DESERT GOLD VENTURES, INC

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in US Dollars)

Year Ended December 31, 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Desert Gold Ventures Inc.

We have audited the accompanying consolidated financial statements of Desert Gold Ventures Inc., which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Desert Gold Ventures Inc. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Desert Gold Ventures Inc.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements of Desert Gold Ventures Inc. for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2014.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 29, 2015

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

	Note	December 31, 2014	December 31, 2013
		$	$
ASSETS			
Current assets			
Cash		298,717	1,381,149
Other receivables	6	2,624	364,491
Prepaid		7,437	-
Investment in guaranteed investment certificate		-	10,754
		308,778	1,756,394
Plant and equipment	3	-	51,737
		308,778	1,808,131
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	269,454	325,688
EQUITY			
Share capital	5	15,645,600	15,645,600
Subscription receipt	5	43,100	-
Accumulated other comprehensive income		179,372	207,979
Reserves	5	16,806,863	16,806,863
Deficit		(32,635,611)	(31,177,999)
		39,324	1,482,443
		308,778	1,808,131

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Notes 5 and 14)

Approved for issuance by the board of directors on April 29, 2015:

"Theo Christodoulou"	***"Roeland Van Kerckhoven"***
Director - Theo Christodoulou	**Director - Roeland Van Kerckhoven**

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US dollars)

	Note	Year ended December 31, 2014	2013
		$	$
Administrative expenses	8	801,588	1,011,564
Prospecting rights and exploration	8	724,860	1,014,602
Loss before the following:		1,526,448	2,026,166
Finance charges		3,201	25,656
Foreign exchange loss		(13,997)	1,864
Impairment of plant and equipment	3	36,708	-
Gain on disposal of plant and equipment		-	(90,000)
Write off of accounts payable		(66,248)	-
Sundry income		(28,500)	-
Net loss		1,457,612	1,963,686
Other comprehensive loss:			
Foreign exchange translation loss		28,607	28,777
Total comprehensive loss		1,486,219	1,992,463
Weighted average number of outstanding shares, basic and diluted		44,068,035	44,068,035
Loss per share, basic and diluted		(0.03)	(0.04)

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

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in US dollars)

		Share capital			Reserves					
	Note	Number	Amount	Subscriptions received	Others	Warrants	Share-based compensation	Accumulated other comprehensive income	Deficit	Total equity
			$	$	$	$	$	$	$	$
Balance, December 31, 2012		44,068,035	15,645,600	-	13,755,601	481,861	2,563,098	236,756	(29,214,313)	3,468,603
Share-based compensation		-	-	-	-	-	1,863	-	-	1,863
Issuance of 90,000 warrants		-	-	-	-	4,440	-	-	-	4,440
Translation to reporting currency	3	-	-	-	-	-	-	(28,777)	-	(28,777)
Loss for the year		-	-	-	-	-	-	-	(1,963,686)	(1,963,686)
Balance, December 31, 2013		44,068,035	15,645,600	-	13,755,601	486,301	2,564,961	207,979	(31,177,999)	1,482,443
Subscriptions received	5	-	-	43,100	-	-	-	-	-	43,100
Translation to reporting currency	3	-	-	-	-	-	-	(28,607)	-	(28,607)
Loss for the year		-	-	-	-	-	-	-	(1,457,612)	(1,457,612)
Balance, December 31, 2014		44,068,035	15,645,600	43,100	13,755,601	486,301	2,564,961	179,372	(32,635,611)	39,324

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

DESERT GOLD VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US dollars)

	Year ended December 31,	
	2014	2013
	$	$
OPERATING ACTIVITIES		
Net loss	(1,457,612)	(1,963,686)
Adjustments for non-cash items:		
Amortization	15,029	30,189
Impairment from plant and equipment	36,708	-
Gain on disposal of plant of equipment	-	(90,000)
Non-cash financing fees	-	4,440
Share-based compensation	-	1,863
Changes in non-cash working capital items:		
Other receivables	11,867	33,297
Prepaid	(7,437)	-
Accounts payable and accrued liabilities	(96,911)	(219,176)
Cash used in operating activities	(1,498,356)	(2,203,073)
INVESTING ACTIVITIES		
Proceeds on disposal of plant and equipment	-	90,000
Redemption from guaranteed investment certificate	10,754	-
Collection of receivable - disposition of assets	350,000	2,650,000
Cash provided by investing activities	360,754	2,740,000
FINANCING ACTIVITIES		
Proceeds from subscription receipt	43,100	-
Effect of foreign exchange on cash	12,070	5,645
Increase (decrease) in cash	(1,082,432)	542,572
Cash, beginning	1,381,149	838,577
Cash, ending	298,717	1,381,149

