

Waraba Gold Limited
(formerly Zenith Exploration Inc.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
Six Months Ended January 31, 2021 and 2020
(Expressed in Canadian Dollars)

These unaudited condensed consolidated interim financial statements of Waraba Gold Limited (Zenith Exploration Inc.) for the six months ended January 31, 2021, have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

| | Notes | January 31, 2021 | July 31, 2020 |
|---|-------|----------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 671,669 | \$ 106,789 |
| Receivables | 5 | 28,033 | 35,133 |
| Tax credit receivable | 3 | 50,972 | 50,972 |
| Prepaid | | 9,383 | - |
| | | 760,057 | 192,894 |
| Property and equipment | 3,4 | 69,962 | - |
| Intangible asset | | 1,918 | - |
| Exploration and evaluation assets | 3,5 | 11,126,304 | 347,657 |
| TOTAL ASSETS | | \$ 11,958,241 | \$ 540,551 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | 6 | \$ 2,969,267 | 13,120 |
| TOTAL LIABILITIES | | \$ 2,969,267 | \$ 13,120 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 7 | 10,344,559 | 1,162,891 |
| Contributed surplus | 7 | 71,901 | 71,901 |
| Accumulated other comprehensive loss | | (1,258) | - |
| NCI | 3,9 | (21,363) | - |
| Deficit | | (1,404,865) | (707,361) |
| TOTAL SHAREHOLDERS' EQUITY | | 8,988,974 | 527,431 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 11,958,241 | \$ 540,551 |

Nature and continuance of operations (Note 1)

Subsequent event (Note 12)

Approved by the Board of Directors and authorized for issue on March 29, 2021:

"Brent Hahn"

Brent Hahn, Director

"Carl Esprey"

Carl Esprey, Director

See accompanying notes to the condensed consolidated interim financial statements.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

| | Note | Three months ended January 31, 2021 | Three months ended January 31, 2020 | Six months ended January 31, 2021 | Six months ended January 31, 2020 |
|---|------|---|---|---|---|
| Expenses | | | | | |
| Management fees | 8 | \$ - | \$ - | \$ 82,270 | \$ - |
| Consulting fees | 8 | 48,035 | - | 58,035 | - |
| Depreciation | 4 | 662 | - | 662 | - |
| Investor relations | | 20,465 | - | 20,465 | - |
| Office and miscellaneous | | 21,644 | 43 | 21,688 | 70 |
| Professional fees | | 66,087 | 6,956 | 78,252 | 24,471 |
| Project generation | | 147,300 | - | 228,650 | - |
| Regulatory fees | | 6,397 | 2,700 | 8,647 | 9,366 |
| Transaction cost | | 19,928 | - | 19,928 | 55 |
| Transfer agent | | 2,060 | 625 | 6,560 | 2,325 |
| Travel & accomodation | | 133,915 | - | 133,915 | - |
| | | \$ (466,493) | \$ (10,324) | \$ (659,072) | \$ (36,287) |
| Other Items | | | | | |
| Foreign exchange | | (42,920) | | (42,920) | - |
| Tax recovery | | (7,980) | - | (7,980) | - |
| Interest Income | | 372 | - | 372 | - |
| Loss for the period | | \$ (517,021) | \$ (10,324) | \$ (709,600) | \$ (36,287) |
| Loss attributable to: | | | | | |
| Shareholders of the parent company | | (504,925) | (10,324) | (697,504) | (36,287) |
| Non-controlling interest | 9 | (12,096) | - | (12,096) | - |
| | | \$ (517,021) | \$ (10,324) | \$ (709,600) | \$ (36,287) |
| Other comprehensive loss: | | | | | |
| Foreign currency translation loss attributed to equity shareholders of the parent company | | - | - | (1,258) | - |
| Other comprehensive loss for the period | | \$ (517,021) | \$ (10,324) | \$ (710,858) | \$ (36,287) |
| Loss per share – basic and diluted | | \$ (0.01) | \$ (0.00) | \$ (0.02) | \$ (0.00) |
| Weighted average number of common shares outstanding | | 45,633,368 | 28,796,411 | 43,750,704 | 28,796,411 |

See accompanying notes to the condensed consolidated interim financial statements.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

