

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

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(Expressed in United States Dollars)

(Unaudited)

Audit. Tax. Advisory.

**Independent Auditor's Review Report to the members of
Toubani Resources Inc. (formerly African Gold Group, Inc.)**

Conclusion

We have reviewed the half-year financial report of Toubani Resources Inc. (formerly African Gold Group, Inc.) and its subsidiaries (the "Company"), which comprise the condensed interim consolidated statement of financial position as at June 30, 2022, and the condensed interim consolidated statements of operations and comprehensive loss, condensed interim consolidated statements of equity and condensed interim consolidated statements of cash flows for the periods ended June 30, 2022 and 2021, a summary of significant accounting policies and other explanatory information.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with International Financial Reporting Standards including:

- giving a true and fair view of the Company's financial position as at June 30, 2022 and of its performance for the periods ended June 30, 2022 and 2021; and
- complying with Accounting Standard IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with International Financial Reporting Standards including giving a true and fair view of the Company's financial position as at June 30, 2022 and its performance for the periods ended June 30, 2022 and 2021, and complying with IAS 34 *Interim Financial Reporting*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards or Canadian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Canada
September 9, 2022

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

Responsibility for Consolidated Financial Statements

The accompanying condensed interim consolidated financial statements for Toubani Resources Inc. for the three and six months ended June 30, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial reporting (see note 4 to the condensed interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the condensed interim consolidated financial statements, management is satisfied that these condensed interim consolidated financial statements have been fairly presented.

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

Condensed Interim Consolidated Statements of Financial Position

(Expressed in U.S. Dollars)

(Unaudited)

As at:	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,999,578	\$ 3,505,768
Receivables	26,169	18,851
Prepaid expenses	40,984	57,661
Total current assets	2,066,731	3,582,280
Non-current assets		
Property and equipment (Note 6)	291,467	300,971
Total assets	\$ 2,358,198	\$ 3,883,251
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7, 8)	\$ 457,777	\$ 424,514
Total liabilities	457,777	424,514
SHAREHOLDERS' EQUITY		
Share capital (Notes 9(a) and (b))	71,589,619	71,589,619
Reserve - share based payments (Note 9(c))	2,214,704	2,564,352
Reserve - warrants (Note 9(d))	3,794,904	4,895,191
Accumulated other comprehensive loss	(6,051,752)	(6,021,714)
Accumulated deficit	(69,647,054)	(69,568,711)
Total shareholders' equity	1,900,421	3,458,737
Total liabilities and shareholders' equity	\$ 2,358,198	\$ 3,883,251

Going concern (Note 2)

Contingencies and commitments (Note 10)

Subsequent event (Note 13)

Approved on behalf of the Directors:

"Doug Jendry"
Director

"Daniel Callow"
Director

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

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

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars)

(Unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021 (Note 3)	Six months ended June 30, 2022	Six months ended June 30, 2021 (Note 3)
Expenses				
Administrative and general	\$ 261,756	164,192	\$ 360,391	\$ 322,340
Consulting and personnel costs (Note 8)	218,253	320,104	435,121	1,542,513
Exploration and evaluation expenditures (Note 5)	416,288	419,334	728,620	681,720
Amortization (Note 6)	4,752	5,602	9,504	11,053
Foreign exchange loss	(4,172)	15,280	1,189	19,963
Share based payments (gain) (Notes 8, 9(c))	109,726	(6,523)	124,243	285,128
Total expenses	(1,006,603)	\$ (917,989)	(1,659,068)	\$ (2,862,717)
Other income				
Interest income	2,808	-	6,547	-
Net (loss) for the period	(1,003,795)	\$ (917,989)	(1,652,521)	(2,862,717)
Other comprehensive (loss) income - items that will subsequently reclassify into (loss):				
Foreign currency translation differences	(69,917)	50,552	(30,038)	54,202
Comprehensive (loss) for the period	\$ (1,073,712)	\$ (867,437)	\$ (1,682,559)	\$ (2,808,515)
Average weighted shares outstanding - basic and diluted	72,198,999	59,950,920	72,198,999	56,822,826
Basic and diluted (loss) per share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.05)

