Osino Resources Corp. (An exploration stage company)
Consolidated Financial Statements
for the years ended December 31, 2021 and 2020

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the British Columbia Business Corporations Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company’s cash flow forecast for the year to December 31, 2022 and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's consolidated financial statements. The consolidated financial statements have been examined by the Company's external auditors.

The consolidated financial statements set out on pages 5 to 33, which have been prepared on the going concern basis, were approved by the board of directors on May 2, 2022 and were signed on their behalf by:

/s/ "Heye Daun"	/s/ "Alan Friedman
Director	**Director**

Independent Auditor's Report

To the Shareholders of Osino Resources Corp.:

Opinion

We have audited the consolidated financial statements of Osino Resources Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the company has a history of losses and as at December 31, 2021, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

MNP LLP

Toronto, Ontario	Chartered Professional Accountants
May 2, 2022	Licensed Public Accountants

MNP

Consolidated Statements of Financial Position

Figures in Canadian Dollar	Note(s)	December 31, 2021	December 31, 2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,046,250	952,579
Right of use asset	3	166,783	62,179
Long term receivables	4	-	1,546,128
		1,213,033	**2,560,886**
Current Assets			
Sales tax receivables and prepaid expenses	4	175,327	268,327
Short term investments	5	-	11,000,000
Cash and cash equivalents	6	12,703,462	9,464,124
		12,878,789	**20,732,451**
Total Assets		**14,091,822**	**23,293,337**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	7	57,221,521	43,387,383
Reserves		12,837,447	10,870,422
Accumulated deficit		(58,397,856)	(31,773,668)
		11,661,112	22,484,137
Non-controlling interest		(1,101,758)	(746,297)
		10,559,354	**21,737,840**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	158,373	91,760
Lease liability	9	130,755	38,283
		289,128	**130,043**
Current Liabilities			
Trade and other payables	10	3,131,248	1,364,440
Other financial liabilities	8	68,509	46,856
Lease liability	9	43,583	14,158
		3,243,340	**1,425,454**
Total Liabilities		**3,532,468**	**1,555,497**
Total Equity and Liabilities		**14,091,822**	**23,293,337**

Nature of business, going concern and significant accounting policies (note 1)
Events after the reporting period (note 16)

The notes are an integral part of the consolidated financial statements.

/s/ "Heye Daun"
Director

/s/ "Alan Friedman"
Director

Consolidated Statements of Loss and Other Comprehensive Loss for the years ended:

Figures in Canadian Dollar	Note(s)	December 31, 2021	December 31, 2020
Amortisation and depreciation	2/3	(211,905)	(75,651)
Consulting and professional fees		(1,107,959)	(1,125,165)
Exploration and evaluation		(20,080,953)	(6,956,391)
Management fees	18	(555,000)	(486,000)
Office and administration		(765,365)	(564,471)
Salaries and benefits	18	(2,873,381)	(3,158,788)
Stock option expense		(1,412,696)	(1,132,214)
Travel		(52,156)	(60,335)
Operating loss		**(27,059,415)**	**(13,559,015)**
Investment income		111,602	204,648
Finance charges	8/9	(31,836)	(10,251)
Loss for the year		**(26,979,649)**	**(13,364,618)**
Other comprehensive (loss) / income:			
Foreign currency translation		(159,213)	15,038
Total comprehensive loss for the year		**(27,138,862)**	**(13,349,580)**
Loss attributable to:			
Owners of the parent		(25,881,560)	(12,965,093)
Non-controlling interest		(1,098,089)	(399,525)
		(26,979,649)	**(13,364,618)**
Total comprehensive loss attributable to:			
Owners of the parent		(26,040,773)	(12,950,055)
Non-controlling interest		(1,098,089)	(399,525)
		(27,138,862)	**(13,349,580)**
Loss per share			
Weighted number of shares outstanding	19	109,004,941	92,294,575
Loss per share - basic and diluted	19	$0.24	$0.14

The notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

Figures in Canadian Dollar	Number of Shares	Share Capital	Share-based Payment Reserve	Warrant Reserve	Cumulative Translation Reserve	Deficit	Shareholders Equity	Non-controlling Interest
Balance at December 31, 2019	**67,368,495**	**17,773,663**	**1,908,437**	**773,317**	**130,153**	**(18,808,575)**	**1,776,995**	**(346,772)**
Share issue costs	-	(2,556,258)	-	-	-	-	(2,556,258)	-
Prospectus offering	34,049,150	31,710,337	-	-	-	-	31,710,337	-
Broker warrants issued	-	(732,586)	-	732,586	-	-	-	-
Movement in value of share options	-	-	1,132,214	-	-	-	1,132,214	-
Issue of warrants	-	(5,352,433)	-	5,352,433	-	-	-	-
Exercise of warrants	1,937,913	1,899,810	-	(402,020)	-	-	1,497,790	-
Exercise of broker warrants	88,965	103,796	-	(34,403)	-	-	69,393	-
Exercise of stock options	570,997	442,304	(193,525)	-	-	-	248,779	-
Shares issued on the acquisition of exploration licences	62,500	98,750	-	-	-	-	98,750	-
Issue of restricted stock units	-	-	1,456,192	-	-	-	1,456,192	-
Comprehensive loss adjustment	-	-	-	-	15,038	-	15,038	-
Loss for the year	-	-	-	-	-	(12,965,093)	(12,965,093)	(399,525)
Balance at December 31, 2020	**104,078,020**	**43,387,383**	**4,303,318**	**6,421,913**	**145,191**	**(31,773,668)**	**22,484,137**	**(746,297)**

The notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

Figures in Canadian Dollar	Number of Shares	Share Capital	Share-based Payment Reserve	Warrant Reserve	Cumulative Translation Reserve	Deficit	Shareholders Equity	Non-controlling Interest
Balance at December 31, 2020	**104,078,020**	**43,387,383**	**4,303,318**	**6,421,913**	**145,191**	**(31,773,668)**	**22,484,137**	**(746,297)**
Share issue costs	-	(701,687)	-	-	-	-	(701,687)	-
Movement in value of share options	-	-	1,412,696	-	-	-	1,412,696	-
Issue of warrants	-	(2,042,155)	-	2,042,155	-	-	-	-
Exercise of warrants	4,893,788	4,141,019	-	(888,273)	-	-	3,252,746	-
Exercise of Broker warrants	971,092	1,407,398	-	(392,346)	-	-	1,015,052	-
Exercise of stock options	603,830	441,998	(199,842)	-	-	-	242,156	-
Issue of shares for mineral properties	82,608	87,564	-	-	-	-	87,564	-
Issue of shares	9,545,455	10,500,001	-	-	-	-	10,500,001	-
Issue of restricted stock units	-	-	151,848	-	-	-	151,848	-
Acquisition of minority interests**	-	-	-	-	-	(742,628)	(742,628)	742,628
Comprehensive loss adjustment	-	-	-	-	(159,213)	-	(159,213)	-
Loss for the year	-	-	-	-	-	(25,881,560)	(25,881,560)	(1,098,089)
Balance at December 31, 2021	**120,174,793**	**57,221,521**	**5,668,020**	**7,183,449**	**(14,022)**	**(58,397,856)**	**11,661,112**	**(1,101,758)**

** *Acquisition of Minority Interests*

During the year, the Company acquired 2% of the minority interests held in Osino Gold Exploration and Mining (Pty) Ltd and the remaining 20% minority interest held in Terrace Minerals Exploration (Pty) Ltd. The breakdown and effect of the acquisitions in equity are as follows:

Adjustment to accumulated losses brought forward	*$296,498*
Adjustment to current year losses	*$446,130*
Total effect disclosed in the statement of changes in Equity	*$742,628*

The notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows for the year ended:

Figures in Canadian Dollar	Note(s)	December 31, 2021	December 31, 2020
Cash flows from operating activities			
Cash used in operations*	11	(21,712,212)	(10,997,460)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(392,520)	(775,550)
Proceeds from disposal of property, plant and equipment	2	18,951	-
Purchase of short term investments	5	-	(11,000,000)
Sale of financial assets	5	11,000,000	-
Net cash from investing activities		**10,626,431**	**(11,775,550)**
Cash flows from financing activities			
Net proceeds from common shares, warrants and stock options	7	14,308,268	30,970,041
Repayment of loan	8	(100,693)	(40,903)
Proceeds from borrowings	8	163,200	81,574
Lease payments	9	(45,656)	(25,953)
Net cash from financing activities		**14,325,119**	**30,984,759**
Total cash movement for the year		**3,239,338**	**8,211,749**
Cash at the beginning of the year		9,464,124	1,252,375
Total cash at end of the year	6	**12,703,462**	**9,464,124**

**Cash utilised in operating activities includes:*		
Interest income	*111,602*	*204,648*

The notes are an integral part of the consolidated financial statements.

Accounting Policies

1. Nature of business, going concern and significant accounting policies

Nature of Business

Osino Resources Corp. (the Company or the Group) was incorporated on June 5, 2012 in the province of British Columbia, Canada, under the British Columbia Business Corporations Act. The principal activity of the Company is the acquisition, exploration and development of gold mining properties in Namibia. The Company's head office is located at Suite 810, 789 West Pender Street, Vancouver, BC, V6C1H2, Canada.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

On June 22, 2018, the Company, then Romulus Resources Ltd. ("Romulus"), completed an amalgamation with Osino Resources Corp. ("ORC") , a private company focused on the acquisition and development of gold properties in Namibia, and 1152372 B.C. Ltd. ("1152372"), a wholly-owned subsidiary of the Company (the "RTO Transaction"). Under the RTO Transaction, each of the issued and outstanding common shares in the capital of ORC were cancelled and exchanged for common shares of the Company. Concurrent with the amalgamation, ORC and 1152372 were amalgamated and the Company changed its name to "Osino Resources Corp."

During the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian and Namibian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted withconfidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions and staff shortages, all of which may negatively impact the Company's business and financial condition. Due to the COVID-19 pandemic, all exploration operations including our site camps were demobilized and shutdown on March 27, 2020 in accordance with the "lockdown" procedures enacted in Namibia to combat the spread of the virus. This was done on the order of the President of the Republic of Namibia for certain regions of Namibia, which includes those in which Osino operates.

On April 30, 2020, the Government of Namibia announced that some restrictions would be lifted to allow exploration activities to resume, with certain limitations and adherence to COVID-19 related precautions. The Company recommenced field work on May 8, 2020 and has suffered no further shutdowns since. On March 15, 2022, the Government of Namibia gazetted a new amendment to the Public Health Covid-19 general regulations further effectively eliminating all restrictions on company activities.

Going concern

The Company has a history of losses with no operating revenue, an accumulated deficit at December 31, 2021 of $58,397,856 (December 31, 2020 – $31,773,668), and working capital at December 31, 2021 of $9,635,449 (December 31, 2020 – $19,306,997). The Company will continue to require additional sources of financing to fund ongoing operating costs and exploration and development of its mineral properties. Although the Company raised gross proceeds of $10,500,001 from non-brokered private placements during 2021 (refer to Note 7), the Company will seek additional funds during 2022 to fund its ongoing operations, and there can be no assurance that the Company will be able to obtain additional financing. If the Company is unable to obtain adequate additional financing, the Company may need to further curtail its activities until additional funds can be raised. It is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and require an impairment provision to the carrying value of exploration properties and related assets.

