



**TDG GOLD CORP.
(Formerly Kismet Resources Corp.)**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the nine months ended April 30, 2021

(Unaudited – Expressed in Canadian dollars)

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	<i>Note</i>	April 30, 2021	July 31, 2020
ASSETS			
Current			
Cash	5	\$ 6,202,223	\$ 1,822,505
Receivables	6	29,834	19,121
Prepaid expenses	7	119,150	63,783
		6,351,207	1,905,409
Exploration and evaluation assets	8	5,902,431	15,000
		\$ 12,253,638	\$ 1,920,409
LIABILITIES			
Current			
Trade and other payables	9	\$ 69,059	\$ 152,475
Flow-through premium liability	10	682,712	-
		751,771	152,475
EQUITY			
Share capital	10	27,359,217	15,592,011
Reserve	10	772,084	-
Deficit		(16,629,434)	(13,824,077)
		11,501,867	1,767,934
		\$ 12,253,638	\$ 1,920,409
Nature of operations	1		
Reverse take-over	4		

These condensed interim consolidated financial statements are approved for issue by the Board of Directors of the Company on June 23, 2021.

On behalf of the Board:

_____/s/ Fletcher Morgan_____
Director

_____/s/ Andrew French_____
Director

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

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian dollars)

		Three months ended April 30,		Nine months ended April 30,	
	Note	2021	2020	2021	2020
Expenses					
Consulting fees	11	\$ 86,100	\$ 16,000	\$ 261,400	\$ 53,000
Exploration and evaluation expenditures	8	422,253	18,979	973,816	18,979
Foreign exchange		-	36,592	-	(2,342)
Investor relations		2,383	-	2,383	-
Office expenses		11,276	693	41,525	1,826
Professional fees		68,496	5,284	80,637	18,205
Project investigation costs		-	-	-	68,808
Share-based compensation	10	759,486	-	759,486	-
Transfer agent and filing fees		14,965	-	23,018	-
		(1,364,959)	(77,548)	(2,142,265)	(158,476)
Flow-through premium recovery	10	166,405	-	182,026	7,500
Interest income		3,710	-	4,443	-
Listing expense	4	-	-	(849,561)	-
Loss and comprehensive loss for the period		\$ (1,194,844)	\$ (77,548)	\$ (2,805,357)	\$ (150,976)
Basic and diluted loss per share		\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.02)
Weighted average number of shares outstanding		60,687,034	10,577,660	42,703,722	9,365,575

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

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Nine months ended April 30,	
	2021	2020
Cash flows to operating activities		
Loss for the period	\$ (2,805,357)	\$ (150,976)
Items not affecting cash:		
Share-based compensation	759,486	-
Flow-through premium	(182,026)	(7,500)
Listing expense	849,561	-
Change in non-cash working capital items:		
Receivables	(5,364)	(289)
Prepaid expenses	(55,367)	(37,012)
Trade and other payables	(88,166)	198
	<u>(1,527,233)</u>	<u>(195,579)</u>
Cash flows to investing activities		
Exploration and evaluation assets	(15,000)	(15,000)
Cash incurred on reverse take-over, net of cash acquired	(215,965)	-
	<u>(230,965)</u>	<u>(15,000)</u>
Cash flows from financing activities		
Private placements	6,122,532	360,000
Share issue costs	(11,282)	(9,619)
Exercise of options	26,666	-
	<u>6,137,916</u>	<u>350,381</u>
Change in cash for the period	4,379,718	139,802
Cash, beginning of period	1,822,505	81,834
Cash, end of period	\$ 6,202,223	\$ 221,636
Non-cash investing and financing activities		
Shares issued for exploration and evaluation assets	\$ 5,872,431	\$ -
Finders' units	163,656	-
Shares issued to settle trade and other payables	-	92,630
Allocation of flow-through premium	864,738	-
Allocation on exercise of stock options	21,597	-
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Reserve	Obligation to issue shares	Deficit	Total
Balance, July 31, 2020	24,042,787	\$ 15,592,011	\$ -	\$ -	\$ (13,824,077)	\$ 1,767,934
Issuance of shares for exploration and evaluation assets	1,202,141	180,321	-	-	-	180,321
Kismet shares retained	2,000,000	600,000	-	-	-	600,000
Kismet options retained	-	-	34,195	-	-	34,195
Private placements	17,525,981	6,122,532	-	-	-	6,122,532
Allocation of flow-through premium	-	(864,738)	-	-	-	(864,738)
Issuance of finders' units	545,519	163,656	-	-	-	163,656
Share issue costs - finder's units	-	(163,656)	-	-	-	(163,656)
Share issue costs - cash	-	(11,282)	-	-	-	(11,282)
Exercise of options	133,332	48,263	(21,597)	-	-	26,666
Issuance of shares for exploration and evaluation assets	18,973,699	5,692,110	-	-	-	5,692,110
Share-based compensation	-	-	759,486	-	-	759,486
Loss and comprehensive loss for the period	-	-	-	-	(2,805,357)	(2,805,357)
Balance, April 30, 2021	64,423,459	\$ 27,359,217	\$ 772,084	\$ -	\$ (16,629,434)	\$ 11,501,867

