



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the three months ended October 31, 2021**

**(Unaudited – Expressed in Canadian dollars)**

**TDG GOLD CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	<b>October 31, 2021</b>	<b>July 31, 2021</b>
<b>ASSETS</b>			
Current			
Cash	4	\$ 2,782,926	\$ 4,810,269
Receivables	5	294,144	125,362
Prepaid expenses	6	151,275	273,099
		3,228,345	5,208,730
Equipment	7	225,968	238,521
Exploration and evaluation assets	8	6,874,572	6,874,572
Reclamation deposits	9	562,300	-
		\$ 10,891,185	\$ 12,321,823
<b>LIABILITIES</b>			
Current			
Trade and other payables	10	\$ 1,095,493	\$ 1,179,798
Flow-through premium liability	12	-	259,159
		1,095,493	1,438,957
Asset retirement obligation	11	975,220	974,287
		2,070,713	2,413,244
<b>EQUITY</b>			
Share capital	12	30,377,885	27,315,938
Obligation to issue shares	12	-	425,000
Reserve	12	833,594	823,534
Deficit		(22,391,007)	(18,655,893)
		8,820,472	9,908,579
		\$ 10,891,185	\$ 12,321,823
Nature of operations and going concern	1		
Proposed transaction	16		
Subsequent event	17		

These condensed interim consolidated financial statements are approved for issue by the Board of Directors of the Company on December 22, 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.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – Expressed in Canadian dollars)

		<b>Three months ended October 31,</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>			
Accretion	11	\$ 933	\$ -
Consulting fees	13	90,000	67,450
Depreciation	7	12,553	-
Exploration and evaluation expenditures	8	4,304,264	488,179
Investor relations		75,849	-
Office expenses		30,293	23,329
Professional fees		53,503	68,549
Project investigation costs	16	170,113	-
Share-based compensation	12	10,060	-
Transfer agent and filing fees		27,098	-
		(4,774,666)	(647,507)
<b>Flow-through premium recovery</b>	12	1,036,937	-
<b>Interest income</b>		2,615	-
<b>Loss and comprehensive loss for the period</b>		\$ (3,735,114)	\$ (647,507)
<b>Basic and diluted loss per share</b>		\$ (0.05)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>		69,957,275	74,990,099

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

**TDG GOLD CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Expressed in Canadian dollars)

	<b>Three months ended October 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows to operating activities</b>		
Loss for the period	\$ (3,735,114)	\$ (647,507)
Items not affecting cash:		
Accretion	933	-
Depreciation	12,553	-
Share-based compensation	10,060	-
Flow-through premium recovery	(1,036,937)	-
Change in non-cash working capital items:		
Receivables	(168,782)	(11,077)
Prepaid expenses	121,824	41,533
Trade and other payables	(84,305)	117,665
	<u>(4,879,768)</u>	<u>(499,386)</u>
<b>Cash flows to investing activities</b>		
Reclamation deposits	(562,300)	-
	<u>(562,300)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from private placement	3,575,000	-
Share issue costs	(160,275)	-
Obligation to issue shares	-	480,900
	<u>3,414,725</u>	<u>480,900</u>
<b>Decrease in cash for the period</b>	<b>(2,027,343)</b>	<b>(18,486)</b>
<b>Cash, beginning of period</b>	<b>4,810,269</b>	<b>1,822,505</b>
<b>Cash, end of period</b>	<b>\$ 2,782,926</b>	<b>\$ 1,804,019</b>
<b>Non-cash investing and financing activities</b>		
Shares issued for exploration and evaluation assets	\$ -	\$ 180,321
Allocation of flow-through premium	777,778	-
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

**TDG GOLD CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Obligation to issue shares</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, July 31, 2021</b>	64,423,459	\$ 27,315,938	\$ 425,000	\$ 823,534	\$ (18,655,893)	\$ 9,908,579
Private placement	6,444,444	4,000,000	(425,000)	-	-	3,575,000
Share issue costs - cash	-	(160,275)	-	-	-	(160,275)
Allocation of flow-through premium	-	(777,778)	-	-	-	(777,778)
Share-based compensation	-	-	-	10,060	-	10,060
Loss and comprehensive loss for the period	-	-	-	-	(3,735,114)	(3,735,114)
<b>Balance, October 31, 2021</b>	70,867,903	\$ 30,377,885	\$ -	\$ 833,594	\$ (22,391,007)	\$ 8,820,472