 Condensed Consolidated Interim Statement of Changes in Shareholder's Equity
 (Unaudited - Expressed in Canadian Dollars)

| | Notes | Share capital | | Reserves | Accumulated other comprehensive loss | Non- controlling Interest | Deficit | Total |
|---|-------|---------------------|---------------------|------------------|---|---------------------------------|-----------------------|-------------------|
| | | Number of shares | Amount | | | | | |
| Balance at July 31, 2019 | | 28,796,411 | \$ 1,147,897 | \$ 71,901 | \$ - | \$ - | \$ (601,424) | \$ 618,374 |
| Transfer of properties to former subsidiaries | 5 | - | (180,745) | - | - | - | - | (180,745) |
| Spin out of subsidiaries | | - | - | - | - | - | 5,100 | 5,100 |
| Loss for the period | | - | - | - | - | - | (36,287) | (36,287) |
| Balance at January 31, 2020 | | 28,796,411 | \$ 967,152 | \$ 71,901 | \$ - | \$ - | \$ (632,611) | \$ 406,442 |
| Balance at July 31, 2020 | | 38,796,411 | \$ 1,162,891 | \$ 71,901 | \$ - | \$ - | \$ (707,361) | \$ 527,431 |
| Private placement | 7 | 8,500,000 | 1,700,000 | - | - | - | - | 1,700,000 |
| Acquisition of interest in Mali Gold Project | 3,7 | 25,690,000 | 7,578,550 | - | - | - | - | 7,578,550 |
| Share issuance costs | 7 | - | (96,882) | - | - | - | - | (96,882) |
| Investment in subsidiary | 3,7 | - | - | - | - | (9,267) | - | (9,267) |
| Foreign currency translation | | - | - | - | (1,258) | - | - | (1,258) |
| Non-controlling interest | 3,7,9 | - | - | - | - | (12,096) | - | (12,096) |
| Loss for the period | | - | - | - | - | - | (697,504) | (697,504) |
| Balance at January 31, 2021 | | 72,986,411 | 10,344,559 | 71,901 | \$ (1,258) | \$ (21,363) | \$ (1,404,865) | 8,988,974 |

See accompanying notes to the condensed consolidated interim financial statements.

Waraba Gold Limited (formerly Zenith Exploration Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

| | Six months ended January 31, 2021 | Six months ended January 31, 2020 |
|---|--|--|
| Operating activities | | |
| Net loss for the period | \$ (709,600) | \$ (36,287) |
| Item not involving cash: | | |
| Depreciation | 662.00 | - |
| Unrealized foreign exchange | (1,312) | - |
| Changes in non-cash working capital items: | | |
| Receivables | 111,755 | (1,448) |
| Due from former subsidiaries | - | (10,142) |
| Prepaid | (9,383) | - |
| Accounts payable and accrued liabilities | (462,807) | (8,242) |
| Net cash flows used in operating activities | (1,070,685) | (56,119) |
| Investing activities | | |
| Cash assumed from acquisition of subsidiary | 98,784 | - |
| Acquisition of property, plant and equipment | (64,419) | - |
| Acquisition of intangible asset | (1,918) | - |
| Net cash flows provided by investing activities | 32,447 | - |
| Financing activities | | |
| Proceeds on issuance of common shares, net of share issuance costs | 1,603,118 | - |
| Net cash flows provided by financing activities | 1,603,118 | - |
| Change in cash | 564,880 | (56,119) |
| Cash, beginning | 106,789 | 117,711 |
| Cash, ending | \$ 671,669 | \$ 61,592 |
| Non-cash transactions: | | |
| Shares issued, amalgamation | \$ 7,578,550 | \$ - |

See accompanying notes to the condensed interim financial statements.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Waraba Gold Limited (formerly Zenith Exploration Inc.) (the "Company") was incorporated on June 19, 2015, under the laws of the Province of British Columbia, Canada. On October 23, 2020, the Company changed its name to Waraba Gold Limited. The Company is a resource exploration company that is acquiring and exploring mineral properties.

The head office, principal address, records office and registered address of the Company are located at 1080 - 789 West Pender Street, Vancouver BC. The Company trades on the Canadian Securities Exchange (the "Exchange") under the trading symbol "WBGD".

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At January 31, 2021, the Company had not yet achieved profitable operations, had accumulated losses of \$1,404,865 (July 31, 2020 - \$707,361) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

2. Significant accounting policies and basis of preparation

These condensed consolidated interim financial statements were approved and authorized for issue on March 29, 2021 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2020.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (continued)***Basis of preparation***

The condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value.

Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Details of the controlled subsidiaries are as follows:

| | Country of incorporation | Percentage owned* | |
|---|--------------------------|-------------------|---------------|
| | | January 31, 2021 | July 31, 2020 |
| 1285074 B.C. Ltd. ("074 B.C.") | CAD | 100% | 0% |
| La Societe Gonka Gold Mali SARL ("Gonka") | Mali | 75% | 0% |

*Percentage of voting power is in proportion to ownership.