	Number of shares	Share capital	Reserve	Obligation to issue shares	Deficit	Total
Balance, July 31, 2019	8,459,410	\$ 13,306,120	\$ -	\$ 64,000	\$ (13,481,128)	\$ (111,008)
Private placements	2,776,667	424,000	-	(64,000)	-	360,000
Share issue costs	-	(9,619)	-	-	-	(9,619)
Flow-through premium liability	-	(7,500)	-	-	-	(7,500)
Debt settlements	617,533	92,630	-	-	-	92,630
Loss and comprehensive loss for the period	-	-	-	-	(150,976)	(150,976)
Balance, April 30, 2020	11,853,610	\$ 13,805,631	\$ -	\$ -	\$ (13,632,104)	\$ 173,527

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

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

TDG Gold Corp. (formerly Kismet Resources Corp.) (the “Company”) is a publicly traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 14, 2018. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol TDG. The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

The Company is engaged in the identification, acquisition, exploration and, if warranted, development of mineral resource projects in British Columbia.

On December 11, 2020, the Company completed a reverse take-over transaction whereby the Company acquired all of the issued and outstanding common shares of TDG BC Assets Corp. (formerly TDG Gold Corp.) (“TDGBC”) by way of a three-cornered amalgamation (“Amalgamation”) between the Company, TDGBC, and 1266834 B.C. Ltd. (“Numco”), a wholly owned subsidiary of the Company. Immediately prior to the completion of the Amalgamation, the Company changed its name from Kismet Resources Corp. to TDG Gold Corp. TDGBC amalgamated with Numco as one company under the name TDG BC Assets Corp., a wholly owned subsidiary of the Company (Note 4).

Pursuant to the Amalgamation, the former shareholders of TDGBC received one share of TDG for every three shares of TDGBC. All share and per share amounts in these consolidated financial statements have been restated to reflect this share consolidation.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at April 30, 2021, the Company had working capital of \$5,599,436. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Although it is not possible for the Company to fully predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business operations. To date the Company has been able to raise equity and explore its exploration projects in British Columbia.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2020.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent company’s functional currency as well as being the functional currency for the Company’s previously owned Asian subsidiaries.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Going concern – In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern (Note 1).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended July 31, 2020.

New standards, interpretations, and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

4. REVERSE TAKE-OVER

On December 11, 2020, the Company completed a reverse take-over transaction whereby the Company acquired all of the issued and outstanding common shares of TDGBC by way of a three-cornered amalgamation between the Company, TDGBC, and Numco.

Immediately prior to the completion of the Amalgamation:

- the issued and outstanding common shares of the former Kismet Resources Corp. ("Kismet") were consolidated on a 2:1 basis.
- the Company changed its name from Kismet Resources Corp. to TDG Gold Corp.