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Desert Gold Ventures Inc. (the "Company" or "Desert Gold") is an exploration stage Company with a corporate office at Suite 200 – 8338, 120th Street, Surrey, BC, Canada. The principal business of the Company is conducting mineral property exploration in Mali and Rwanda.

The Company is an exploration stage Company primarily involved in mining and exploration activities which has incurred recurring losses from inception. These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2014, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from equity and/or debt financing that is sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance the Company's operations over the next twelve months through a private placement of common shares (Notes 5 and 14).

These consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation and presentation

These consolidated financial statements have been prepared on an historical cost basis, modified where applicable. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in US dollars, unless otherwise specified.

These consolidated financial statements include the accounts of Desert Gold Ventures Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries of the Company are as follows:

Name	Country of incorporation	Ownership percentage	
		December 31, 2014	December 31, 2013
TransAfrika Belgique S.A.	Belgium	100%	100%
TransAfrika Rwanda Gold S.A.R.L.	Rwanda	100%	100%
TransAfrika Mali S.A.	Mali	74%	74%
TransAfrika Senegal S.A.	Senegal	100%	100%
GoldBanks Nevada Ventures Inc.	USA	100%	100%

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Statement of compliance

These 2014 Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

c) Change in accounting policies

The Company adopted amended International Accounting Standard ("IAS") 32 on January 1, 2014. This adoption provides for amendments relating to offsetting financial assets and financial liabilities and had no impact on the consolidated financial statements.

The Company adopted interpretation IFRIC 21 ""Levies" on January 1, 2014. This is an interpretation of IAS 37 "Provisions, contingent liabilities and contingent assets". The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 had no impact on the consolidated financial statements.

New accounting standard not yet effective is as follows:

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The impact of this new accounting standard has not been determined.

d) Functional and reporting currency

These consolidated financial statements are prepared in US dollars which is the Company's reporting currency. The functional currency of the Company is the Canadian dollar. All the Company's subsidiaries use the US dollar as the functional currency except for TransAfrika Mali which uses the CFA franc. The exchange differences resulting from the translation of Desert Gold's financial statements from its functional currency to its reporting currency are included in other comprehensive loss.

e) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Use of judgments and estimates (continued)

Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1, the functional currency of its subsidiaries and the classification of the Company's financial instruments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred tax assets and liabilities

The measurement of deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Useful life of equipment

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.

f) Plant and equipment

Recognition and measurement

Non-mining assets are measured at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure and mineral and surface rights. The subsequent cost of replacing part of a non-mining asset is recognised at the carrying value of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Plant and equipment (continued)

Where an item of plant and equipment comprises major components with different useful lives the components are accounted for as separate items of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and is recognised net within other income in profit and loss.

Depreciation

Plant and equipment are depreciated using the declining balance method using the following depreciation rates:

- Motor vehicles : 33.3%
- Plant and machinery : 33.3%
- Computer equipment and software : 33.3%
- Office equipment : 33.3%

The assets' useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

g) Mining exploration

Expenditures on exploration activities are expensed as incurred. When a decision is taken that a commercially viable mineral deposit has been established all further pre-production expenditures including evaluation costs are capitalized. Cash flows associated with exploration and evaluation expenditures are classified as operating activities in the statement of cash flows.

h) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred that have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups of financial assets that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss. Impairment is not reversed in profit or loss if the financial asset is classified as available-for-sale.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term highly liquid investments that have original maturities less than 90 days, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are only included where the Company has a right of set-off due to cash management.

j) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, other receivables, investment in guaranteed investment certificate, and accounts payable. Non-derivative financial instruments are recognized initially at fair value, plus, for any instrument not at fair value through profit and loss, any directly attributable transaction costs. These instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial asset expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sale of the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Subsequent to initial recognition, these instruments are measured as set out below:

Financial assets

Financial assets at fair value through profit or loss("FVTPL")

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition (when the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy). Upon initial recognition costs attributable to the transaction are recognized in profit or loss when incurred. Subsequently these assets are measured at fair value and

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial instruments (continued)

changes therein are recognized in profit or loss. The Company designates its cash and investment in guaranteed investment certificate as FVTPL.