	<b>Number of shares</b>	<b>Share capital</b>	<b>Obligation to issue shares</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, July 31, 2020</b>	72,128,480	\$ 15,592,011	\$ -	\$ -	\$ (13,824,077)	\$ 1,767,934
Issuance of shares for exploration and evaluation assets	3,606,424	180,321	-	-	-	180,321
Loss and comprehensive loss for the period	-	-	-	-	(647,507)	(647,507)
<b>Balance, October 31, 2020</b>	75,734,904	\$ 15,772,332	\$ -	\$ -	\$ (14,471,584)	\$ 1,300,748

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

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

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TDG Gold 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.

In October 2021, the Company entered into a definitive agreement to acquire the Nueva Esperanza project in Chile (Note 16).

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 October 31, 2021, the Company had working capital of \$2,132,852. Subsequent to October 31, 2021, the Company completed a private placement for gross proceeds of \$3,787,950 (Note 17). Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

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.

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**2. BASIS OF PRESENTATION**

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**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, 2021.

**TDG GOLD CORP.**

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

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**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 Canadian subsidiary.

**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.

Asset retirement obligations

The Company's asset retirement obligations represent management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs on the Company's exploration projects. The provision reflects estimates of future costs, inflation and assumptions of risks associated with the future cash outflows, and the applicable interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the asset retirement obligations are recorded with a corresponding change to the carrying amounts of related exploration and evaluation assets. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**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).

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**3. SIGNIFICANT ACCOUNTING POLICIES**

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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, 2021.

**New standards, interpretations, and amendments not yet effective**

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

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**4. CASH**

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	<b>October 31, 2021</b>		<b>July 31, 2021</b>
Cash	\$ 2,782,926	\$	4,253,301
Cash allocated for flow-through expenditures	-		556,968
Total	\$ 2,782,926	\$	4,810,269



**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

**5. RECEIVABLES**

	October 31, 2021	July 31, 2021
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 294,144	\$ 125,362
<b>Total</b>	<b>\$ 294,144</b>	<b>\$ 125,362</b>

**6. PREPAID EXPENSES**

	October 31, 2021	July 31, 2021
Prepaid exploration and evaluation expenditures	\$ 83,500	\$ 201,500
Prepaid insurance	37,775	8,750
Prepaid investor relations	11,500	62,849
Prepaid Other	18,500	-
<b>Total</b>	<b>\$ 151,275</b>	<b>\$ 273,099</b>

**7. EQUIPMENT**

	Exploration equipment	Total
<b>Cost</b>		
At July 31, 2021	\$ 251,075	\$ 251,075
Additions	-	-
At October 31, 2021	\$ 251,075	\$ 251,075
<b>Accumulated depreciation</b>		
At July 31, 2021	\$ 12,554	\$ 12,554
Depreciation	12,553	12,553
At October 31, 2021	\$ 25,107	\$ 25,107
<b>Carrying amounts</b>		
At July 31, 2021	\$ 238,521	\$ 238,521
At October 31, 2021	\$ 225,968	\$ 225,968

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**8. EXPLORATION AND EVALUATION ASSETS**

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	<b>Baker-Shasta</b>	<b>Oxide Peak</b>	<b>Total</b>
As at July 31, 2021	\$ 6,664,251	\$ 210,321	\$ 6,874,572
Additions	-	-	-
As at October 31, 2021	\$ 6,664,251	\$ 210,321	\$ 6,874,572

**Baker-Shasta Projects**

On July 7, 2020, the Company entered into an asset purchase agreement with Talisker Resources Ltd. (“Talisker”) to acquire a 100% interest in the Baker-Shasta, Mets, and Bot projects (collectively the “Baker-Shasta Projects”) located in the Toodoggone region of British Columbia. The Company completed the acquisition on December 11, 2020 through the issuance to Talisker of 18,973,699 common shares valued at \$5,692,110.