Pursuant to the Amalgamation:

- the Company issued the former shareholders of TDGBC 25,244,928 common shares (one share for every three shares of TDGBC).
- the shareholders of Kismet retained 2,000,000 common shares valued at \$600,000.
- the officers of Kismet retained 200,000 options valued at \$34,195. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 100%; an expected life of 1-3 years; a forfeiture rate of zero; and an expected dividend of zero.
- TDGBC amalgamated with Numco as one company under the name TDG BC Assets Corp., a wholly owned subsidiary of the Company.

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

4. REVERSE TAKE-OVER (continued)

On completion of the Amalgamation, the former shareholders of TDGBC own more shares of the Company than the former shareholders Kismet and accordingly the Amalgamation has been treated as a reverse take-over transaction with the financial statements of TDGBC being the continuing financial statements of the Company and Kismet being the company acquired.

The allocation of the cost of acquisition is summarized as follows:

Consideration	
Kismet shares retained	\$ 600,000
Kismet options retained	34,195
Transaction costs	241,126
Total	\$ 875,321
Net assets (liabilities) received	
Cash	\$ 25,161
Receivables	5,349
Trade and other payables	(4,750)
Total	\$ 25,760
Listing expense	\$ 849,561

Concurrent with the Amalgamation, the Company completed a private placement for gross proceeds of \$4,033,610 (Note 10).

Also, concurrent with the Amalgamation, the Company issued 18,973,699 common shares to Talisker Resources Ltd. to acquire the Baker-Shasta, Mets, and Bot projects (Note 8 and 10).

The common shares of the Company began trading on the TSX-V on December 18, 2020 under the ticker symbol TDG.

5. CASH

	April 30, 2021	July 31, 2020
Unrestricted cash	\$ 3,881,003	\$ 1,822,505
Restricted for flow-through expenditures	2,321,220	-
Total	\$ 6,202,223	\$ 1,822,505

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

6. RECEIVABLES

	April 30, 2021	July 31, 2020
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 29,834	\$ 19,121
Total	\$ 29,834	\$ 19,121

7. PREPAID EXPENSES

	April 30, 2021	July 31, 2020
Prepaid exploration and evaluation expenditures	\$ 113,400	\$ 63,783
Prepaid insurance	5,750	-
Total	\$ 119,150	\$ 63,783

8. EXPLORATION AND EVALUATION ASSETS

	Baker-Shasta	Oxide Peak	Total
As at July 31, 2020	\$ -	\$ 15,000	\$ 15,000
Additions - cash	-	15,000	15,000
Additions - shares	5,692,110	180,321	5,872,431
As at April 30, 2021	\$ 5,692,110	\$ 210,321	\$ 5,902,431

Baker-Shasta, Mets, and Bot Projects

On July 7, 2020, the Company entered into a purchase agreement with Talisker Resources Ltd. ("Talisker") pursuant to which the Company could acquire a 100% interest in the Baker-Shasta, Mets, and Bot projects located in the Toadoggone region of British Columbia.

Pursuant to the agreement, the Company completed the acquisition through the issue of 18,973,669 common shares valued at \$5,692,110 to Talisker on December 11, 2020 (Note 10).

8. EXPLORATION AND EVALUATION ASSETS (continued)

Oxide Peak Property

On December 22, 2019, the Company entered into an option and joint venture agreement with ArcWest Exploration Inc. ("ArcWest") pursuant to which the Company can earn up to an 80% interest in the Oxide Peak property located in the Toadoggone region of British Columbia.

Pursuant to the agreement, the Company issued ArcWest 1,202,141 common shares valued at \$180,321 on August 19, 2020 (Note 10).

The Company can earn an initial 60% interest in the Oxide Peak property (the "First Option") by fulfilling the following terms:

1. Cash payments as follows:
 - o \$15,000 on signing (paid);
 - o \$15,000 on or before December 31, 2020 (paid); and
 - o \$25,000 on exercise of the First Option.
2. Incurring \$2,400,000 of exploration expenditures as follows:
 - o \$400,000 by December 31, 2020 (incurred);
 - o An additional \$500,000 by December 31, 2021; and
 - o An additional \$1,500,000 by December 31, 2022.

Upon exercise of the First Option, the Company can earn an additional 20% interest for a total 80% interest (the "Second Option") by electing to complete a preliminary economic assessment within two years of exercising the Second Option.

