash working capital items		
Receivables	(7,453)	35,910
Prepaid expenses	347,294	(376,318)
Accounts payable and accrued liabilities	(684,790)	(546,971)
Cash flows from operating activities	<b>(2,599,089)</b>	<b>(4,631,538)</b>
FINANCING ACTIVITIES		
Private placement (Note 8(b))	3,938,279	11,800,532
Share issue costs (Note 8(b))	(109,377)	(385,880)
Proceeds from exercise of options	-	89,265
Proceeds from exercise of warrants	-	5,454
Cash flows from financing activities	<b>3,828,902</b>	<b>11,509,371</b>
INVESTING ACTIVITIES		
Investment in property, plant & equipment	(24,562)	(121,228)
Investment in exploration and evaluation asset	(1,371,616)	(4,743,285)
Cash flows from investing activities	<b>(1,396,178)</b>	<b>(4,864,513)</b>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<b>(166,365)</b>	<b>2,013,320</b>
CASH AND CASH EQUIVALENTS, beginning of the period	<b>785,679</b>	<b>543,452</b>
CASH AND CASH EQUIVALENTS, end of the period	<b>\$ 619,314</b>	<b>\$ 2,556,772</b>
SUPPLEMENTAL INFORMATION:		
Issuance of finders and broker warrants	50,465	322,606
Debt settled on issuance of shares	-	-
Receivable on private placement	(250,000)	-

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

## **AFRICAN GOLD GROUP, INC.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

(Expressed in U.S. Dollars)

(Unaudited)

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#### **1. NATURE OF BUSINESS**

African Gold Group, Inc. (the “Company” or “AGG”) 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. The Company’s assets include mining and exploration licenses located in Mali, West Africa. The Company shares are listed on the TSX Venture Exchange trading under the symbol “AGG”. 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, and non-compliance with regulatory requirements.

#### **2. GOING CONCERN**

These condensed interim 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 condensed interim 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 condensed interim consolidated financial statements.

The Company reported a net loss of \$2,612,871 for the nine months ended September 30, 2021 (nine months ended September 30, 2020 - \$5,171,971) and a cashflow used in operations of \$2,599,089 (nine months ended September 30, 2020 – \$4,631,538). As of September 30, 2021, the Company has working capital of \$25,191 (December 31, 2020 – deficit of \$176,243). At present, the Company has no producing properties and consequently has no current operating income or cash flows.

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 (Notes 8 and 12). 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 condensed interim consolidated financial statements.

**AFRICAN GOLD GROUP, INC.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These condensed interim consolidated financial statements, have been prepared in US dollars, in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of September 30, 2021. The policies as set out in the Company’s Annual Consolidated Financial Statements for the twelve months ended December 31, 2020 were consistently applied to all periods.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 25, 2021.

**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, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

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.

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 amendments are effective for annual periods beginning on January 1, 2022.

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 amendments are effective for annual periods beginning on January 1, 2022.

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 amendments are effective for annual periods beginning on January 1, 2022.



**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**4. EXPLORATION AND EVALUATION ASSETS****Mali Concessions**

AGG holds certain exploration and operating permits for gold and other minerals in Mali, Africa. These exploration permits are subject to renewal processes in 2021 and 2023 and expire in 2023, 2024 and 2025, respectively. The mining permit, issued in 2015 expires in 2045. During the nine months ended September 30, 2021, the Company's Faraba and Kobada exploration permits were renewed and extended to 2024.

<b>Kobada</b>	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
Opening balance	\$	31,135,277	\$	27,476,812
Drilling and feasibility study		381,066		1,414,174
Project management/ engineering		-		1,700,339
Site development and maintenance		124,878		251,077
Camp		315,059		411,402
Geology		-		18,635
Assays and sampling		23,714		200,040
Technical report		3,757		-
Vehicle rent and maintenance		50,600		74,348
Travel		4,885		19,448
Security		118,421		129,353
Environmental		17,525		3,055
Permits		58,861		-
Other		-		(563,406)
Ending balance	\$	<b>32,234,043</b>	\$	31,135,277

**5. PROPERTY AND EQUIPMENT**

During the nine months ended September 30, 2021 and the year ended December 31, 2020, the Company was building a camp dormitory for workers to reside at the Kobada mine site.

