
TEMBO GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2017

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TEMBO GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	June 30, 2017 \$	December 31, 2016 \$
ASSETS			
Current assets			
Cash		7,225	10,667
GST/HST receivable		3,208	341
Prepaid expenses and deposits		<u>2,900</u>	<u>8,146</u>
Total current assets		<u>13,363</u>	<u>19,154</u>
Non-current assets			
Property, plant and equipment	3	283,077	280,814
Exploration and evaluation assets	4	<u>5,388,621</u>	<u>5,442,739</u>
Total non-current assets		<u>5,671,698</u>	<u>5,723,553</u>
TOTAL ASSETS		<u>5,685,061</u>	<u>5,742,707</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,308,943	1,093,980
Advances payable	5	<u>80,000</u>	<u>97,357</u>
TOTAL LIABILITIES		<u>1,388,943</u>	<u>1,191,337</u>
SHAREHOLDERS' EQUITY			
Share capital	6	37,667,781	37,452,906
Share-based payments reserve		13,993,948	13,993,948
Foreign currency translation reserve		5,959,106	6,128,347
Deficit		<u>(53,324,777)</u>	<u>(53,023,831)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>4,296,118</u>	<u>4,551,370</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>5,685,061</u>	<u>5,742,707</u>

Nature of Operations and Going Concern - See Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 25, 2017 and are signed on its behalf by:

/s/ David Scott
David Scott
Director

/s/ Marc Cernovitch
Marc Cernovitch
Director

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

TEMBO GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2017 \$	2016 \$	2017 \$	2016 \$
Expenses					
Accounting and administration	7	9,500	22,126	14,400	25,202
Audit		20,500	10,647	20,500	10,647
Depreciation	3	7,048	5,970	13,982	12,337
Executive management compensation	7	46,848	75,901	93,175	155,846
Interest expense on advances	5	798	798	1,587	2,033
Investment conference		-	-	7,805	-
Legal		-	4,073	-	7,169
Office		1,954	7,421	5,586	12,462
Professional fees		3,228	10,963	13,011	11,911
Regulatory		4,043	1,300	6,093	3,350
Rent		13,315	20,493	26,413	42,348
Salaries and benefits		52,479	13,495	104,100	29,164
Shareholder costs		-	-	-	285
Transfer agent		1,202	1,015	2,190	1,973
Travel		-	-	3,489	-
		<u>160,915</u>	<u>174,204</u>	<u>312,331</u>	<u>314,727</u>
Loss before other items		<u>(160,915)</u>	<u>(174,204)</u>	<u>(312,331)</u>	<u>(314,727)</u>
Other item					
Foreign exchange		<u>9,265</u>	<u>(1,983)</u>	<u>11,445</u>	<u>12,683</u>
Net loss for the period		<u>(151,650)</u>	<u>(176,187)</u>	<u>(300,886)</u>	<u>(302,044)</u>
Other comprehensive income (loss)					
Change in currency translation of foreign subsidiary		<u>(129,980)</u>	<u>50,128</u>	<u>(169,241)</u>	<u>(1,575,177)</u>
Comprehensive (loss) income for the period		<u>(281,630)</u>	<u>(126,059)</u>	<u>(470,127)</u>	<u>(1,877,221)</u>
Basic and diluted loss per common share					
		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>
Weighted average number of common shares outstanding					
		<u>162,732,634</u>	<u>143,007,634</u>	<u>161,108,986</u>	<u>139,882,634</u>

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

TEMBO GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Six Months Ended June 30, 2017						
Share Capital						
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Total Equity \$
Balance at December 31, 2016	155,232,634	37,452,906	13,993,948	6,128,347	(53,023,831)	4,551,370
Common shares issued for:						
cash - private placement	7,500,000	225,000	-	-	-	225,000
Share issue costs	-	(10,125)	-	-	-	(10,125)
Currency translation adjustment	-	-	-	(169,241)	-	(169,241)
Net loss for the period	-	-	-	-	(300,886)	(300,886)
Balance at June 30, 2017	162,732,634	37,667,781	13,993,948	5,959,106	(53,324,717)	4,296,118