Following the exercise or lapse of the Second Option, the parties will form a joint venture to hold and operate the Oxide Peak property, and each party will fund the costs associated with the Oxide Peak property proportionate to their respective interest. If a party does not contribute its share of the costs, the other party may contribute the shortfall, in which case, the interest of each party in the Oxide Peak property will be adjusted in accordance with a dilution formula. Should the Company's or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% net smelter return ("NSR") royalty, of which 1% of the NSR royalty can be bought back for a \$2,000,000 cash payment at any time.

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures incurred during the nine months ended April 30, 2021 and 2020 are as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
Baker-Shasta, Mets, and Bot				
Consulting	\$ 180,453	\$ 1,969	\$ 322,052	\$ 1,969
Community engagement	153,675	-	164,389	-
Field supplies and other	26,400	-	33,660	-
Permitting	28,255	-	28,255	-
Site preparation	28,188	-	91,713	-
Travel	-	-	45,730	-
Oxide Peak				
Consulting	5,282	17,010	142,268	17,010
Community engagement	-	-	18,384	-
Travel	-	-	127,365	-
Total	\$ 422,253	\$ 18,979	\$ 973,816	\$ 18,979

9. TRADE AND OTHER PAYABLES

	April 30, 2021	July 31, 2020
Trade and other payables in Canada	\$ 47,039	\$ 131,490
Amounts due to related parties (Note 11)	22,020	20,985
Total	\$ 69,059	\$ 152,475

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL

a) Authorized share capital

The authorized share capital is comprised of an unlimited number of common shares without par value.

b) Issued share capital

On December 11, 2020, the Company consolidated its share capital on a 3:1 basis. All share and per share amounts have been restated to reflect this share consolidation.

During the nine months ended April 30, 2021, the Company completed the following:

- On August 19, 2020, the Company issued ArcWest 1,202,141 common shares valued at \$180,321 pursuant to an agreement on the Oxide Peak property (Note 8).
- Pursuant to the Amalgamation, the shareholders of Kismet retained 2,000,000 common shares valued at \$600,000 (Note 4).
- On December 11, 2020, the Company completed a private placement through the issuance of 3,645,000 non-flow-through units at a price of \$0.30 per non-flow-through unit and 6,917,907 flow-through units at a price of \$0.425 per flow-through unit for gross proceeds of \$4,033,610. Each non-flow-through unit and each flow-through unit consists of one common share and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.45 until December 11, 2023.

The Company issued 487,135 non-flow-through units valued at \$146,141 to an arm's length finder in connection with the financing.

The Company recorded a flow-through premium liability of \$864,738 on issuance of the flow-through units. The Company is committed to spend the \$2,940,110 flow-through funds by December 31, 2021. During the nine months ended April 30, 2021, the Company spent \$618,890 of these flow-through funds and accordingly recorded a flow-through premium recovery of \$182,026 on the statement of loss and comprehensive loss.

- On December 11, 2020, the Company issued 18,973,699 common shares valued at \$5,692,110 to Talisker to acquire the Baker-Shasta, Mets, and Bot projects (Note 8).
- On January 8, 2021, the Company issued 66,666 common shares on the exercise of stock options for gross proceeds of \$13,333.

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

b) Issued share capital (continued)

- On March 10, 2021, the Company issued 66,666 common shares on the exercise of stock options for gross proceeds of \$13,333.
- On March 19, 2021, the Company completed a private placement through the issuance of 6,963,074 units at a price of \$0.30 per unit for gross proceeds of \$2,088,922. Each unit consists of one common share and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.45 until September 19, 2023.

The Company issued 58,384 units valued at \$626,677 to an arm's length finder in connection with the financing.