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

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

Condensed Interim Consolidated Statements of Equity

(Expressed in U.S. Dollars)

(Unaudited)

	Common Shares (Note 9(b))		Share Based Payments	Warrants	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit (Note 3)	Equity
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	49,656,649	65,506,374	2,174,703	5,593,248	(5,986,148)	(67,165,906)	122,271
Private placements (Note 9(b))	10,294,270	2,784,129	-	904,150	-	-	3,688,279
Share issuance costs (Note 9(b))	-	(109,377)	-	-	-	-	(109,377)
Broker warrants (Note 9(d))	-	(50,465)	-	50,465	-	-	-
Share based payments (Note 9(c))	-	-	285,128	-	-	-	285,128
Expiry of warrants (Note 9(d))	-	-	-	(895,360)	-	895,360	-
Other comprehensive income	-	-	-	-	54,202	-	54,202
Net (loss) for the period	-	-	-	-	-	(2,862,717)	(2,862,717)
Balance, June 30, 2021	59,950,919	68,130,661	2,459,831	5,652,503	(5,931,946)	(69,133,263)	1,177,786
Balance, December 31, 2021	72,198,999	71,589,619	2,564,352	4,895,191	(6,021,714)	(69,568,711)	3,458,737
Share based payments (Note 9(c))	-	-	124,243	-	-	-	124,243
Expiry of stock options (Note 9(c))	-	-	(473,891)	-	-	473,891	-
Expiry of warrants (Note 9(d))	-	-	-	(1,100,287)	-	1,100,287	-
Other comprehensive income	-	-	-	-	(30,038)	-	(30,038)
Net (loss) for the period	-	-	-	-	-	(1,652,521)	(1,652,521)
Balance, June 30, 2022	72,198,999	71,589,619	2,214,704	3,794,904	(6,051,752)	(69,647,054)	1,900,421

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

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

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited)

	Six months ended June 30, 2022	Six months ended June 30, 2021 (Note 3)
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net (loss) for the period	\$ (1,652,521)	\$ (2,862,717)
Items not involving cash:		
Amortization (Note 6)	9,504	11,053
Share based payments (Note 9(c))	124,243	285,128
	(1,518,774)	(2,566,536)
Change in non-cash working capital items		
Receivables	(7,318)	(17,044)
Prepaid expenses	16,677	337,587
Accounts payable and accrued liabilities	33,263	(997,985)
Cash flows (used in) operating activities	(1,476,152)	(3,243,978)
FINANCING ACTIVITIES		
Private placements (Note 9(b))	-	3,938,279
Share issue costs (Note 9(b))	-	(109,377)
Cash flows from financing activities	-	3,828,902
INVESTING ACTIVITIES		
Investment in property and equipment (Note 6)	-	(24,562)
Cash flows (used in) investing activities	-	(24,562)
Effect of changes in foreign exchange rates on cash	(30,038)	54,202
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,506,190)	614,564
CASH AND CASH EQUIVALENTS, beginning of the period	3,505,768	785,679
CASH AND CASH EQUIVALENTS, end of the period	\$ 1,999,578	\$ 1,400,243
SUPPLEMENTAL INFORMATION:		
Issuance of finders and broker warrants (Note 9(d))	\$ -	\$ 50,465
Change in receivable on private placement	\$ -	\$ (250,000)

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

1. NATURE OF BUSINESS

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

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

2. GOING CONCERN

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

The Company reported a net loss of \$1,652,521 for the six months ended June 30, 2022 (six months ended June 30, 2021 - \$2,862,717) and a cashflow used in operations of \$1,476,152 (six months ended June 30, 2021 – \$3,243,978). As of June 30, 2022, the Company had working capital of \$1,608,954 (December 31, 2021 – \$3,157,766). At present, the Company has no producing properties and consequently has no current operating income or cash flows.