Certain of the Baker-Shasta Projects are subject to net smelter return (“NSR”) royalties that range from 0.5% to 2.5%.

**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 Toodoggone 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.

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% 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.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**8. EXPLORATION AND EVALUATION ASSETS (continued)**

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Exploration and evaluation expenditures incurred during the three months ended October 31, 2021 and 2020 are as follows:

	Three months ended October 31,	
	2021	2020
<b>Baker-Shasta Projects</b>		
Community engagement	\$ 208,023	\$ -
Compliance and monitoring	19,261	-
Consulting	382,280	250,086
Drilling	1,338,800	-
Field supplies and other	813,499	-
Geophysics	157,696	-
Salaries	96,614	-
Site preparation and maintenance	942,042	-
Travel	138,196	10,023
	4,096,411	260,109
<b>Oxide Peak Property</b>		
Consulting	44,864	206,828
Site preparation and maintenance	162,989	-
Travel	-	21,242
	207,853	228,070
Total	\$ 4,304,264	\$ 488,179

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**9. RECLAMATION DEPOSITS**

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	October 31,	July 31,
	2021	2021
Baker-Shasta Projects	\$ 522,000	\$ -
Oxide Peak Property	40,300	-
Total	\$ 562,300	\$ -

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**10. TRADE AND OTHER PAYABLES**

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	<b>October 31, 2021</b>	<b>July 31, 2021</b>
Trade and other payables in Canada	\$ 1,056,735	\$ 1,156,026
Amounts due to related parties (Note 13)	38,758	23,772
<b>Total</b>	<b>\$ 1,095,493</b>	<b>\$ 1,179,798</b>

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**11. ASSET RETIREMENT OBLIGATION**

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	<b>October 31, 2021</b>
As at July 31, 2021	\$ 974,287
Accretion	933
<b>As at October 31 2021</b>	<b>\$ 975,220</b>

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The Company acquired the Baker-Shasta Projects in December 2020 (Note 8). The Company estimated the present value of the environmental disturbance to be \$972,141 based on an undiscounted obligation of \$1,027,515, which is expected to be incurred in 2035. The provision was calculated using a weighted average risk-free interest rate of 0.37%, adjusted for inflation.

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

**12. 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 August 13, 2021, the Company completed a private placement through the issuance of 2,000,000 non-flow-through shares at a price of \$0.50 per non-flow-through share for gross proceeds of \$1,000,000 (\$425,000 of which was received during the year ended July 31, 2021), and 4,444,444 flow-through shares at a price of \$0.675 per flow-through share for gross proceeds of \$3,000,000. The Company paid \$160,275 in cash finder's fees.

The Company recorded a flow-through premium liability of \$777,778 on issuance of the flow-through shares. The Company was committed to spend the \$3,000,000 flow-through funds by December 31, 2022. During the three months ended October 31, 2021, the Company spent all of these flow-through funds, as well as previously raised flow-through funds of \$556,968, and accordingly recorded a flow-through premium recovery of \$1,036,937 on the statement of loss and comprehensive loss.

**c) Escrow shares**

As at October 31, 2021, the Company has 17,179,094 common shares held in escrow, to be released 15% every six months.

**d) Warrants**

The continuity of share purchase warrants for the three months ended October 31, 2021, is as follows:

Expiry date	Exercise price	Balance, July 31, 2021	Granted	Exercised	Expired	Balance, October 31, 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

**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 TSX-V shall apply.

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

**12. SHARE CAPITAL (continued)****e) Stock options (continued)**

The continuity of stock options for the three months ended October 31, 2021, is as follows:

Expiry date	Exercise price	Balance, July 31, 2021	Granted	Exercised	Expired	Balance, October 31, 2021		
September 19, 2023	\$ 0.20	66,668	-	-	-	66,668		
February 1, 2026	\$ 0.35	3,487,500	-	-	-	3,487,500		
April 19, 2026	\$ 0.50	100,000	-	-	-	100,000		
		3,654,168	-	-	-	3,654,168		
Weighted average exercise price	\$	0.35	\$	-	\$	-	\$	0.35

As at October 31, 2021, 3,629,168 stock options were exercisable.