Six Months Ended June 30, 2016

Share Capital							
	Number of Shares	Amount \$	Share Subscriptions \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Total Equity \$
Balance at December 31, 2015	136,757,634	37,086,656	-	13,993,948	6,898,579	(32,412,655)	25,566,528
Common shares issued for:							
cash - private placement	12,500,000	250,000	-	-	-	-	250,000
Share subscriptions received	-	-	49,500	-	-	-	49,500
Share issue costs	-	(3,250)	-	-	-	-	(3,250)
Currency translation adjustment	-	-	-	-	(1,575,177)	-	(1,575,177)
Net loss for the period	-	-	-	-	-	(302,044)	(302,044)
Balance at June 30, 2016	149,257,634	37,333,406	49,500	13,993,948	5,323,402	(32,714,699)	23,985,557

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

TEMBO GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended	
	June 30	
	2017	2016
	\$	\$
Operating activities		
Net loss for the period	(300,886)	(302,044)
Adjustment for:		
Depreciation	13,982	12,337
Unrealized foreign exchange	(79)	-
Changes in non-cash working capital items:		
GST/HST receivables	(2,867)	(3,419)
Prepaid expenses and deposits	5,211	5,730
Accounts payable and accrued liabilities	136,659	156,411
Net cash used in operating activities	<u>(147,980)</u>	<u>(130,985)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(62,718)	(110,425)
Expenditures on property, plant and equipment	(25,536)	-
Net cash used in investing activities	<u>(88,254)</u>	<u>(110,425)</u>
Financing activities		
Issuance of common shares	215,000	250,000
Share issue costs	(10,125)	(3,250)
Share subscriptions received	-	49,500
Advances received	6,000	-
Repayment of advances	(13,278)	-
Net cash provided by financing activities	<u>197,597</u>	<u>296,250</u>
Effect of exchange rate changes on cash	<u>35,225</u>	<u>1,806</u>
Net change in cash	(3,412)	56,646
Cash at beginning of period	<u>10,667</u>	<u>824</u>
Cash at end of period	<u>7,255</u>	<u>57,470</u>

Supplemental cash flow information - See Note 9

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

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Tembo Gold Corp. (the “Company”) is a public company incorporated on March 3, 1937 pursuant to the laws of the Province of Ontario, Canada. The Company is a publicly listed company with its common shares listed on the TSX Venture Exchange (“TSXV”) under the symbol “TEM”.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Tanzania. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company’s material mineral properties are located in Tanzania and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at June 30 2017 the Company has a working capital deficit of \$1,375,580 and an accumulated deficit of \$53,324,717. The Company has not yet produced any revenues from its mineral interests and further funds will be required to fund existing levels of overhead and planned exploration expenditures over the course of the next twelve months. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations or obtain financing at unfavourable terms. The material uncertainty may cast significant doubt about the Company’s ability to continue as a going concern. Furthermore, failure to continue as a going concern would require the Company’s assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended December 31, 2016

Basis of Measurement

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Consolidation

In addition to the Company, these condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Property, Plant and Equipment

Cost:	Office Furniture and Equipment \$	Exploration Equipment and Camp Facility \$	Computer Software \$	Vehicles \$	Total \$
Balance at December 31, 2015	129,863	499,891	74,587	4,844	709,185
Foreign exchange movement	<u>(3,875)</u>	<u>(14,917)</u>	<u>(2,226)</u>	<u>(145)</u>	<u>(21,163)</u>
Balance at December 31, 2016	125,988	484,974	72,361	4,699	688,022
Additions	-	-	-	25,536	25,536
Foreign exchange movement	<u>(4,222)</u>	<u>(16,254)</u>	<u>(2,425)</u>	<u>(416)</u>	<u>(23,317)</u>
Balance at June 30, 2017	<u>121,766</u>	<u>468,720</u>	<u>69,936</u>	<u>29,819</u>	<u>690,241</u>
Accumulated Depreciation:					
Balance at December 31, 2015	(115,015)	(199,645)	(74,587)	(4,844)	(394,091)
Depreciation	(4,440)	(20,121)	-	-	(24,561)
Foreign exchange movement	<u>3,375</u>	<u>5,698</u>	<u>2,226</u>	<u>145</u>	<u>11,444</u>
Balance at December 31, 2015	(116,080)	(214,068)	(72,361)	(4,699)	(407,208)
Depreciation	(2,234)	(10,125)	-	(1,623)	(13,982)
Foreign exchange movement	<u>3,951</u>	<u>7,450</u>	<u>2,425</u>	<u>200</u>	<u>14,026</u>
Balance at June 30, 2017	<u>(114,363)</u>	<u>(216,743)</u>	<u>(69,936)</u>	<u>(6,122)</u>	<u>(407,164)</u>
Carrying Value:					
Balance at December 31, 2016	<u>9,908</u>	<u>270,906</u>	<u>-</u>	<u>-</u>	<u>280,814</u>
Balance at June 30, 2017	<u>7,403</u>	<u>251,977</u>	<u>-</u>	<u>23,697</u>	<u>283,077</u>