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

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

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

TOUBANI RESOURCES INC. (FORMERLY AFRICAN GOLD GROUP, INC.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

3. CHANGE IN ACCOUNTING POLICY

During the year ended December 31, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The consolidated financial statements for the year ended December 31, 2020 and the three and six months ended June 30, 2021 have been restated to reflect adjustments made as a result of this change in accounting policy. The accumulated effect of the change of \$31,135,277 has been reflected in the ending deficit of the consolidated financial statements as at December 31, 2020.

The following is a reconciliation of the Company's consolidated financial statements as at December 31, 2020 and for the three and six months ended June 30, 2021.

Consolidated Statement of Financial Position	As at December 31, 2020		
	As previously reported	Adjustment	Restated
ASSETS			
Current assets			
Cash and cash equivalents	\$ 785,679	\$ -	\$ 785,679
Receivables	254,957	-	254,957
Prepaid expenses	381,072	-	381,072
Total current assets	1,421,708	-	1,421,708
Non-current assets			
Exploration and evaluation assets	31,135,277	(31,135,277)	-
Property and equipment	298,514	-	298,514
Total assets	\$ 32,855,499	\$ (31,135,277)	\$ 1,720,222
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,597,951	\$ -	\$ 1,597,951
Total liabilities	1,597,951	-	1,597,951
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	65,506,374	-	65,506,374
Reserve - share based payments	2,174,703	-	2,174,703
Reserve - warrants	5,593,248	-	5,593,248
Accumulated other comprehensive loss	(5,986,148)	-	(5,986,148)
Accumulated deficit	(36,030,629)	(31,135,277)	(67,165,906)
Total shareholders' equity (deficiency)	31,257,548	(31,135,277)	122,271
Total liabilities and shareholders' equity (deficiency)	\$ 32,855,499	\$ (31,135,277)	\$ 1,720,222

TOUBANI RESOURCES INC. (FORMERLY AFRICAN GOLD GROUP, INC.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

3. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Statement of Operations and Comprehensive Loss		For the three months ended June 30, 2021		
	As previously reported	Adjustment	Restated	
Expenses				
Administrative and general	\$ 164,192	\$ -	\$	164,192
Consulting and personnel costs	320,104	-		320,104
Exploration and evaluation expenditures	-	419,334		419,334
Amortization	5,602	-		5,602
Foreign exchange loss	15,280	-		15,280
Share based payments	(6,523)	-		(6,523)
Net (loss) for the period	\$ (498,655)	\$ (419,334)	\$	(917,989)
Other Comprehensive income - items that will subsequently reclassify into income (loss):				
Foreign currency translation differences	50,552	-		50,552
Comprehensive (loss) for the period	\$ (448,103)	\$ (419,334)	\$	(867,437)
Average weighted shares outstanding - basic and diluted	59,950,920			59,950,920
Basic and diluted (loss) per share	\$ (0.01)		\$	(0.02)
Consolidated Statement of Operations and Comprehensive Loss		For the six months ended June 30, 2021		
	As previously reported	Adjustment	Restated	
Expenses				
Administrative and general	\$ 322,340	\$ -	\$	322,340
Consulting and personnel costs	1,542,513	-		1,542,513
Exploration and evaluation expenditures	-	681,720		681,720
Amortization	11,053	-		11,053
Foreign exchange loss	19,963	-		19,963
Share based payments	285,128	-		285,128
Net (loss) for the period	\$ (2,180,997)	\$ (681,720)	\$	(2,862,717)
Other Comprehensive income - items that will subsequently reclassify into income (loss):				
Foreign currency translation differences	54,202	-		54,202
Comprehensive (loss) for the period	\$ (2,126,795)	\$ (681,720)	\$	(2,808,515)
Average weighted shares outstanding - basic and diluted	56,822,826			56,822,826
Basic and diluted (loss) per share	\$ (0.04)		\$	(0.05)