<b>Cost</b>	<b>Equipment</b>	<b>Furniture and fixture</b>	<b>Computer equipment</b>	<b>Building</b>	<b>Total</b>
Cost at December 31, 2019	\$ 47,370	\$ 17,118	\$ -	\$ 194,859	\$ 259,347
Additions	-	-	1,689	73,550	75,239
Cost at December 31, 2020	\$ 47,370	\$ 17,118	\$ 1,689	\$ 268,409	\$ 334,586
Additions	-	-	-	24,562	24,562
Balance at September 30, 2021	\$ 47,370	\$ 17,118	\$ 1,689	\$ 292,971	\$ 359,148
<b><u>Accumulated Amortization</u></b>					
Balance at December 31, 2019	\$ 7,106	\$ 1,712	\$ -	\$ 2,683	\$ 11,501
Additions	12,079	3,081	253	9,158	24,571
Balance at December 31, 2020	\$ 19,185	\$ 4,793	\$ 253	\$ 11,841	\$ 36,072
Additions	-	-	-	16,579	16,579
Balance at September 30, 2021	\$ 19,185	\$ 4,793	\$ 253	\$ 28,420	\$ 52,651
Net book value at December 31, 2020	\$ 28,185	\$ 12,325	\$ 1,436	\$ 256,568	\$ 298,514
<b>Net book value at September 30, 2021</b>	<b>\$ 28,185</b>	<b>\$ 12,325</b>	<b>\$ 1,436</b>	<b>\$ 264,551</b>	<b>\$ 306,497</b>

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

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(Unaudited)

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>September 30, 2021</b>		December 31, 2020	
Exploration and development suppliers and contractors	<b>\$</b>	<b>239,380</b>	<b>\$</b>	512,230
Corporate payables		<b>290,701</b>		975,491
Mali VAT		<b>110,230</b>		110,230
<b>Total accounts payable</b>	<b>\$</b>	<b>640,311</b>	<b>\$</b>	<b>1,597,951</b>

**7. 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") and relocated its registered head office to 100 King St W #1600, Toronto, ON M5X 1G5. The cost of terminating the associated consulting agreements with certain members of senior management and various supporting consultants and the services agreement was CDN\$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 CDN\$25,000 (\$19,747) totaling CDN\$25,000 (\$19,747) for the nine months ended September 30, 2021 (September 30, 2020 - CDN\$225,000 (\$16,162)). During the nine months ended September 30, 2021, F&M was paid a termination fee of CDN\$600,000 (\$473,934) in addition to the consulting fee as part of the terminated services agreement noted above. As of September 30, 2021, \$nil (December 31, 2020 - CDN\$53,250 (\$41,824)) was owed to F&M. Included in accounts payable as at September 30, 2021 is CDN\$317,192 (\$248,954) (December 31, 2020 - CDN\$250,048 (\$196,393)) owed to other key management personnel for consulting and directors fees. The amounts owing are unsecured, non-interest bearing and due on demand.

During the nine months ended September 30, 2021, the Company issued a total of 2,750,000 stock options to directors and officers of the Company (September 30, 2020 – 6,100,000) and recorded \$291,563 in share-based payments (September 30, 2020 - \$1,550,407) in relation to the amortization of the estimated fair value of options granted during the years ended December 31, 2020 and 2019 and the nine months ended September 30, 2021 (see note 8(c)).

On February 24, 2021, F&M subscribed for 4,500,000 units of the Company (see Note 8(b)) and other key management personnel subscribed for 1,166,667 units of the Company (see Note 8(b)).

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

	<b>Three months ended</b>		Three months ended	
	<b>September 30, 2021</b>		September 30, 2020	
	<b>September 30, 2021</b>		September 30, 2020	
Remuneration	<b>\$</b>	<b>248,793</b>	<b>\$</b>	814,607
Share-based payments		<b>27,277</b>		1,327,489
Short term employee benefits	<b>\$</b>	<b>276,070</b>	<b>\$</b>	2,142,096
		<b>\$</b>	<b>\$</b>	<b>1,853,263</b>
				\$ 2,726,033

See Note 9.