During the nine months ended April 30, 2020, the Company completed the following:

- On September 30, 2019, the Company completed a private placement through the issuance of 426,667 common shares at a price of \$0.15 per share for gross proceeds of \$64,000, all of which was received in fiscal 2019. The Company incurred \$1,500 of share issue costs.
- On December 31, 2019, the Company completed a private placement through the issuance of 166,667 flow-through shares at a price of \$0.195 per flow-through share for gross proceeds of \$32,500. The Company incurred \$2,950 of share issue costs. The Company recorded a flow-through premium liability of \$7,500 on issuance of the flow-through shares.
- On March 12, 2020, the Company completed a private placement through the issuance of 2,183,333 common shares at a price of \$0.15 per share for gross proceeds of \$327,500. The Company incurred \$5,169 of share issue costs.
- On March 12, 2020, the Company issued 617,533 common shares at a price of \$0.15 per share to settle trade and other payables of \$92,630.

c) Escrow shares

As at April 30, 2021, the Company has 19,714,913 common shares held in escrow, to be released 15% every six months.

d) Warrants

The continuity of share purchase warrants for the nine months ended April 30, 2021, is as follows:

Expiry date	Exercise price	Balance, July 31, 2020	Granted	Exercised	Expired	Balance, April 30, 2021
December 11, 2023	\$ 0.45	-	5,525,021	-	-	5,525,021
September 19, 2023	\$ 0.45	-	3,510,729	-	-	3,510,729
		-	9,035,750	-	-	9,035,750
Weighted average exercise price	\$	-	\$ 0.45	\$	-	\$ 0.45

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

e) Stock options

The Company has a stock option plan (the "Plan") to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. Options vest at the discretion of the Board for directors, officers, employees and consultants, and in equal quarterly intervals over a term of 12 months for investor relations. The Plan further provides that at any such time the TSX-V rules differ from specific terms of the Plan, then the rules of the Exchange shall apply.

The continuity of stock options for the nine months ended April 30, 2021, is as follows:

Expiry date	Exercise price	Balance, July 31, 2020	Granted	Exercised	Expired	Balance, April 30, 2021
September 19, 2023	\$ 0.20	-	200,000	(133,332)	-	66,668
February 1, 2026	\$ 0.35	-	3,487,500	-	-	3,487,500
April 19, 2023 *	\$ 0.50	-	100,000	-	-	100,000
		-	3,787,500	(133,332)	-	3,654,168
Weighted average exercise price	\$	-	\$ 0.35	\$ 0.20	\$ -	\$ 0.35

* the options vest 25% on grant and 25% every three months thereafter.

Pursuant to the Amalgamation (Note 4), the officers of Kismet retained 200,000 options valued at \$34,195. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 100%; an expected life of 1-3 years; a forfeiture rate of zero; and an expected dividend of zero.

f) Share-based compensation

On February 1, 2021, the Company granted 3,487,500 stock options to directors, officers, and consultants exercisable at a fair value of \$750,603 or \$0.22 per option, all of which was recorded as share-based compensation for the nine months ended April 30, 2021. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On April 19, 2021, the Company granted 100,000 stock options to an investor relations consultant exercisable at a fair value of \$29,590 or \$0.30 per option, of which \$8,883 was recorded as share-based compensation for the nine months ended April 30, 2021. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the three and nine months ended April 30, 2021 and 2020 were as follows:

	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
Consulting fees				
Chief Executive Officer	\$ 60,000	\$ -	\$ 150,000	\$ -
Golden Oak *	30,000	-	75,000	-
Share-based compensation	581,112	-	581,112	-
Total	\$ 671,112	\$ -	\$ 806,112	\$ -

* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

Amounts due to related parties

As at April 30, 2021, the Company owed \$22,020 (July 31, 2020 – \$20,985) to related parties as follows: \$21,000 to the Chief Executive Officer for fees, and \$1,020 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

12. SEGMENTED INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation.

All of the Company's capital assets are located in Canada as at April 30, 2021 and July 31, 2020.

TDG GOLD CORP. (FORMERLY KISMET RESOURCES CORP.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended April 30, 2021
(Unaudited - Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		April 30, 2021	July 31, 2020
Cash	FVTPL	\$ 6,202,223	\$ 1,822,505
Receivables	Amortized cost	29,834	19,121
Trade and other payables	Amortized cost	(69,059)	(152,475)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy.

Risk management

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended July 31, 2020.