TOUBANI RESOURCES INC. (FORMERLY AFRICAN GOLD GROUP, INC.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

3. CHANGE IN ACCOUNTING POLICY (continued)

Consolidated Statement of Cash Flows	For the six months ended June 30, 2021		
	As previously reported	Adjustment	Restated
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES			
Net (loss) for the period	\$ (2,180,997)	\$ (681,720)	\$ (2,862,717)
Items not involving cash:			
Amortization	11,053	-	11,053
Share-based compensation	285,128	-	285,128
	(1,884,816)	(681,720)	(2,566,536)
Change in non-cash working capital items			
Receivables	(17,044)	-	(17,044)
Prepaid expenses	337,587	-	337,587
Accounts payable and accrued liabilities	(734,247)	(263,738)	(997,985)
Cash flows from operating activities	(2,298,520)	(945,458)	(3,243,978)
FINANCING ACTIVITIES			
Private placement	3,938,279	-	3,938,279
Share issue costs	(109,377)	-	(109,377)
Cash flows from financing activities	3,828,902	-	3,828,902
INVESTING ACTIVITIES			
Investment in property and equipment	(24,562)	-	(24,562)
Investment in exploration and evaluation asset	(945,458)	945,458	-
Cash flows from investing activities	(970,020)	945,458	(24,562)
Effect of changes in foreign exchange rates on cash	54,202	-	54,202
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	614,564	-	614,564
CASH AND CASH EQUIVALENTS, beginning of the period	785,679	-	785,679
CASH AND CASH EQUIVALENTS, end of the period	\$ 1,400,243	\$ -	\$ 1,400,243
SUPPLEMENTAL INFORMATION:			
Issuance of finders and broker warrants	\$ 50,465	\$ -	\$ 50,465
Change in receivable on private placement	\$ (250,000)	\$ -	\$ (250,000)

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements, have been prepared in US dollars, in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of June 30, 2022. The policies as set out in the Company’s Annual Consolidated Financial Statements for the twelve months ended December 31, 2021 were consistently applied to all periods.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 23, 2022.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards

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

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

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

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

Recent accounting pronouncements not yet adopted:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently in the process of evaluating the impact of these policies on its financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

TOUBANI RESOURCES INC. (FORMERLY AFRICAN GOLD GROUP, INC.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements not yet adopted (continued):

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

5. EXPLORATION AND EVALUATION EXPENDITURES

Mali Concessions

TRE holds certain exploration and operating permits for gold and other minerals in Mali, Africa. These exploration permits are subject to renewal processes in 2023 and expire in 2024 and 2025, respectively. The mining permit, issued in 2015 expires in 2045. There were no material expenditures on the Faraba permit during the three and six months ended June 30, 2022 and 2021.

Kobada	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Drilling and feasibility study	\$ 116,204	\$ 130,838	\$ 116,204	\$ 137,584
Project management/ engineering	106,421	-	229,752	-
Site development and maintenance	28,808	58,398	71,642	105,685
Camp	94,634	105,813	172,948	213,706
Assays and sampling	18,999	15,414	18,999	23,714
Technical report	-	-	-	3,615
Vehicle rent and maintenance	16,495	20,093	27,085	32,157
Travel	6,070	915	6,070	3,534
Security	27,771	69,022	57,029	97,918
Environmental	-	-	-	17,525
Permits	886	18,841	28,891	46,282
Total expenditures	\$ 416,288	\$ 419,334	\$ 728,620	\$ 681,720

TOUBANI RESOURCES INC. (FORMERLY AFRICAN GOLD GROUP, INC.)
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6. PROPERTY AND EQUIPMENT