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

(Expressed in U.S. Dollars)

(Unaudited)

**8. 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, 2019	78,177,898	57,159,199
Private placement	70,257,050	8,708,938
Share issuance costs	-	(385,880)
Broker warrants issued	-	(169,855)
Exercise of options	500,000	177,803
Exercise of warrants	35,000	16,169
Balance as of December 31, 2020	148,969,948	65,506,374
Private placement	30,882,811	2,784,129
Share issuance costs	-	(109,377)
Broker warrants issued	-	(50,465)
Balance as of September 30, 2021	179,852,759	68,130,661

On January 31, 2020, the Company closed a non-brokered private placement of common shares for gross proceeds of CDN\$1,500,000 (\$1,133,530). The Company issued 7,500,000 units at a price of CDN\$0.20 per unit. 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 CDN\$0.25 per common share until January 31, 2022. In connection with the closing of the non-brokered private placement, the Company has paid aggregate finder's fees of CDN\$37,150 (\$28,074) in cash and 182,275 finder's warrants to certain finders. Each finder warrant will entitle the holder thereof to purchase one common share at a price of CDN\$0.25 for a period of 24 months from the date of the closing. The issue date fair value of the warrants and finder's warrants were estimated at \$322,524 and \$20,131 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 198%; risk-free interest rate of 1.43%, a share price of \$0.15 and an expected life of 2 years. The Company incurred additional costs of issue of CDN\$28,467 (\$21,600). A director of the Company participated and acquired a total of 179,500 units of this private placement for gross proceeds of CDN\$35,900 (\$27,130).

On March 10, 2020, the Company closed the second and final tranche of the previously announced CDN\$2 million non-brokered private placement financing of common shares for gross proceeds of CDN\$684,210 (\$498,310). Together with the closing of the first tranche of the offering, the Company raised gross proceeds of CDN\$2,184,210 (\$1,631,480). Pursuant to the final tranche, the Company issued 3,421,050 units of the Company at a price of CDN\$0.20 for gross proceeds of CDN\$684,210 (\$498,310). 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 CDN\$0.25 per common share until March 9, 2022. In connection with the closing of the final tranche, the Company has paid aggregate finders' fees of CDN\$27,500 (\$20,028) in cash. The issue date fair value of the warrants was estimated at \$140,303 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 194%; risk-free interest rate of 0.53% and an expected life of 2 years.

**AFRICAN GOLD GROUP, INC.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

(Expressed in U.S. Dollars)

(Unaudited)

**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****b) Share transactions (continued)**

On March 17, 2020, the Company closed the first tranche of an announced non-brokered private placement financing of common shares for gross proceeds of CDN\$250,000 (\$176,375). Pursuant to the first tranche, the Company issued 1.25 million units of the Company at a price of CDN\$0.20 per unit for gross proceeds of CDN\$250,000 (\$176,375). 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 CDN\$0.25 per common share until March 17, 2022. In connection with the closing of the first tranche, the Company has paid aggregate finders' fees of CDN\$12,500 (\$8,819) in cash. The issue date fair value of the warrants was estimated at \$49,773 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 195%; risk-free interest rate of 0.63%, a share price of \$0.15 and an expected life of 2 years.

On April 23, 2020, the Company closed the second and final tranche of a non-brokered private placement financing of common shares for gross proceeds of CDN\$2,750,000 (\$1,948,284). Pursuant to the final tranche, the Company issued 13,750,000 units of the Company. 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 CDN\$0.25 per common share until April 23, 2022. In connection with the closing of the final tranche, the company has paid aggregate finders' fees of CDN\$34,000 (\$24,087) in cash and issued 140,000 finders warrants to certain finders. Each finder warrant will entitle the holder to purchase one common share of the Company at a price of CDN\$0.25 at any time prior to April 23, 2022. The issue date fair value of the warrants and finder's warrants were estimated at \$555,675 and \$11,881 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 199%; risk-free interest rate of 0.33%, a stock price of CDN\$0.15 and an expected life of 2 years. The Company incurred additional costs of issue of CDN\$34,000 (\$24,087). A company for which a former director of the Company is executive chairman participated and acquired a total of 1,400,000 units of this private placement for gross proceeds of CDN\$280,000 (\$198,371) (See Note 7). Other key management subscribed for 150,000 units of the Company for gross proceeds of CDN\$30,000 (\$21,254).

On July 29, 2020, the Company closed the first tranche of a non-brokered private placement financing issuing 22,360,000 units of the Company at a price of CDN\$0.25 per unit for gross proceeds of CDN\$5,590,000 (\$4,184,417). Each unit consists of one common share of the Company and one half of one common share purchase warrant with each full warrant entitling the holder to acquire one additional share of the Company at an exercise price of CDN\$0.40 for a period of 24 months from the date of issue. In connection with the closing of the First Tranche, the Company has paid aggregate finder's fees of \$110,975 in cash and issued 510,000 finders warrants with exercise prices of CDN\$0.25 and 83,000 finders warrants with exercise prices of CDN\$0.40 to certain finders. The issue date fair value of the warrants and finder's warrants were estimated at \$1,146,375 and \$53,756 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 200%; risk-free interest rate of 0.26%, a stock price of CDN\$0.15 and an expected life of 2 years. Directors of the Company participated and acquired a total of 500,000 units of this private placement for gross proceeds of CDN\$125,000. In addition, Sulliden Mining Capital Inc., a company for which Stan Bharti is interim CEO and Ryan Ptolemy is CFO, acquired a total of 4,000,000 units of the Company in this private placement for gross proceeds of CDN\$1,000,000 (see Note 7).