Loans and receivables

Loans and receivables include the Company's other receivables. These instruments are measured at amortized cost using the effective interest method less any impairment losses. Other receivables are carried at amortized cost less impairment losses. An impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

The Company does not have any financial assets classified as available-for-sale or held-to-maturity.

Financial liabilities

The Company designates its accounts payable and accrued liabilities as "other liabilities" which are stated at amortized cost using the effective interest method.

The Company does not have any financial liabilities classified as FVTPL.

k) Share capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity net of any tax effects.

l) Foreign currency

Foreign currency transactions are accounted for at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at the rate in effect at each period end. Gains and losses arising on settlement of such transactions and from the translation of foreign currency monetary assets and liabilities are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined.

m) Finance costs

Interest income is recognized in profit or loss as it accrues using the effective interest method. Dividend income is recognized in profit or loss on the date the entity has a right to receive payment. Finance costs comprise bank charges, finance fees, and interest on borrowings calculated using the effective interest method.

n) Income taxation

The Company is subject to income taxes in the various jurisdictions in which it operates. Judgment is required in determining the provision for income taxation due to the complexity of legislation. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the deferred tax and income tax provisions for the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income taxation (continued)

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates the ability of the Company to realize the net deferred tax assets recorded on the reporting date could be impacted.

The income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realized.

o) Related parties

For the purpose of these financial statements parties are considered to be related to the Company if they have the ability to directly or indirectly control the Company or exercise significant influence over the Company in making financial and operating decisions or vice versa or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

p) Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model. The fair value of each tranche of the options granted is recognized over the vesting period using the graded vesting method. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Options granted to non-employees are valued at the fair value of goods or services received. If the fair value of the goods or services received cannot be specifically identified, the equity instruments are valued using the Black-Scholes option pricing model.

q) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per common share is calculated by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive

(Expressed in US dollars)

3. PLANT AND EQUIPMENT

Continuity of the Company's plant and equipment is as follows:

	Plant and machinery	Motor vehicles	Computer equipment and software	Office equipment	Total
	$	$	$	$	$
Cost					
Balance, December 31, 2012	322,530	138,255	50,160	42,166	553,111
Disposal	(172,544)	-	(10,324)	(10,126)	(192,994)
Balance, December 31 2013	149,986	138,255	39,836	32,040	360,117
Impairment	(149,986)	(138,255)	(39,836)	(32,040)	(360,117)
Balance, December 31, 2014	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation					
Balance, December 31, 2012	251,840	125,068	40,359	44,719	461,986
Depreciation	21,953	2,804	3,135	2,297	30,189
Disposal	(172,544)	-	(10,324)	(10,126)	(192,994)
Balance, December 31 2013	101,249	127,872	33,170	36,890	299,181
Depreciation	10,928	1,396	1,561	1,144	15,029
Impairment	(112,177)	(129,268)	(34,731)	(38,034)	(314,210)
Balance, December 31, 2014	**-**	**-**	**-**	**-**	**-**
Foreign exchange effects:					
As at December 31, 2013	(7,581)	(6,692)	(1,928)	7,002	(9,199)
Carrying amounts					
As at December 31, 2013	41,156	3,691	4,738	2,152	51,737
As at December 31, 2014	**-**	**-**	**-**	**-**	**-**

As at December 31, 2014, the carrying values of the Company's plant and equipment are not recoverable. As a result, the Company recorded an impairment charges of 36,708 to account for the write down.

4. EXPLORATION AND EVALUATION ASSETS

Desert Gold Ventures Inc. is an exploration stage Company which holds mining assets in Mali and Rwanda.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties.

The Company has investigated the titles to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

Rwanda Project

The Company, through its wholly owned subsidiary TransAfrika Rwanda Gold SARL, has 100% ownership of the Byumba exploration permit in Rwanda.

Mali: Farabantourou Project

The Company owns the exploration permit through its 74% owned joint venture Company, TransAfrika Mali SA. The project is located in Western Mali.