Due to operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing to fund ongoing planned operating costs and planned activities at its Twin Hills Gold Project. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Accounting Policies

Management believes that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material.

a) Statement of compliance with IFRS

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of May 2, 2022 the date the Board of Directors approved these consolidated financial statements for issue.

b) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements include the accounts of Osino Resources Corp. and its wholly-owned subsidiaries, Osino BVI Limited (formerly Kailondo Capital Limited), Osino Namibia Holdings (Pty) Ltd (“Osino Holdings”), Osino Prospect Holdings (Pty) Ltd, Osino Otavi Holdings (Pty) Ltd, The Twin Hills Trust and Osino Property Holdings (Pty) Ltd (formerly Tolo Minerals Exploration (Pty) Ltd) as well as the accounts of 97% owned subsidiary, Osino Gold Exploration and Mining (Pty) Ltd, formerly, “Osino Gold Exploration (Pty) Ltd (“Osino Gold"), the accounts of 90% owned subsidiary, Osino Namibia Minerals Exploration (Pty) Ltd (“Osino Namibia”), the accounts of 80% owned Richwing Exploration (Pty) Ltd, the accounts of 80% owned Fairview Minerals Exploration (Pty) Ltd, the accounts of 70% owned Vavali Mining Exploration (Pty) Ltd, the accounts of 100% owned Mitten Minerals Exploration (Pty) Ltd, the accounts of 100% owned Terrace Minerals Exploration (Pty) Ltd, the accounts of 100% owned Osino Farming Investments (Pty) Ltd and the accounts of 90% owned Toroa Minerals Exploration (Pty) Ltd. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated.

A subsidiary is an entity over which the Company is exposed, or has rights to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiary. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and other comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

c) Functional currency translation

i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is the reporting parent’s functional currency. The functional currency of the reporting parent’s subsidiaries is the Namibian dollar (“N$”).

The financial statements of entities that have a functional currency different from that of the reporting parent’s operations are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statement of loss and other comprehensive loss.

Accounting Policies

d) Measurement uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgements made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include valuation of share-based payment reserves, warrant reserves and restoration, rehabilitation and environmental obligations. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the consolidated financial statements of a future period could be material.

e) Significant accounting judgements

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 1(d)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral rights, the assesment of control over subsidiaries, or whether the company controls another entity, determining the smallest group of assets that generates independent cash flow, the interpretation and application of tax laws, the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

f) Property, plant, and equipment

Property, plant, and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant, and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at a rate calculated to expense the cost of equipment, less its estimated residual value, over the following expected useful lives:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	4 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6 years
IT equipment	Straight line	6 years
Leasehold improvements	Straight line	6 years
Buildings	Straight line	20 years

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

h) Mineral property costs

Mineral property acquisition and exploration costs are expensed as incurred. The Company has not yet realized any revenues from its mineral operations. When it has been determined that a mineral property can be economically developed as a result of establishing probable and proven reserves, the costs then incurred to develop such property will be capitalized. Such costs will be amortized using the unit of production method over the estimated life of the probable reserve. If properties are abandoned or the carrying value is determined to be in excess of possible future recoverable amounts the Company will write off the appropriate amount.

i) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

i) Taxes (continued)

Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

j) Non-monetary transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

k) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net earning/(loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

l) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and 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 asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

m) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value of the liability. These costs are charged against profit or loss over the economic life of the related assets, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as at December 31, 2021 and 2020.

n) Share-based payments

The Company from time to time may issue shares, warrants, restricted stock units or options to its directors, officers, consultants and employees. The Company values share-based payments using the fair-value method of the services provided. When the value of the services cannot be reliably measured, the Company uses the fair value of the equity instrument issued.

For stock options issued to its directors, officers, consultants and employees, the Company values any stock-based compensation, utilizing the Black-Scholes option pricing model. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase or decrease to the share-based payment reserve. Share purchase warrants issued are also valued using the Black-Scholes model.

o) IFRS 9 Financial instruments

Below is a summary showing the classification and measurement of our financial instruments:

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Short term investments	Amortized cost
Trade and other payables	Amortized cost
Other financial liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i) Financial assets recorded at fair value through profit or loss (“FVTPL”)

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss.

ii) Investment recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognised permanently in OCI with no reclassification to profit or loss. The election is made on an investment by investment basis.

o) IFRS 9 Financial instruments (continued)

iii) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii) Financial liabilities recorded as fair value through profit or loss ("FVTPL").

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instrument are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements. The carrying amount of a financial asset is written off (either partially of in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

p) IFRS 16 Right of use asset

The right-of-use asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct cost incurred, minus any lease incentives received.

The amortization period for the right-of-use asset is from the lease commencement date to the earlier of the lease term or the end of the useful life of the asset.

If a right-to-use asset is determined to be impaired, the impairment is immediately recorded, thereby reducing the carrying amount of the asset. Its subsequent measurement is calculated as the carrying amount immediately after the impairment transaction, minus any subsequent accumulated amortization.

At the termination of a lease, the right-to-use asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a profit or loss at that time.

Leases

The Company allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to seperate non-lease components and instead account for it as a single lease component.

Lessee

The Company recognises right-of-use assets and lease liabilities for all leases except for leases of low-value assets and leases with a duration of twelve months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

q) Standards and interpretations in issue not yet adopted

At the date of statement of the consolidated financial position of these consolidated financial statements the following standards and interpretations were in issue but not yet effective:

- IAS1: Presentation of financial statements effective for annual periods beginning on or after January 1, 2023;
- IAS8: Accounting policies, change in accounting estimates and erroreffective for annual periods beginning on or after January 1, 2023;
- IAS12: Income taxes effective for annual periods beginning on or after January 1, 2023;
- IAS16 Property, Plant and Equipment effective for annual periods beginning on or after January 1, 2023; and
- IAS37 Provisions, Contingencies Liabilities and Contingent Assets effective for annual periods beginning on or after January 1, 2023.

The Company anticipates that the adoption of these Standards and Interpretations will have no material impact on the consolidated financial statements of the Company in the period of initial application, except for certain amended disclosures.