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****b) Share transactions (continued)**

On August 10, 2020, the Company closed, the second and final tranche of its non-brokered private placement financing issuing 21,976,000 units of the Company for gross proceeds of CDN\$5,494,000 (\$4,109,616). 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 CDN\$0.40 until Aug. 10, 2022. In connection with the closing of the final tranche, the Company has paid aggregate finders' fees of \$172,297 in cash and issued 818,600 finders' warrants with exercise prices of CDN\$0.25 and 107,750 finders warrants with exercise prices of CDN\$0.40 to certain finders. The issue date fair value of the warrants and finder's warrants were estimated at \$1,126,944 and \$84,087 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 200%; risk-free interest rate of 0.27%, a stock price of CDN\$0.15 and an expected life of 2 years. Certain directors and officers of the Company purchased or acquired direction and control over a total of 2,410,000 units of the Company under the final tranche for gross proceeds of \$602,500.

On February 24, 2021, the Company announced that it had closed a non-brokered private placement financing of 30,882,811 units of the Company for gross proceeds of CDN\$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 CDN\$0.25 until February 24, 2023. In connection with the Offering, the Company paid \$109,377 in cash commissions and issued 776,832 finders' warrants with exercise prices of CDN\$0.15. The issue date fair value of the warrants and finder's warrants were estimated at \$904,150 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 165%; risk-free interest rate of 0.23%, a stock price of CDN\$0.11 and an expected life of 2 years. Certain directors and officers of the Company purchased or acquired direction and control over a total of 1,166,667 units of the Company under the final tranche for gross proceeds of CDN\$175,000 (\$139,333) (see Note 7).

**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 17,985,276 (December 31, 2020 – 14,896,995) 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.

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

**c) Stock options (continued)**

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 March 2, 2020, the Company granted a total of 1.2 million stock options to a consultant of the Company pursuant to the Company's stock option plan. Half of the stock options vested immediately and the remainder vest on the first anniversary of the grant. Each stock option may be exercised at a price of CDN\$0.20 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 CDN\$224,963 (\$168,430) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 1.07%, expected volatility of 165%, an estimated life of 5 years, a stock price of CDN\$0.20 and an expected dividend yield of 0%.

On April 21, 2020, the Company granted a total of 100,000 stock options to certain consultants of the Company pursuant to the Company's stock option plan. Half of the stock options vested immediately and the remainder vest on the first anniversary of the grant. Each stock option may be exercised at a price of CDN\$0.24 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 CDN\$22,536 (\$15,879) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.41%, expected volatility of 167%, an estimated life of 5 years, a stock price of CDN\$0.24 and an expected dividend yield of 0%.

On May 8, 2020 and May 14, 2020, 250,000 and 250,000, respectively, options were exercised at CDN\$0.25 per common share. The share price on the date of exercise was \$0.32 per common share.

On August 10, 2020, the Company granted a total of 6,375,000 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. All options vested immediately, and each stock option may be exercised at a price of CDN\$0.28 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 CDN\$1,666,764 (\$1,246,771) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.33%, expected volatility of 164%, an estimated life of 5 years, a stock price of CDN\$0.28 and an expected dividend yield of 0%.

On August 19, 2020, the Company granted a total of 250,000 stock options to a consultant of the Company pursuant to the company's stock option plan. All options vested immediately, and each stock option may be exercised at a price of CDN\$0.28 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 CDN\$62,897 (\$47,750) using the Black Scholes option pricing model based on the following assumptions: risk-free rate of 0.39%, expected volatility of 163%, an estimated life of 5 years, a stock price of CDN\$0.27 and an expected dividend yield of 0%.

On March 31, 2021, the Company granted a total of 2,800,000 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 CDN\$0.15 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 CDN\$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%, an estimated life of 5 years, a stock price of CDN\$0.12 and an expected dividend yield of 0%.