<u>Cost</u>	<u>Equipment</u>	<u>Furniture and fixture</u>	<u>Computer equipment</u>	<u>Building</u>	<u>Total</u>
Cost at December 31, 2020	\$ 47,370	\$ 17,118	\$ 1,689	\$ 268,409	\$ 334,586
Additions	-	-	-	24,562	24,562
Balance at December 31, 2021 and June 30, 2022	\$ 47,370	\$ 17,118	\$ 1,689	\$ 292,971	\$ 359,148
<u>Accumulated Amortization</u>					
Balance at December 31, 2020	\$ 19,185	\$ 4,793	\$ 253	\$ 11,841	\$ 36,072
Additions	8,456	2,465	430	10,754	22,105
Balance at December 31, 2021	\$ 27,641	\$ 7,258	\$ 683	\$ 22,595	\$ 58,177
Additions	2,959	986	151	5,408	9,504
Balance at June 30, 2022	\$ 30,600	\$ 8,244	\$ 834	\$ 28,003	\$ 67,681
Net book value at December 31, 2021	\$ 19,729	\$ 9,860	\$ 1,006	\$ 270,376	\$ 300,971
Net book value at June 30, 2022	\$ 16,770	\$ 8,874	\$ 855	\$ 264,968	\$ 291,467

7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Exploration and development suppliers and contractors	\$ 212,816	\$ 204,674
Corporate payables	134,731	109,610
Mali VAT	110,230	110,230
Total accounts payable and accrued liabilities	\$ 457,777	\$ 424,514

8. RELATED PARTY TRANSACTIONS

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

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

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8. RELATED PARTY TRANSACTIONS (continued)

Stan Bharti, former CEO and Chairman of the Company, is the Executive Chairman of F&M, a corporation that provided administrative and consulting services to the Company, including but not limited to strategic planning and business development. F&M charged a monthly consulting fee of CDN\$25,000 (\$19,747) totaling \$nil for the six months ended June 30, 2022 (June 30, 2021 - CDN\$25,000 (\$19,747)). During the six months ended June 30, 2021, F&M was paid a termination fee of CDN\$600,000 (\$473,934) in addition to the consulting fee as part of the terminated services agreement noted above. Included in accounts payable as at June 30, 2022 is CDN\$72,064 (\$55,924) (December 31, 2021 - CDN\$71,271 (\$56,217)) owed to other key management personnel for consulting and directors fees. The amounts owing are unsecured, non-interest bearing and due on demand.

During the six months ended June 30, 2022, the Company issued a total of 482,221 stock options to directors and officers of the Company (June 30, 2021 - 2,750,000) and recorded \$124,243 in share based payments (June 30, 2021 - \$264,286) in relation to the amortization of the estimated fair value of options granted during the period ended June 30, 2022 and the years ended December 31, 2021, 2020 and 2019 (see note 9(c)).

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

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Remuneration	\$ 230,515	\$ 270,345	\$ 479,947	\$ 1,312,907
Share-based payments	109,726	(6,979)	124,243	264,286
Short term employee benefits	\$ 340,241	\$ 263,366	\$ 604,190	\$ 1,577,193

See Note 10.

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

a) Shares authorized

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

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

b) Share transactions

	Number of shares	\$
Balance as of December 31, 2020	49,656,675	65,506,374
Private placements	22,542,324	6,448,108
Share issuance costs	-	(280,678)
Broker warrants issued	-	(84,185)
Balance as of June 30, 2022 and December 31, 2021	72,198,999	71,589,619

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

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

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

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

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

c) Stock options

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

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

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

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

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

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

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

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

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

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

c) Stock options (continued)

As at June 30, 2022, the Company had the following stock options outstanding:

Date of grant	Options outstanding	Options exercisable	Grant date fair value vested	Exercise price (CDN\$)	Expiry date	Remaining life in years
June 3, 2019	224,442	224,442	\$ 108,725	\$ 0.68	June 3, 2024	1.93
August 7, 2019	33,333	33,333	17,708	0.75	August 7, 2024	2.11
August 13, 2019	666,666	333,333	405,176	0.75	August 13, 2024	2.12
March 2, 2020	400,000	400,000	168,430	0.60	March 2, 2025	2.67
August 10, 2020	1,918,886	1,918,886	1,125,842	0.84	August 10, 2025	3.12
March 31, 2021	933,329	933,329	243,807	0.45	March 31, 2026	3.75
December 14, 2021	166,666	166,666	49,968	0.42	December 14, 2026	4.46
May 4, 2022	482,221	482,221	95,048	0.30	May 4, 2027	4.85
	4,825,543	4,492,210	\$ 2,214,704			3.22