Functional currency

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of Waraba Gold Limited.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income (loss).

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property and equipment are as follows:

| Class of property and equipment | Depreciation rate |
|---------------------------------|-------------------|
| Vehicle | 33% |
| Software | 20% |

Accounting standards issued but not yet applied

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

3. Acquisition and amalgamation

On December 10, 2020, The Company obtained 100% control over 1278820 B.C. Ltd. ("820 B.C.") and acquired all issued and outstanding common shares.

On January 21, 2021, the Company, closed an amalgamation between 820 B.C. Ltd. and 1273795 B.C. Ltd ("795 B.C.") and formed 074 B.C. Pursuant to the amalgamation, the Company completed the purchase of 100% of all issued and outstanding common shares of 795 B.C. by issuing 25,690,000 common shares of the Company with a fair value of \$7,857,550.

At the transaction date, the Company determined that acquisition of 795 B.C. did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset.

The purchase price is as follows:

Purchase Price:

| | | |
|---------------------------------|----|-----------|
| 25,690,000 common shares issued | \$ | 7,578,550 |
|---------------------------------|----|-----------|

Fair value of net assets acquired:

| | | |
|---|----|-------------|
| Cash | \$ | 98,784 |
| Receivables | | 104,655 |
| Property and equipment (Note 4) | | 6,151 |
| Exploration and evaluation assets (Note 5) | | 10,778,647 |
| Accounts payable and accrued liabilities (Note 6) | | (3,418,953) |
| Non-controlling interest (Note 9) | | 9,266 |
| | \$ | 7,578,550 |

4. Property and equipment

| | Software | | Vehicle | | Total |
|---------------------------------------|-----------|--------------|-----------|---------------|------------------|
| Cost | | | | | |
| Balance July 31, 2020 and 2019 | \$ | - | \$ | - | \$ - |
| Acquisition (Note 3) | | 6,151 | | - | 6,151 |
| Additions | | - | | 64,419 | 64,419 |
| Effect of foreign exchange | | 54 | | - | 54 |
| Balance January 31, 2021 | \$ | 6,205 | \$ | 64,419 | \$ 70,624 |
| Amortization | | | | | |
| Balance July 31, 2020 and 2019 | \$ | - | \$ | - | \$ - |
| Additions | | 37 | | 625 | 662 |
| Balance January 31, 2021 | \$ | 37 | \$ | 625 | \$ 662 |
| Net book value | | | | | |
| Balance July 31, 2020 and 2019 | \$ | - | \$ | - | \$ - |
| Balance January 31, 2021 | \$ | 6,168 | \$ | 63,794 | \$ 69,962 |

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and evaluation assets**Mali Gold Project**

On January 21, 2020, the company completed the amalgamation of 820 B.C and 795 B.C. by issuing 25,690,000 common shares of the Company with a fair value of \$7,857,550. The excess of the consideration paid over the fair value of the net assets was attributed to the exploration and evaluation asset (Note 3).

Pursuant to the amalgamation, the Company acquired 75% interest in Gonka.

Gonka has entered into an agreement with Fokolore Mining SARL (the "Purchase Agreement") to acquire the research permit to explore for gold in the Maligonga-Est (Cercle de Kéniéba) region of Mali (the "Region"), issued by the Government of Mali on June 10, 2016 under number 2016-2006/MM-SG (as renewed pursuant to ordinance number 2019-3557/MMP-SG on October 11, 2019, (the "Mining Permit").

Under the terms of the Purchase Agreement, the parties must receive ministerial consent to the transfer of the Mining Permit to Gonka and the Company must pay a total consideration of US\$2,500,000 as follows:

- Payment of US\$250,000 – paid by the Company on behalf of Gonka
- Additional US\$1,000,000 is due by the end of March 2021 (Note 6).
- Remaining US\$1,250,000 is expected to be settled with shares of the (Note 6).

In addition, Gonka will be required to pay an additional US\$1,000,000 upon proof, to an internationally recognized standard, that the area covered by the Mining Permit holds at least 1,000,000 ounces of gold; and an additional US\$1,000,000 upon proof, to an internationally recognized standard, that the area covered by the Mining Permit holds at least 1,500,000 ounces of gold.

The Company will be expected to fund 75% of all future exploration on the concession. The remaining 25% of future exploration expense will be funded by the non-controlling shareholder in Gonka.

Scotch Creek Property

On November 14, 2017, the Company entered into a definitive agreement to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property in the Kamloops Mining Division of British Columbia. In connection with the Scotch Creek Property agreement, the Company and vendors have also executed a royalty deed agreement pursuant to the terms and consideration of which the vendors shall receive a net smelter return royalty of 2% from the Company. Two directors of the Company are vendors of the property.