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**8. SHARE CAPITAL, RESERVE FOR SHARE BASED PAYMENTS AND WARRANTS (continued)****c) Stock options (continued)**

As at September 30, 2021, the Company had the following stock options outstanding:

<b>Date of grant</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price (CDN\$)</b>	<b>Expiry date</b>	<b>Remaining life in years</b>
June 3, 2019	2,248,334	2,248,334	\$ 0.23	June 3, 2024	2.68
August 7, 2019	300,000	300,000	0.25	August 7, 2024	2.85
August 13, 2019	2,000,000	500,000	0.25	August 13, 2024	2.87
March 2, 2020	1,200,000	1,200,000	0.20	March 2, 2025	3.42
April 21, 2020	100,000	100,000	0.24	April 21, 2025	3.56
August 10, 2020	6,375,000	6,375,000	0.28	August 10, 2025	3.86
August 19, 2020	250,000	250,000	0.28	August 19, 2025	3.89
March 31, 2021	2,800,000	2,800,000	0.15	March 31, 2026	4.50
	<u>15,273,334</u>	<u>13,773,334</u>			<u>3.62</u>

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

	<b>Nine months ended September 30, 2021</b>		<b>Year ended December 31, 2020</b>	
	<b>Number of options</b>	<b>Weighted average exercise price (CDN\$)</b>	<b>Number of options</b>	<b>Weighted average exercise price (CDN\$)</b>
Balance, beginning of period	12,473,334	\$ 0.24	5,161,668	\$ 0.24
Forfeited	-	-	(113,334)	0.23
Granted	2,800,000	0.15	7,925,000	0.27
Exercised	-	-	(500,000)	0.25
<b>Balance, end of period</b>	<b>15,273,334</b>	<b>\$ 0.24</b>	<b>12,473,334</b>	<b>\$ 0.24</b>

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**8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)****d) Warrants**

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

<b>Date of issuance</b>	<b>Warrants</b>	<b>Exercise Price (CDN\$)</b>	<b>Expiry Date</b>	<b>Estimated Fair Value at Grant Date</b>	<b>Remaining life in years</b>
January 31, 2020	3,932,275	\$0.25	January 31, 2022	342,655	0.34
March 9, 2020	1,710,525	\$0.25	March 9, 2022	140,303	0.44
March 17, 2020	625,000	\$0.25	March 17, 2022	49,773	0.46
April 23, 2020	7,015,000	\$0.25	April 23, 2022	567,556	0.56
July 29, 2020	510,000	\$0.25	July 29, 2022	46,607	0.83
July 29, 2020	11,263,000	\$0.40	July 29, 2022	1,153,524	0.83
August 10, 2020	818,600	\$0.25	August 10, 2022	74,804	0.86
August 10, 2020	11,095,750	\$0.40	August 10, 2022	1,136,227	0.86
February 24, 2021	15,441,405	\$0.25	February 24, 2023	904,150	1.40
February 24, 2021	776,832	\$0.15	February 24, 2023	50,465	1.40
	<b>53,188,387</b>	<b>\$0.31</b>		<b>4,466,064</b>	

During the nine months ended September 30, 2021, 27,568,055 warrants with weighted average exercise prices of CDN\$0.30 per share expired, unexercised. During the year ended December 31, 2020, 9,976,959 warrants expired on April 24, 2020.

On January 31, 2020, the Company closed a non-brokered private placement of 7,500,000 units. Each unit consists of one common share of the Company and one half of a common share purchase warrant entitling the holder to acquire one additional common share of the Company at an exercise price of CDN\$0.25 per common share until January 31, 2022. In connection with the closing of the non-brokered private placement, the Company issued 182,275 finder's warrants with a grant date fair value of CDN\$26,640 (\$20,131).

On March 10, 2020, the Company closed the second and final tranche of a previously announced \$2-million non-brokered private placement financing of common shares for gross proceeds of CDN\$684,210 (\$498,310). Pursuant to the final tranche, the Company issued 3,421,050 units of the Company. 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 CDN\$0.25 per common share until March 9, 2022.

On March 17, 2020, the Company closed the first tranche of an announced non-brokered private placement financing of common shares for gross proceeds of CDN\$250,000 (\$176,375). Pursuant to the first tranche, the Company issued 1.25 million units of the Company at a price of CDN\$0.20 per. 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 CDN\$0.25 per common share until March 17, 2022.