Mali: Djimbali Project

The Malian Government granted TransAfrika Mali SA, a subsidiary of the Company, the Djimbala gold permit in south-western Mali (the “Djimbala Permit”).

Mali: Segala-Ouest Project

This project is located in Western Mali and is considered an early stage exploration project. The project previously consisted of the Loulo Est and Segala-Ouest projects, the two permits have been combined to form one permit. The exploration permit is held by the Company’s subsidiary, TransAfrika Mali SA.

5. SHARE CAPITAL

(a) Share capital

The authorized share capital of the Company consists of unlimited number of shares without par value, and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

As at December 31, 2014 and December 31, 2013, the Company has 44,068,035 common shares outstanding.

The Company had 6,928,208 common shares held in escrow as at December 31, 2014 (2013 – 12,142,515 shares).

The Company received subscriptions of $43,100 (CAD$50,000) in relation to a private placement completed subsequent to December 31, 2014.

(Expressed in US dollars)

5. SHARE CAPITAL (CONTINUED)

(b) Stock options

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2012	5,556,250	CAD$ 0.82
Expired/cancelled	(1,181,250)	0.89
Balance, December 31, 2013	4,375,000	0.80
Expired/cancelled	(350,000)	0.80
Balance, December 31, 2014	4,025,000	CAD$ 0.80

Stock options outstanding and exercisable as at December 31, 2014 are summarized as follows:

Exercise price	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable	Weighted average exercise price
CAD$		Years		CAD$
0.80	1,450,000*	0.10	1,450,000	0.80
0.80	2,575,000	1.23	2,575,000	0.80
	4,025,000	1.32	4,025,000	0.80

*Subsequent to the year end, these options expired unexercised.

(c) Warrants

Warrants continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2012	2,524,439	CAD$ 1.00
Expired	(2,524,439)	CAD$ 1.00
Issuance	90,000	CAD$ 0.15
Balance, December 31, 2013	90,000	CAD$ 0.15
Expired	(90,000)	CAD$ 0.15
Balance, December 31, 2014	-	N/A

(d) Reserves

As at December 31, 2014, the Company’s reserve balance consisted of the following components:

(i) Others - these are reserves to account for the net effect of the corporate restructuring in fiscal 2011.
(ii) Warrants - these are the reserves to account for the issuance of warrants in prior periods
(iii) Share-based compensation - these are the reserves to account options vested in prior period.

(Expressed in US dollars)

6. OTHER RECEIVABLES

The Company's other receivables consisted of the following:

	December 31, 2014	December 31, 2013
	$	$
Tax recoverable	2,624	350,000
Other	-	14,491
	2,624	364,491

As part of a sale of a mineral property interest completed during 2012, $350,000 in withholding taxes was remitted to the Internal Revenue Service of the USA. This amount was fully collected during 2014.

7. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consisted of the following:

	December 31, 2014	December 31, 2013
	$	$
Accounts payable	144,012	178,051
Accrued liabilities	102,383	141,793
Due to related parties (Note 9)	23,059	5,844
	269,454	325,688

8. ADMINISTRATIVE, PROSPECTING RIGHTS AND EXPLORATION EXPENSES

During year ended December 31, 2014 and 2013, the Company's administrative expenses consisted of the following significant components:

	Year ended December 31,	
	2014	2013
	$	$
Depreciation	15,029	30,189
Office and administration	61,612	208,033
Professional and consultant fees	631,545	675,265
Rental	73,815	54,221
Share-based compensation	-	1,863
Transfer agent and listing fees	15,187	37,085
Travel	4,400	4,908
	801,588	1,011,564

(Expressed in US dollars)

8. ADMINISTRATIVE, PROSPECTING RIGHTS AND EXPLORATION EXPENSES (Continued)

During year ended December 31, 2014 and 2013, the Company's prospecting rights and exploration expenses consisted of the following significant components:

	Rwanda	Mali			Total
Year ended December 31, 2014		**Faraban-tourou**	**Segala-Ouest**	**Djimbala**	
	$	$	$	$	$
Drilling and assay	-	33,151	33,151	25,057	91,359
Maintenance and transport	2,564	4,375	12,688	4,423	24,050
Geological studies	1,110	61,061	26,516	7,955	96,642
Staff cost and support	131,059	138,523	138,523	104,705	512,810
	134,733	237,110	210,878	142,140	724,860