Notes to the Consolidated Financial Statements

2. Property, plant and equipment

	2021			2020		
	Cost $	**Accumulated depreciation $**	**Carrying value $**	**Cost $**	**Accumulated depreciation $**	**Carrying value $**
Property, plant and machinery**	570,097	(81,850)	488,247	568,753	(42,964)	525,789
Furniture and fixtures	47,350	(14,155)	33,195	37,973	(6,461)	31,512
Motor vehicles	462,291	(129,654)	332,637	351,520	(94,039)	257,481
Office equipment	6,369	(4,599)	1,770	6,925	(3,845)	3,080
IT equipment	46,792	(10,068)	36,724	26,036	(4,799)	21,237
Leasehold improvements	186,272	(32,595)	153,677	120,680	(7,200)	113,480
Total	**1,319,171**	**(272,921)**	**1,046,250**	**1,111,887**	**(159,308)**	**952,579**

Reconciliation of property, plant and equipment - 2021

	Opening balance $	**Additions $**	**Disposals**	**Foreign exchange movements $**	**Depreciation $**	**Total $**
Property, plant and machinery**	525,789	50,223	(113)	(42,466)	(45,186)	488,247
Furniture and fixtures	31,512	13,139	-	(2,772)	(8,684)	33,195
Motor vehicles	257,481	222,783	(41,025)	(26,241)	(80,361)	332,637
Office equipment	3,080	-	-	(187)	(1,123)	1,770
IT equipment	21,237	26,773	(2,017)	(2,693)	(6,576)	36,724
Leasehold improvements	113,480	79,602	-	(11,940)	(27,465)	153,677
	952,579	**392,520**	**(43,155)**	**(86,299)**	**(169,395)**	**1,046,250**

Reconciliation of property, plant and equipment - 2020

	Opening balance $	**Additions $**	**Foreign exchange movements $**	**Depreciation $**	**Total $**
Property, plant and machinery**	28,915	482,046	30,676	(15,848)	525,789
Furniture and fixtures	7,149	25,596	1,175	(2,408)	31,512
Motor vehicles	149,718	146,214	(1,601)	(36,850)	257,481
Office equipment	4,515	-	(353)	(1,082)	3,080
IT equipment	5,641	17,091	691	(2,186)	21,237
Leasehold improvements	7,867	104,603	6,421	(5,411)	113,480
	203,805	**775,550**	**37,009**	**(63,785)**	**952,579**

** Includes vacant land acquired for NAD1,000,000 which is not subject to depreciation and held at its carrying value of $80,210 (2020 - $87,210).

Notes to the Consolidated Financial Statements

3. Right of use asset

	December 31, 2021 $	December 31, 2020 $
Balance at beginning of year	**62,179**	**14,173**
Additions	160,196	61,572
Depreciation	(42,510)	(11,866)
Effect of exchange rate movement	(13,082)	(1,700)
Balance at end of year	**166,783**	**62,179**

The right of use assets consists of three properties used for office space in Feld Street, Windhoek, Namibia, Karibib District, Namibia and Walter Sisulu Avenue, Cape Town, South Africa. New leases subject to IFRS 16 were signed as of November 1, 2020 and April 1, 2021 respectively. The right of use assets are depreciated over the period of the lease term.

4. Sales tax receivables and prepaid expenses

	December 31, 2021 $	December 31, 2020 $
Value Added Taxation	-	1,655,658
Prepayments	69,152	83,055
Other receivables	106,175	75,742
Total sales tax receivables and prepaid expenses	**175,327**	**1,814,455**
Split between non-current and current portions		
Non-current assets	-	1,546,128
Current assets	175,327	268,327
	175,327	**1,814,455**

In the current year, Value Added Taxation amounting to $3,518,044 has been provided for impairment. The impairment has been included in exploration and evaluation expenditure in the income statement. The company has elected to raise a provision due to delayed payment from the authorities in Namibia, however negotiations are in process for the refund thereof.

Notes to the Consolidated Financial Statements

5. Short - term investments

Short - term investments consist of:

	December 31, 2021 $	December 31, 2020 $
Short - term investments	-	11,000,000
	-	**11,000,000**

The Company has $Nil (December 31, 2020 – $11,000,000) invested in various Guaranteed Investment Certifcates ("GIC's") and deposits.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	December 31, 2021 $	December 31, 2020 $
Cash in bank and on hand	12,668,462	2,129,124
Cash held in short - term GIC's	35,000	7,335,000
	12,703,462	**9,464,124**

The Company's cash, by currency, at December 31, 2021 and December 31, 2020 was as follows:

Cash - Canadian dollar	10,161,183	444,102
Cash - Namibian dollar	2,507,279	1,685,022
Cash - GIC's in Canadian dollar	35,000	7,335,000
	12,703,462	**9,464,124**

Notes to the Consolidated Financial Statements

7. Share capital

Authorised

	December 31, 2021	December 31, 2020
Issued and outstanding		
Issued common shares	$57,221,521	$43,387,383

Issued and common shares are as follows:

	Number of Shares	Value
Balance as at December 31, 2019	67,368,495	$17,773,663
Prospectus offerings	34,049,150	31,710,337
Share issuance costs	-	(2,556,258)
Exercise of warrants	1,937,913	1,899,810
Share purchase warrants issued	-	(5,352,433)
Broker share purchase warrants issued	-	(732,586)
Exercise of stock options	570,997	442,304
Exercise of broker share purchase warrants	88,965	103,796
Shares issued on the acquisition of exploration licences	62,500	98,750
Balance as at December 31, 2020	104,078,020	$43,387,383
Warrants issued	-	(2,042,155)
Exercise of warrants	4,893,788	4,141,019
Exercise of broker warrants	971,092	1,407,398
Exercise of stock options	603,830	441,998
Non-brokered private placement	9,545,455	10,500,001
Share issuance costs	-	(701,687)
Shares issued on the acquisition of exploration licences	82,608	87,564
Balance as at December 31, 2021	**120,174,793**	**$57,221,521**