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**8. SHARE CAPITAL AND RESERVE FOR SHARE BASED PAYMENTS (continued)****d) Warrants (continued)**

On April 23, 2020, the Company closed the second tranche of a non-brokered private placement financing of common shares for gross proceeds of CDN\$2,750,000 (\$1,948,284). Pursuant to the second tranche, the Company issued 13,750,000 units of the Company at a price of CDN\$0.20 per unit. 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 CDN\$0.25 per common share until April 23, 2022. In connection with the financing, the Company issued 140,000 broker warrants with a grant date fair value of CDN\$40,518 (\$28,706), an exercise price of CDN\$0.25 and an expiry date of April 23, 2022.

On July 29, 2020, the Company closed the first tranche of a non-brokered private placement financing issuing 22,360,000 units of the Company at a price of CDN\$0.25 per unit for gross proceeds of CDN\$5,590,000 (\$4,184,417). Each unit consists of one common share of the Company and one half of one common share purchase warrant with each full warrant entitling the holder to acquire one additional share of the Company at an exercise price of CDN\$0.40 for a period of 24 months from the date of issue. In connection with the closing of the First Tranche, the Company issued 510,000 finders warrants with exercise prices of CDN\$0.25 and 83,000 finders warrants with exercise prices of CDN\$0.40 to certain finders.

On August 10, 2020, the Company closed, the second and final tranche of a non-brokered private placement financing issuing 21,976,000 units of the Company for gross proceeds of CDN\$5,494,000 (\$4,109,616). 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 CDN\$0.40 until Aug. 10, 2022. In connection with the closing of the final tranche, the Company issued 818,600 finders' warrants with exercise prices of \$0.25 and 107,750 finders warrants with exercise prices of \$0.40 to certain finders.

On February 24, 2021, the Company closed a non-brokered private placement financing issuing 30,882,811 units of the Company for gross proceeds of CDN\$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 CDN\$0.25 until February 24, 2023. In connection with the closing of the financing, the Company issued 776,832 finders' warrants with exercise prices of \$0.15 to certain finders.

**9. CONTINGENCIES AND COMMITMENTS****Management Commitments**

The Company is party to certain management contracts. As of September 30, 2021, these contracts require payments of approximately CDN\$2,023,600 (\$1,588,250) 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 CDN\$820,500 (\$643,980) pursuant to the terms of these contracts as of September 30, 2021. As a triggering event has not taken place on September 30, 2021, these amounts have not been recorded in these condensed interim 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.

## **9. CONTINGENCIES AND COMMITMENTS (continued)**

### **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. COVID-19 has not had a material effect on the Company to date.

## **10. CAPITAL MANAGEMENT**

AGG 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. AGG 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 nine months ended September 30, 2021 or the year ended December 31, 2020. Neither AGG 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. As of September 30, 2021, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

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.

## **11. 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 condensed interim consolidated financial statements.

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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 nine months ended September 30, 2021, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar and Mali CFA, assuming all other variables remained constant, the net loss would have increased or decreased by approximately \$46,856. Included in cash and cash equivalents is \$681,500 (December 31, 2020 - \$960,000), receivables \$15,800 (December 31, 2020 - \$324,600), and accounts payable and accrued liabilities \$42,800 (December 31, 2020 - \$1,160,000) denominated in Canadian dollars. Included in cash and cash equivalents is 45,082,109 (2020 - 16,090,040) denominated in West African francs.

*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 could impact any renewals or extensions of term deposits which 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.

**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.

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**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Liquidity Risk (continued)**

On September 30, 2021, AGG had a cash balance of \$619,314 (December 31, 2020 - \$785,679) and current liabilities of \$640,311 (December 31, 2020 - \$1,597,951). 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 condensed interim 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.

**12. SUBSEQUENT EVENTS**

On November 8, 2021, the Company announced it had closed a non-brokered private placement financing (the "Offering") and issued 36,744,285 units of the Company at a price of CDN\$0.14 per unit for gross proceeds of CDN\$5,144,200. 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 CDN\$0.25 until November 7, 2023. If at any time after March 8, 2022, the common shares of the Company trade at CDN\$0.50 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 Offering, the Company has paid aggregate finder's fees of CDN\$272,000 in cash and 1,021,999 finder's warrants to certain finders. Each finder warrant will entitle the holder thereof to purchase one common share of the Company at a price of CDN\$0.25 for a period of 24 months from the date of the closing of the Offering. All securities issued under the Offering are subject to a statutory hold period ending on March 8, 2022.