**f) Share-based compensation**

During the three months ended October 31, 2021, the Company recorded \$10,060 (2020 - \$Nil) of share-based compensation in relation to stock options that vested during the period.

**13. 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 months ended October 31, 2021 and 2020 were as follows:

	Three months ended October 31,	
	2021	2020
Consulting fees		
Chief Executive Officer	\$ 60,000	\$ 30,000
Golden Oak *	30,000	29,000
Total	\$ 90,000	\$ 59,000

\* 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 October 31, 2021, the Company owed \$38,758 (July 31, 2021 – \$23,772) to related parties as follows: \$21,000 to the Chief Executive Officer for fees; \$11,311 to the Chief Executive Officer for the reimbursement of expenses; and \$6,447 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**14. SEGMENTED INFORMATION**

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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 October 31, 2021 and July 31, 2021.

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**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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**Financial Instruments**

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

		<b>October 31, 2021</b>	<b>July 31, 2021</b>
Cash	FVTPL	\$ 2,782,926	\$ 4,810,269
Receivables	Amortized cost	294,144	125,362
Trade and other payables	Amortized cost	(1,095,493)	(1,179,798)

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, 2021.

**TDG GOLD CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended October 31, 2021

(Unaudited – Expressed in Canadian dollars)

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**16. PROPOSED TRANSACTION**

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On October 13, 2021, the Company entered into a binding definitive agreement, as amended, with Kingsgate Consolidated Limited (“Kingsgate”) to acquire the Nueva Esperanza silver-gold project in Chile. Under the terms of the agreement, in exchange for 100% ownership of Kingsgate’s Chilean subsidiary that holds the Nueva Esperanza project, the Company will pay to Kingsgate the following consideration:

- \$25,000,000 cash on closing, subject to certain working capital and other adjustments.
- 14% of the Company’s outstanding common shares calculated on a post-closing basis (inclusive of any shares issued in a concurrent financing).
- Up to \$25,000,000 in future milestone payments, subject to certain adjustments, of which up to \$10,000,000 may be settled in common shares of the Company at the Company’s discretion, with the applicable milestones as follows:
  - a cash payment of \$6,250,000 on or before the date that is three months following the date that the Company completes a feasibility study in respect of the Nueva Esperanza project;
  - at the Company’s election, either a cash payment of \$5,000,000 or the issuance of 10,000,000 common shares on or before the date that a construction decision is made in respect of the Nueva Esperanza project;
  - at the Company’s election, either a cash payment of \$5,000,000 or the issuance of 10,000,000 common shares on or before the first anniversary of the commencement of commercial production at the Nueva Esperanza project, as defined in the agreement (“Commercial Production”); and
  - A cash payment of \$8,750,000 on or before the second anniversary of Commercial Production.

As a condition to the closing of the acquisition, the Company has agreed to raise a minimum of \$35,000,000 in an equity financing (the “Concurrent Financing”).

The proposed acquisition is subject to TSX-V review and approval as well as other conditions precedent, including the completion of the Concurrent Financing. Subject to receiving confirmed orders to the Concurrent Financing in the amount of at least \$35,000,000 and the payment by the Company of a non-refundable deposit to Kingsgate in the amount of \$1,500,000, of which \$500,000 was paid on November 9, 2021 and \$1,000,000 was paid on November 29, 2021. In addition, the Company agreed to reimburse Kingsgate for holding costs incurred for the Nueva Esperanza silver-gold project as a result of the extension of time under the Agreement from October 31, 2021 to January 31, 2022.

During the three months ended October 31, 2021, the Company recorded \$170,113 of project investigation costs consisting of costs directly related to this transaction.

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**17. SUBSEQUENT EVENT**

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In December 2021, the Company completed two tranches of a private placement through the issuance of 1,716,000 non-flow-through units at a price of \$0.50 per non-flow-through unit for gross proceeds of \$858,000, and 5,327,182 flow-through units at a price of \$0.55 per flow-through unit for gross proceeds of \$2,929,950. Each unit consists of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.75 per share for a period of two years.

The Company paid cash finder’s fees of \$204,900 and issued 361,090 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.55 per share for a period of two years.