On January 30, 2020, the Company completed its overnight marketed offering of units of the Company (the “Units”). Each Unit consists of one common share in the capital of the Company and one-half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each warrant is exercisable for the acquisition of one common share in the Company at an exercise price of $1,05 per share for a period of 24 months from the date of issuance. If, at any time following the date nine months after the Effective Date, the closing price of the Common Shares for any five consecutive trading days is equal to or greater than $1.09 per Common Share, the Corporation may, within fifteen days, exercise the Acceleration Right by delivering an Acceleration Notice to the Warrantholders whereupon the Warrants will expire on the 30th calendar day after the date of such Acceleration Notice. The broker warrants issued as part of the offering are not subject to the acceleration right. An aggregate of 17,949,150 units were sold pursuant to the Offering, at a price of $0.78 per Unit (the “Offering Price”) for aggregate gross proceeds of $14,000,337. Pursuant to the Underwriting Agreement, the Underwriters received a cash commission of $815,740. A further $393,169 in share issuance costs were incurred by the Company. The Company also issued to the Underwriters non-transferable common share purchase warrants entitling the Underwriters to acquire 1,045,820 Common Shares at an exercise price of $0.78 per Common Share for a period of 24 months from the closing of the Offering. The broker warrants were valued at $404,468 using the Black - Scholes pricing model. The Units were issued pursuant to a short form prospectus dated January 23, 2020

7. Share capital (continued)

On July 14, 2020, the Company completed its overnight marketed offering of units of the Company (the "Units"). Each Unit consists of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") of the Company. Each Warrant will be exercisable to acquire one common share of the Company for a period of 12 months from the date of issuence at an exercise price of C$1.50 per common share. An aggregate of 16,100,000 units were sold pursuant to the Offering, at a price of $1.10 per Unit (the "Offering Price") for aggregate gross proceeds of $17,710,000. Pursuant to the Underwriting Agreement, the Underwriters received a cash commission of $1,062,600. An additional $284,749 in share issuance costs were incurred by the Company. The Company also issued to the Underwriters non-transferable common share purchase warrants entitling the Underwriters to acquire 805,000 Common Shares at an exercise price of $1.10 per Common Share for a period of 12 months from the closing of the Offering. The broker warrants were valued at $328,118 using the Black - Scholes pricing model. The Units were issued pursuant to a short form prospectus dated July 8, 2020.

Effective September 8, 2020, in line with commitments entered into between the Company and certain EPL owners, 62,500 common shares of the Company with a fair value of $98,750 was issued. $98,750 was expensed and is included in the annual consolidated statements of profit or loss and other comprehensive income for the year.

During the year ended December 31, 2020, 2,026,878 share purchase and broker warrants were exercised for proceeds of $1,567,182. The fair value of the warrants exercised was $436,423 using the Black Scholes pricing model.

During the year ended December 31, 2020, 570,997 common stock options were exercised for gross proceeds equivalent to $248,779. The stock options were valued at $193,525 using the Black Scholes pricing model.

Effective August 24, 2021, in line with a commitment entered into between the Company and a certain EPL owner, 82,608 common shares of the Company with a fair value of $87,564 was issued as part of the acquisition price for the remaining minority interest in Terrace Minerals Exploration (Pty) Ltd.

On November 1, 2021, the Company completed a non - brokered private placement, issuing a total of 9,545,455 units at a price of $1.10 per Unit for aggregate gross proceeds of $10,500,001. An amount of $701,687 was paid in commission and share issuance costs. A total of 572,267 broker warrants have been issued with an exercise price of $1.10 per share exercisable into one common share. The fair value of the broker warrants issued was $255,723 using the Black Scholes pricing model. Each unit consists of one common share and one half of one common share purchase warrant. Each such whole warrant will entitle the holder to purchase one additional common share for a period of 22 months from the date of closing at a price of $1.35 per share, amounting 4,772,727. The warrants have an expiry date of September 1, 2023. The fair value of the share purchase warrants issued was $1,786,432 using the Black Scholes pricing model.

During the year ended December 31, 2021, 5,864,880 share purchase warrants were exercised for proceeds of $4,267,798. The fair value of the warrants exercised was $1,280,619 using the Black Scholes pricing model.

During the year ended December 31, 2021, 603,830 common stock options were exercised for proceeds of $242,156. The fair value of the stock options exercised was $199,842 using the Black Scholes pricing model.

Notes to the Consolidated Financial Statements

7. Share capital (continued)

Stock options and share-based payments

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2019	5,540,223	$0.36
Issued	2,635,000	$0.96
Exercised	(570,997)	($0.44)
Balance as at December 31, 2020	7,604,226	$0.56
Issued	1,610,000	$1.25
Exercised	(603,830)	($0.40)
Balance as at December 31, 2021	**8,610,396**	**$0.70**

On February 27, 2020, the Company issued 1,835,000 stock options at an exercise price of $0.80 and an expiry date of February 27, 2025. The stock options were valued at $997,139 using the Black-Scholes pricing model with the following assumptions:

> share price - $0.75; risk free rate – 0.46%; expected volatility – 99%; dividend yield – nil; and expected life – 5 years.

The stock options are subject to the following vesting conditions: 611,667 stock options vested on the grant date, 611,667 stock options will vest on February 27, 2021, the remaining 611,666 stock options will vest on February 27, 2022.

On August 7, 2020, the Company issued 400,000 stock options at an exercise price of $1.40 and an expiry date of August 7, 2025. The stock options were valued at $386,160 using the Black-Scholes pricing model with the following assumptions:

> share price - $1.40; risk free rate – 0.23%; expected volatility – 96%; dividend yield – nil; and expected life – 5 years.

The stock options are subject to the following vesting conditions: 133,332 stock options vested on the grant date, 133,334 stock options will vest on August 7, 2021, the remaining 133,334 stock options will vest on August 7, 2022. The Option Shares will expire on August 7, 2025 (the "Expiry Date").

On December 21, 2020, the Company issued 400,000 stock options at an exercise price of $1.25 and an expiry date of December 21, 2025. The stock options were valued at $338,680 using the Black-Scholes pricing model with the following assumptions:

> share price - $1.25; risk free rate – 0.23%; expected volatility – 92%; dividend yield – nil; and expected life – 5 years.