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	Total \$
Balance at December 31, 2015	<u>25,970,778</u>
Exploration costs	
Field transportation	65,416
Technical services	<u>165,654</u>
	<u>231,070</u>
Acquisition costs	
Property / concession payments	12,742
Foreign exchange movement	(771,851)
Impairment	<u>(20,000,000)</u>
Balance at December 31, 2016	<u>5,442,739</u>
Exploration costs	
Technical services	114,540
Acquisition costs	
Property / concession payments	17,342
Foreign exchange movement	<u>(186,000)</u>
Balance at June 30, 2017	<u>5,388,621</u>

Tembo Project

The Tembo Project is located in northwest Tanzania, and is comprised of 38 contiguous prospecting licenses and license applications covering approximately 110 square kilometres.

The Company will be required to make a US \$250,000 payment to a third party upon a production decision being made on the Tembo Project. Further payments totalling US \$4,750,000 may then be payable as follows:

- (i) US \$250,000 payment upon production of 250,000 ounces of gold;
- (ii) US \$1,000,000 payment upon production of 1,000,000 ounces of gold;
- (iii) US \$1,500,000 payment upon production of 1,500,000 ounces of gold; and
- (iv) a final payment of US \$2,000,000 upon production of 2,000,000 ounces of gold.

In fiscal 2016 management assessed whether there were any indicators of impairment of the Company's exploration and evaluation assets as required by IFRS 6. In light of the Company's lack of funding and resultant inability to conduct significant exploration activities on the Tembo Project in recent years and the low trading value of the Company's common shares, management concluded there were indications of impairment.

When indicators of impairment are determined to be present, IAS 36 requires the Company to estimate the recoverable amount of the Company's exploration and evaluation assets. The Company does not have sufficient verifiable information to prepare adequately detailed and meaningful calculations of fair value. Therefore, the Company applied a fair value-based method that took into account the Company's financial position, results of operations and market capitalization of the Company's common shares, among other factors, in determining an estimated recoverable amount. This method indicated that an impairment provision of \$20,000,000 was appropriate in fiscal 2016. No further impairment provision was considered to be necessary for the six months ended June 30, 2017.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

5. Advances Payable

	June 30, 2017 \$	December 31, 2016 \$
Advances (a)	64,000	64,000
Advances (b)	<u>16,000</u>	<u>33,357</u>
	<u>80,000</u>	<u>97,357</u>

(a) The advances bear interest at a rate of 5% per annum and have no fixed terms of repayment. During the six months ended June 30, 2017 the Company recorded \$1,587 (2016 - \$2,033) of interest expense. As at June 30, 2017 accrued interest of \$5,899 was unpaid and included in accounts payable and accrued liabilities.

(b) The Company has received ongoing advances from shareholders and the CFO of the Company. During the six months ended June 30, 2017 the Company retired advances totalling \$23,357 and subsequently received a further \$10,000. The advances are non-interest bearing and are due on demand.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

Six Months Ended June 30, 2017

On March 2, 2017 the Company completed a non-brokered private-placement financing of 7,500,000 common shares at a price of \$0.03 per share to raise gross proceeds of \$225,000. The Company recorded a finder's fee of \$7,000 and incurred \$3,125 of share issue costs relating to this private placement.

Fiscal 2016

During fiscal 2016 the Company completed a non-brokered private-placement financing of 18,475,000 common shares at a price of \$0.02 per share to raise gross proceeds of to \$369,500.

The Company incurred \$3,250 of share issue costs relating to this private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at June 30, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	<u>2017</u>		<u>2016</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning and end of period	<u>87,171,921</u>	0.12	<u>87,171,921</u>	0.12

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at June 30, 2017:

Number	Exercise Price \$	Expiry Date
73,371,421	0.12	December 2, 2018
12,800,500	0.12	January 9, 2019
<u>1,000,000</u>	0.125	March 11, 2019
<u>87,171,921</u>		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the six months ended June 30, 2017 and 2016 no share options were granted.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at June 30, 2017 and 2016 and the changes for the six months ended on those dates, is as follows:

	<u>2017</u>		<u>2016</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	400,000	0.10	600,000	0.23
Expired	<u>-</u>	-	<u>(200,000)</u>	0.50
Balance, end of period	<u>400,000</u>	0.10	<u>400,000</u>	0.10

The following table summarizes information about the share options outstanding and exercisable at June 30, 2017:

Number	Exercise Price \$	Expiry Date
<u>400,000</u>	0.10	November 20, 2018

7. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

Transactions with Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

During the six months ended June 30, 2017 and 2016 the following amounts were incurred:

	2017 \$	2016 \$
Executive management compensation	<u>93,175</u>	<u>155,846</u>

Executive management compensation of \$69,164 (2016 - \$nil) has been capitalized to exploration and evaluation assets based on the nature of the expenditures.

As at June 30, 2017, \$749,718 (December 31, 2016 - \$529,757) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has also incurred rent in Tanzania for housing accommodation provided to the President of the Company. The value of the accommodation for the six months ended June 30, 2017 was \$26,413 (2016 - \$26,368). As at June 30, 2017 \$25,694 (December 31, 2016 - \$19,496) remained unpaid and has been included in accounts payable and accrued liabilities.

During the six months ended June 30, 2017 the Company incurred \$14,400 (2016 - \$23,351) for accounting and administration services provided by a private corporation owned by the Corporate Secretary of the Company. As at June 30, 2017 \$4,000 (December 31, 2016 - \$8,111) remained unpaid and has been included in accounts payable and accrued liabilities.

See also Note 5(b).

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2017 \$	December 31, 2016 \$
Cash	FVTPL	7,255	10,667
Accounts payable and accrued liabilities	Other financial liabilities	(1,308,943)	(1,093,980)
Advances payable	Other financial liabilities	(80,000)	(97,357)

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

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

TEMBO GOLD CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Unaudited - Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities and advances payable approximate their fair value due to their short-term nature. The recorded amounts for cash approximate their fair value. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at June 30, 2017				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	7,255	-	-	-	7,255
Accounts payable and accrued liabilities	(1,308,943)	-	-	-	(1,308,943)
Advances payable	(80,000)	-	-	-	(80,000)

	Contractual Maturity Analysis at December 31, 2016				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	10,667	-	-	-	10,667
Accounts payable and accrued liabilities	(1,093,980)	-	-	-	(1,093,980)
Advances payable	(97,357)	-	-	-	(97,357)

Market Risk

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

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

TEMBO GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017***(Unaudited - Expressed in Canadian Dollars)***8. Financial Instruments and Risk Management (continued)****(b) Foreign Currency Risk**

The Company's significant subsidiaries are located in Tanzania and have adopted the US Dollar as their currency. The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At June 30, 2017, 1 Canadian Dollar was equal to 0.77 US Dollar.

Balances are as follows:

	US \$	CDN \$ Equivalent
Cash	296	385
Accounts payable and accrued liabilities	<u>(846,849)</u>	<u>(1,099,804)</u>
	<u>(846,553)</u>	<u>(1,099,419)</u>

Based on the net exposures as of June 30, 2017 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately \$109,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration 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 Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Supplemental Cash Flow Information

During the six months ended June 30, 2017 and 2016 non-cash activities were conducted by the Company as follows:

	2017 \$	2016 \$
Operating activity		
Accounts payable and accrued liabilities	<u>69,164</u>	<u>-</u>
Investing activity		
Exploration and evaluation assets	<u>(69,164)</u>	<u>-</u>
Financing activities		
Advances repaid	(10,000)	-
Issuance of share capital	<u>10,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>

TEMBO GOLD CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017***(Unaudited - Expressed in Canadian Dollars)***10. Segmented Information**

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Tanzania and its corporate assets are located in Canada.

The Company's total assets are segmented geographically as follows:

	As at June 30, 2017		
	Canada	Tanzania	Total
	\$	\$	\$
Current assets	12,979	384	63,363
Property, plant and equipment	-	283,077	283,077
Exploration and evaluation assets	-	5,388,621	5,388,621
	<u>12,979</u>	<u>5,672,082</u>	<u>5,685,061</u>

	As at December 31, 2016		
	Canada	Tanzania	Total
	\$	\$	\$
Current assets	13,515	5,639	19,154
Property, plant and equipment	-	280,814	280,814
Exploration and evaluation assets	-	5,442,739	5,442,739
	<u>13,515</u>	<u>5,729,192</u>	<u>5,742,707</u>