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

	Six months ended June 30, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price (CDN\$)	Number of options	Weighted average exercise price (CDN\$)
Balance, beginning of period	5,257,759	\$ 0.70	4,157,759	\$ 0.72
Forfeited	(914,437)	0.73	-	-
Granted	482,221	0.30	1,100,000	0.45
Balance, end of period	4,825,543	\$ 0.66	5,257,759	\$ 0.70

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

d) Warrants

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

Date of issuance	Warrants	Exercise Price (CDN\$)	Expiry Date	Estimated Fair Value at Grant Date (\$)	Remaining life in years
July 29, 2020	170,000	\$0.75	July 29, 2022	46,607	0.08
July 29, 2020	3,754,320	\$1.20	July 29, 2022	1,153,524	0.08
August 10, 2020	272,866	\$0.75	August 10, 2022	74,804	0.11
August 10, 2020	3,698,562	\$1.20	August 10, 2022	1,136,227	0.11
February 24, 2021	5,147,123	\$0.75	February 24, 2023	769,586	0.65
February 24, 2021	258,957	\$0.45	February 24, 2023	50,465	0.65
November 7, 2021	6,464,704	\$0.75	November 7, 2023	563,691	1.36
19,766,532		\$0.92		3,794,904	

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

	Six months ended June 30, 2022		Year ended December 31, 2021	
	Number of warrants	Weighted average exercise price (CDN\$)	Number of warrants	Weighted average exercise price (CDN\$)
Balance, beginning of period	24,194,130	\$ 0.89	21,512,697	\$ 0.97
Granted, private placements	-	-	11,271,162	0.75
Granted, broker warrants	-	-	599,622	0.62
Expired	(4,427,598)	0.75	(9,189,351)	0.90
Balance, end of period	19,766,532	\$ 0.92	24,194,130	\$ 0.89

During the six months ended June 30, 2022, 4,427,598 warrants, with weighted average exercise prices of CDN\$0.75, expired, unexercised. During the year ended December 31, 2021, 9,189,351 warrants with weighted average exercise prices of CDN\$0.90 per share expired, unexercised.

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

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

d) Warrants (continued)

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

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

See Note 13.

10. CONTINGENCIES AND COMMITMENTS

Management Commitments

The Company is party to certain management contracts. As of June 30, 2022, these contracts require payments of approximately CDN\$2,042,300 (\$1,584,900) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately CDN\$1,082,800 (\$840,280) pursuant to the terms of these contracts as of June 30, 2022. As a triggering event has not taken place on June 30, 2022, these amounts have not been recorded in these condensed interim consolidated financial statements.

Environmental

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

Novel Coronavirus ("COVID-19")

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

11. CAPITAL MANAGEMENT

The Company manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the six months ended June 30, 2022 or the year ended December 31, 2021. Neither TRE nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of nine months.

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

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Liquidity Risk
- Credit Risk

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

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

General Objectives, Policies and Processes

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

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

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

Foreign Currency Risk

Given the global nature of the Company's business, the Company's operating businesses, financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations. For the six months ended June 30, 2022, management estimates that if the United States Dollar had weakened or strengthened by 10% against the Canadian dollar and Mali CFA, assuming all other variables remained constant, the net loss would have increased or decreased by approximately \$34,125.

Interest Rate Risk

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

Commodity Price Risk

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

Liquidity Risk

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

On June 30, 2022, TRE had a cash and cash equivalents balance of \$1,999,578 (December 31, 2021 - \$3,505,768) and current liabilities of \$457,777 (December 31, 2021 - \$424,514). As outlined in Note 2, the Company may be required to obtain additional financing for working capital and continued exploration and development of its properties.

Credit Risk

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

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Determination of Fair Value

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

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

13. SUBSEQUENT EVENT

Subsequent to June 30, 2022, 7,895,748 warrants with weighted average exercise prices of CDN\$1.17 expired, unexercised.