The stock options are subject to the following vesting conditions: 133,332 stock options vested on the grant date, 133,334 stock options will vest on December 21, 2021, the remaining 133,334 stock options will vest on December 21, 2022. The Option Shares will expire on December 21, 2025 (the "Expiry Date").

On March 5, 2021, the TSX-V approved the issuance of 1,610,000 stock options by the Company at an exercise price of $1.25 and an expiry date of March 5, 2026. The stock options were valued at $1,187,697 using the Black-Scholes pricing model with the following assumptions:

> share price - $1.11; risk free rate – 0.31%; expected volatility– 89%; dividend yield – nil; and expected life – 5 years.

7. Share capital (continued)

The stock options are subject to the following vesting conditions: 536,667 stock options vested on the grant date, 536,667 stock options will vest on March 5, 2022, the remaining 566,666 stock options will vest on March 5, 2023.

During the year ended December 31, 2021, the Company recorded $1,412,696 (December 31, 2020: $1,132,214) in share - based compensation related to the vesting of stock options.

The following table summarizes information about the Company's stock options outstanding as at December 31, 2021:

Options outstanding	Expiration Date	Exercisable December 31, 2021	Exercise price
3,207,961	November 28, 2022	3,207,961	$0.38
1,229,101	October 10, 2023	1,229,101	$0.30
100,000	April 26, 2024	100,000	$0.40
1,663,334	February 27, 2025	1,093,333	$0.80
400,000	August 7, 2025	266,667	$1.40
400,000	December 21,2025	266,667	$1.25
1,610,000	March 5, 2026	536,667	$1.25
8,610,396		6,700,396	$0.70

Warrants reserve

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2019	5,126,072	$0.55
Issued	18,875,395	$1.23
Exercised	(2,026,878)	($0.77)
	-	-
Balance as at December 31, 2020	21,974,589	$1.11
Issued	5,345,454	$1.32
Exercised	(5,864,880)	($0.73)
Expired	(7,738,250)	($1.50)
	-	
Balance as at December 31, 2021	**13,716,913**	**$1.14**

Notes to the Consolidated Financial Statements

7. Share capital (continued)

The following table summarizes information about the Company's common share purchase warrants outstanding as at December 31, 2021:

Grant Date	Expiration Date	Exercise Date	Balance outstanding December 31, 2021
January 30, 2020	January 30, 2022	$1.05	7,580,696
January 30, 2020	January 30, 2022	$0.78	790,763
November 1, 2021	August 31, 2023	$1.35	4,772,727
November 1, 2021	August 31, 2023	$1.10	572,727
Total outstanding			13,716,913

During the years ended December 31 , 2021 and December 31, 2020, the following warrants were issued and valued using the Black - Scholes option pricing model parameters listed below (in each case with no dividends and a nil forfeiture rate):

				Black - Scholes Option Pricing Parameters			
Date of issuance	**Expiry Date**	**Exercise Price**	**Grant Date Stock Price**	**Risk - free Interest Rate**	**Expected life of option in years**	**Volatility Factor**	**Fair Value**
January 30, 2020 Warrants	January 30, 2022	$1.05	$0.77	1.47%	2.0	95%	$0.33
January 31, 2020 Warrants	January 31, 2022	$0.78	$0.77	1.47%	2.0	95%	$0.39
July 14, 2020 Warrants	July 14, 2021	$1.50	$1.13	0.24%	1.0	91%	$0.30
July 15, 2020 Warrants	July 14, 2021	$1.10	$1.13	0.24%	1.0	91%	$0.41
November 1, 2021 Warrants	September 1, 2023	$1.35	$1.14	0.99%	1.8	72%	$0.37
November 1, 2021 Warrants	September 1, 2023	$1.10	$1.14	0.99%	1.8	72%	$0.45

Restricted Stock Unit Plan and Reserve

Summary of Restricted Stock Units (RSU's)

Below is a summary of RSU's outstanding including performance RSU's:

(in number of units)	**December 31, 2021**	**December 31, 2020**
Outstanding at the beginning of the year	1,193,600	-
Granted	136,800	1,193,600
Outstanding at the end of the year	1,330,400	1,193,600

Notes to the Consolidated Financial Statements

7. Share capital (continued)

For the year ended December 31, 2020, the Company adopted a RSU plan. The RSU plan provides for a fixed maximum limit of 10,217,904 RSU's. The grant date fair value of the RSU equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity.

The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied. During the twelve months ended December 31, 2021, the Company granted 136,800 RSU's (December 31, 2020 - 1,193,600 RSU's) to officers, directors and key employees under its RSU plan. The RSU's vested immediately at the date of grant.

During the year ended December 31, 2021, the Company recorded $151,848 (December 31, 2020: $1,456,192) in share - based compensation relating to the vesting of RSU's and was recorded as salaries and benefits in the Share - based Payment Reserve in the Consolidated Statements of Changes in Equity.

As at December 31, 2021, there were 1,330,400 RSU's outstanding and exercisable (December 31, 2020 - 1,193,600).

8. Other financial liabilities

	December 31, 2021 $	December 31, 2020 $
Held at amortised cost		
First National Bank Leases	226,882	138,616

The finance leases are subject to interest at a rate between 8% and 9.50% per annum and are repayable in 54 equal monthly instalments.

Reconciliation of other financial liabilities

Balance at beginning of year	**138,616**	**88,911**
Additions	163,200	81,574
Finance charges	21,834	8,478
Finance lease instalments	(100,693)	(40,903)
Effect of exchange rate movement	3,925	556
Balance at end of year	**226,882**	**138,616**
Split between non-current and current portions		
Non-current liabilities	158,373	91,760
Current liabilities	68,509	46,856
	226,882	**138,616**

The Company has access to a N$4,000,000 credit facility as at December 31, 2021.