	Rwanda	Mali			Total
Year ended December 31, 2013		**Faraban-tourou**	**Segala-Ouest**	**Djimbala**	
	$	$	$	$	$
Drilling and assay	1,994	166,651	19,906	49,504	238,055
Laboratories	14,369	-	-	-	14,369
Geological and survey	2,534	3,662	1,099	2,563	9,858
Maintenance and transport	21,243	54,833	16,450	38,383	130,909
Staff cost and support	154,051	233,678	70,103	163,579	621,411
	194,191	458,824	107,558	254,029	1,014,602

9. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere are as follows:

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

(Expressed in US dollars)

9. RELATED PARTY TRANSACTIONS (Continued)

a) Transactions with key management personnel (continued):

Year ended December 31, 2014

	Consulting
	$
Chief Executive Officer ("CEO")	111,957
Chief Financial Officer	81,522
Director	56,159
	249,638

Year ended December 31, 2013

	Consulting
	$
Chief Executive Officer ("CEO")	120,028
Chief Financial Officer	93,226
Ex-CEO, director	72,833
VP - Exploration	116,696
	402,783

b) Transactions with other related parties

During the year ended December 31, 2014, the Company paid rent of $51,760 (2013 - $54,221) for office space owned by a company with a common director.

c) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities included the following balances owing to related parties.

Due to Related parties	**Nature**	**December 31, 2014**	**December 31, 2013**
		$	**$**
Chief Executive Officer ("CEO")	Consulting fees	22,584	-
Director	Consulting fees	18,749	5,844
		41,333	5,844

(Expressed in US dollars)

10. SEGMENT INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of resource properties located in Mali and Rwanda.

11. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2014	December 31, 2013
	$	$
FVTPL:		
Cash	298,717	1,381,149
Investment in guaranteed investment certificate	-	10,754
Loans and receivables:		
Other receivables	2,624	364,491
	301,341	1,756,394

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2014	December 31, 2013
	$	$
Non-derivative financial liabilities:		
Trade payables	144,014	183,895
Due to related parties	23,059	-
	167,073	183,895

Fair value

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of cash, other receivables, accounts payable and accrued liabilities approximated their fair values due to their short-term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investment in guaranteed investment certificate are classified as Level 1.

11. FINANCIAL INSTRUMENTS (Continued)

Risk management
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient cash on demand to meet its liabilities when they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk
As at December 31, 2014, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to changes in interest rates.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high quality credit standing. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.

Foreign currency risk

Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

(Expressed in US dollars)

12. CAPITAL DISCLOSURE

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year.

The Company is not exposed to any external capital requirements.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported dates is as follows:

	2014	2013
	$	$
Loss for the year	(1,457,612)	(1,963,686)
Computed income taxes recovery at statutory Rate of 25%	(379,000)	(506,000)
Non-deductible items	14,000	64,000
Impact of different foreign statutory tax rates on earnings of subsidiaries and other	26,000	(659,000)
Change in unrecognized deductible temporary differences and others	339,000	1,101,000
	-	-

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	2014	2013
	$	$
Evaluation and exploration assets	792,000	792,000
Capital assets	3,000	3,000
Non-capital losses	2,298,000	2,589,000
	3,723,000	3,384,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	As at December 31,			
	2014	Expiry Date	2013	Expiry Date
	$	$	$	$
Non-capital loses	9,884,000	Year 2015-2034	8,762,000	Year 2014-2033
Capital assets	12,000	No expiry	12,000	No expiry
Evaluation and exploration assets	3,047,000	No expiry	3,047,000	No expiry

Tax attributes are subject to revision and potential adjustment by tax authorities.

14. SUBSEQUENT EVENT

On January 8, 2015, the Company issued 8,000,000 units at $0.05 per unit for proceeds of CAD $400,000 (equivalent to US$344,798). Each unit consist of one common share of the Company and one share purchase warrant. Each warrant can be exercisable into one common share of the Company for a period of five years from closing at CAD$0.05 per share. If at any time following the date of issuance, the closing price of the Company's common shares on the TSX Venture Exchange (the "TSXV") is greater than CAD$0.50 for 30 consecutive trading days, the Company may give notice to the holders of the warrants that the expiry time of the warrants has been accelerated and the warrants will expire on the 20th business day following the date of such notice.