Notes to the Consolidated Financial Statements

9. Lease liability

Reconciliation of other financial liabilities

	December 31, 2021 $	December 31, 2020 $
Balance at beginning of year	**52,441**	**15,976**
Additions	160,196	61,572
Finance charges	10,002	1,773
Lease instalments	(45,656)	(25,953)
Effect of exchange rate movement	(2,645)	(927)
Balance at end of year	**174,338**	**52,441**
Non-current liabilities	130,755	38,283
Current liabilities	43,583	14,158
	174,338	**52,441**

The lease liabilities are unsecured and bear interest at a rate of 6.5% per annum. The remaining lease terms vary from 27 to 52 months. The undiscounted future payments for settlement of the leases amount to $195,878. Refer to note 3 for the right of use asset. The repayment terms applicable to the lease liability are in terms of signed lease agreements.

10. Trade and other payables

	December 31, 2021 $	December 31, 2020 $
Financial instruments:		
Trade payables	2,264,564	852,356
Accrued expenses	866,684	512,084
	3,131,248	**1,364,440**

Notes to the Consolidated Financial Statements

11. Cash used in operations

	December 31, 2021 $	December 31, 2020 $
Loss before taxation	(26,979,649)	(13,364,618)
Adjustments for:		
Depreciation and amortisation	211,905	75,651
Impairment of Value Added Taxation	3,518,044	-
Interest expense	21,834	8,478
Leave pay provision	61,022	5,239
Stock options expense	1,412,696	1,132,214
Loss on sale of property, plant and equipment	24,204	
Foreign exchange	(58,551)	(20,642)
Issuance of shares for mineral properties	87,564	98,750
Accretion on lease	10,002	1,773
Vesting of restricted stock units	151,848	1,456,192
Changes in working capital:		
Trade and other payables	1,705,785	642,337
Sales tax receivables and other assets	93,000	(34,533)
Movement in long term receivables	(1,971,916)	(998,301)
	(21,712,212)	**(10,997,460)**

Notes to the Consolidated Financial Statements

12. Taxation

a) Provision for income taxes

The following table reconciles the expected income tax provision at the statutory tax rate of 26.5% (2020 - 26.5%) to the amounts recognised in the statements of profit or loss and other comprehensive income:

	December 31,2021 $	December 31,2020 $
Net loss before income taxes	(26,979,649)	(13,364,618)
Income tax (expense) recovery at statutory rate	(7,149,607)	(3,541,624)
Non - deductible expenditure	85,806	-
Stock based compensation	414,604	739,395
Share issuance costs	(253,714)	(870,645)
Foreign tax rates differentials	(2,458,438)	(912,433)
Tax losses for which no deferred tax asset was recognised	8,604,543	5,266,595
True up	64,472	16,582
Tax rate changes and other adjustments	(13,267)	(697,870)
Foreign exchange	705,601	-
	-	-

b) Deferred tax balances

Deferred taxes for the Company have not been recognised in respect of the deductible temporary differences set out below:

	December 31,2021 $	December 31,2020 $
Non-capital losses carried forward - Canada	8,965,091	6,081,258
Non-capital losses carried forward - Namibia	46,250,257	25,238,792
Financing fees deductible in future periods	-	-
Share issuance costs - 20(1)(e)	2,876,635	2,893,696
Other temporary differences	(224,387)	45,817
Deferred tax assets not recognised	(57,867,596)	(34,259,563)
	-	-

c) Losses

As at December 31 2021, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years expiring as follows:

2033	$ 13,536
2034	$ 129
2035	$ 204,151
2036	$ 491,264
2037	$ 386,920
2038	$ 484,771
2039	$ 1,888,639
2040	$ 2,434,378
2041	$ 3,061,303

Namibia losses of $46,596,428 can be carried forward indefinetly.

Notes to the Consolidated Financial Statements

13. Commitments

As at December 31, 2021, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) On August 23, 2019, the Company entered into an earn-in agreement with Flocked Consultancy Services (Proprietary) Limited (“Flocked”), a third-party license holder of exclusive prospecting license 5641. Under the terms of the earn- In agreement, the license will be transferred to a new company and Osino Namibia will hold a 51% interest in the new company (“Newco”). (i) Osino Namibia is obligated to spend $21,822 (250,000 Namibian Dollars) within 6 months of the commencement date which will commence within 30 days of receiving the licence renewal by the Minister (“the Exploration Period”). As consideration, Osino Namibia made a cash payment of $873 (10,000 Namibian Dollars). On April 21, 2020, Osino signed an addendum to the agreement to extend the Exploration Period by an estimated 2 calendar months from the original anniversary date of April 21, 2020 in order to complete the technical specifications of the Exploration Period. Osino has successfully completed the work requirements to fulfil the terms of the agreement. Additional work is ongoing as agreed between the parties on EPL5641. (ii) Osino is further obligated to incur another $43,644 (500,000 Nambian Dollars) within 6 months of the later of receiving regulatory approval for the transfer of the licence by the Minister or the end of the extended Exploration Period (“the Second Exploration Period”). (iii) Osino Namibia is entitled to a further 19% stake in Newco on the incurrence of a further $87,290 (1,000,000 Namibian Dollars) of exploration expenditure within 18 months after the end of the Second Exploration Period. This will increase Osino Namibia’s interest in Newco to 70%; (iv) On completion of exploration programs and other conditions in the letter agreement, Osino Namibia has the right to a further 20% holding in Newco if the licence holder is unable to provide its proportionate share of funding to Newco going forward. Osino Namibia’s interest in the new company will therefore then be increased to 90%

b) On May 11, 2021 and August 3, 2021, the Company, through a wholly owned subsidiary, entered into two conditional agreements for the acquisition of surface rights for the development of the Twin Hills Project. The agreements are subject to the fulfilment of various suspensive conditions which the Company expects to close within approximately twelve months of the date of signature.

c) On December 31, 2021, the Company entered into an agreement to acquire the Ondundu gold exploration property in Namibia from B2Gold Corp. Under the terms of the Acquisition Agreement, Osino has agreed to purchase all of the issued and outstanding shares of the Namibian company, Razorback Gold Mining Company (Proprietary) Limited ("Razorback"), which owns 100% of the Namibian exclusive prospecting license 3195 covering 19,969 hectares located approximately 130km northwest of Osino’s Twin Hills Gold Project in Namibia, together with all technical information and other books and records in respect thereof for an aggregate purchase price of US$15,200,000 including a combination of cash, deferred cash and shares.

The commercial terms of the agreement are as follows:

Pursuant to the Acquisition Agreement, Osino will pay the Purchase Price to B2Gold as follows:

(1) US$3,850,000 will be paid into escrow, which will be released and paid to B2Gold on Closing or will be released and returned to Osino if the Purchase has not closed by June 30, 2022;

(2) US$5,000,000 in common shares of Osino will be issued to B2Gold on Closing having a price equal to the weighted average price for the 20 days immediately prior to Closing;

(3) US$3,850,000 will be paid to B2Gold on the first business day after the six-month anniversary of the Closing Date; and

13. Commitments (continued)

(4) US$2,500,000 will be paid to B2Gold on the earlier of completion of a feasibility study including the License area and first production or sale of ores, minerals or mineral products from the License area, payable at Osino's option in cash or common shares of Osino having a price equal to the weighted average price for the 20 days immediately prior to the date of issuance thereof.

The agreement is subject to the fulfilment of various suspensive conditions which are common to transactions of this nature.

14. Segmented information

The Company operates in two reportable geographical segments. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

December 31, 2021	**Canada**	**Namibia**	**Total**
Assets	10,315,006	3,776,816	14,091,822
Net loss	3,919,638	23,060,011	26,979,649

December 31, 2020	**Canada**	**Namibia**	**Total**
Assets	$19,003,682	$4,289,655	$23,293,337
Net loss	$4,571,270	$8,793,348	$13,364,618

15. Capital management

As at December 31, 2021, the capital structure of the Company consists of equity balance of $11,661,112 (2020 - $22,484,137). The Company's objective when managing the capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development activities.

The Company's objective when managing the capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development activities.

The company is not subject to any externally imposed capital requirements.

16. Events after the reporting period

a) Warrant exercise: Effective January 30, 2022, the Company announced that it has received $7,444,943 from the exercise of 7,292,115 previously issued warrants with an expiry date of January 31, 2022. The funds received will be used to fast-track the development of its flagship Twin Hills Gold Project as well accelerate the exploration of its land position in the emerging Namibian Gold Belt.

b) Issue of RSUs and Stock options: On February 22, 2022, the Company granted of an aggregate of 810,538 restricted share units ("RSU") pursuant to the Company's RSU Plan, of which 389,373 RSUs vest immediately and 421,165 RSUs vest one-third on the date of grant and one-third each year thereafter. All RSUs expire five years after the date of vesting. In addition, the Company has granted stock options under its Stock Option Plan to purchase an aggregate of 1,470,000 common shares of the Company at an exercise price of $1.20 per share for a five-year term. The stock options vest one-third on the date of grant and one-third each year thereafter.

Notes to the Consolidated Financial Statements

17. Mineral rights

The Company has various early stage gold exploration projects ("Osino Gold Project") in the Republic of Namibia ("Namibia") The Osino Gold Project is located in central Namibia in the area known as the Central Plateau. The project area extends from approximately 150 km northwest to 300km north-northeast of the capital city of Namibia, Windhoek. The Company currently holds the controlling share in the rights to 26 exclusive prospecting licenses in the area.

18. Related parties

	December 31, 2021	December 31, 2020
Management fees expensed	$667,500	$558,500
Share-based payments, non-cash	$881,443	$1,1931,581
Executive remuneration adjustments and provisions	$790,750	$425,000
Total	$2,339,693	$2,915,081

Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Chief Financial Officer, Executive Chairman and Directors. For the year ended December 31, 2021, total key management compensation was $2,339,693 (December 31, 2020 - $2,915,081), which includes management fees, bonuses and salaries of $1,345,750 (December 31, 2020 - $911,000), directors fees of $112,500 (December 31, 2020 - $72,500) and share-based compensation of $881,443 (December 31, 2020 - $1,931,581).

As at December 31, 2021, $790,750 (December 31, 2020 – $452,500) of related party payments due was included in trade and other payables

19. Loss per share

Net loss per share

The calculation of basic and diluted loss per share for the period ended December 31, 2021 was based on the loss attributable to common shareholders of $25,881,560 (December 31, 2020 – $12,965,093) and the weighted average number of common shares outstanding of 109,004,941 (December 31, 2020 – 92,294,575). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

20. Financial instruments

Fair value hierarchy

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e derived from process); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

20. Financial instruments (continued)

The Company's financial assets and liabilities at fair value through profit or loss, consisting of cash and cash equivalents, are classified as level 1.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

Fair value

As at December 31, 2021, the Company's financial instruments consist of cash and cash equivalents, trade and other payables and other financial liabilities. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company is exposed to minimal credit risk on cash. The risk is mitigated by cash being held with chartered banks.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

(i) Interest rate risk
The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

(ii) Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has a portion of accounts payable and accrued liabilities in Namibian Dollar.

The following assets were denominated in foreign currencies and presented in Canadian dollars :

	December 31, 2021 NAD	**December 31, 2020 NAD**
Cash and cash equivalents	31,258,748	19,321,429
Other receivables and prepaid expenses	704,404	18,355,769
Property, plant and equipment	13,268,315	10,922,819
Right of use asset	2,079,312	712,984
Total	47,310,779	49,313,001

Notes to the Consolidated Financial Statements

20. Financial instruments (continued)

A fluctuation of +/-10% provided as an indicative range in currency movement, on assets that are denominated in foreign currencies other than Canadian dollars, with, all other things being equal, have an effect on the after-tax net income and other comprehensive income of approximately +/- $379,482 (December 31, 2020: $430,059).

(iii) Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.