In consideration for a 100% undivided interest in the property, the Company issued 15,000,000 common shares for total consideration of \$300,000.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets as of January 31, 2021:

| | Mali Gold Project | Scotch Creek | Total |
|---|--------------------------|---------------------|----------------------|
| Property acquisition costs | | | |
| Balance, beginning | \$ - | \$ 300,000 | \$ 300,000 |
| Acquisition (Note 3) | 10,778,647 | - | 10,778,647 |
| Balance, ending | \$ 10,778,647 | \$ 300,000 | \$ 11,078,647 |
| Exploration and evaluation costs | | | |
| Balance, beginning | \$ - | \$ 7,839 | \$ 7,839 |
| Costs incurred during the period: | | | |
| Assessment report | - | 49,773 | 49,773 |
| | \$ - | \$ 57,612 | \$ 57,612 |
| Other Items: | | | |
| Exploration tax credits | - | (9,955) | (9,955) |
| Balance, ending | \$ 10,778,647 | \$ 347,657 | \$ 11,126,304 |

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended July 31, 2020:

| | Scotch Creek | Golden Girl | Mantle | Total |
|---|---------------------|--------------------|---------------|-------------------|
| Property acquisition costs | | | | |
| Balance, beginning of period | \$ 300,000 | \$ 8,000 | \$ 8,000 | \$ 316,000 |
| Additions | - | - | - | - |
| Transfer to former subsidiaries | | (8,000) | (8,000) | (16,000) |
| Balance, ending | 300,000 | - | - | 300,000 |
| Exploration and evaluation costs | | | | |
| Balance, beginning | 7,839 | 79,086 | 82,166 | 169,091 |
| Costs incurred during the period: | | | | |
| Assessment report | 49,773 | - | - | 49,773 |
| Management fees | - | 1,596 | 1,897 | 3,493 |
| Transfer to former subsidiaries | - | (80,682) | (84,063) | (164,745) |
| | 57,612 | - | - | 57,612 |
| Other Items: | | | | |
| Exploration tax credits | (9,955) | - | - | (9,955) |
| Balance, ending | \$ 347,657 | \$ - | \$ - | \$ 347,657 |

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

6. Accounts payable and accrued liabilities

| | January 31, 2021 | July 31, 2020 |
|---|---------------------|------------------|
| Accounts payable - Mali Gold Project (Note 5) | \$ 2,875,500 | \$ - |
| Accounts payable | 87,155 | 7,008 |
| Accrued liabilities | 6,612 | 6,112 |
| Balance, ending | \$ 2,969,267 | \$ 13,120 |

7. Share capital***Authorized share capital***

Unlimited number of common shares without par value.

Issued share capital

At January 31, 2021, there were 72,986,411 (July 31, 2020 – 38,796,411) issued and fully paid common shares.

On November 19, 2020, the Company completed a non-brokered private placement financing and issued 8,500,000 units at a price of \$0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share at a price of \$1.00 per common share for twelve months following the closing date of the non-brokered private placement. No finder fees were paid in connection with the private placement.

On January 21, 2021, the Company, closed an amalgamation between the Company's wholly owned subsidiary 820 B.C. and 795 B.C. In connection with the amalgamation, the Company issued 25,690,000 common shares of the Company at a value of \$7,578,550 to the previous shareholders of 795 B.C.

Stock options

During the period ended January 31, 2021, certain officers, directors and former officers and directors have forfeited all their share purchase options.

As at January 31, 2021, there were no stock options outstanding and exercisable (July 31, 2020 - 2,879,641).

Warrants

In connection with the November 19, 2020 private placement, 8,500,000 warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of \$1.00 for a term of one year.

As of January 31, 2021, and July 31, 2020, 18,500,000 warrants were outstanding and exercisable.

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

8. Related party transactions

Payments to key management and directors during the six months ended January 31, 2021 and 2020 were as follows:

| | October 31, 2020 | October 31, 2019 |
|---|---------------------|---------------------|
| Management fees paid to officers or to companies controlled by officers | \$ 82,270 | \$ - |
| Consulting fees paid to directors | 22,678 | - |
| Professional fees paid to officers | 45,939 | - |
| Total compensation | \$ 150,887 | \$ - |

During the period ended January 31, 2021, certain officers, directors and former officers and directors have forfeited all their share purchase options.

Included in receivables as at January 31, 2021 is \$1,915 (July 31, 2020 - \$1,415) due from directors.

As at January 31, 2021 (July 31, 2020 - \$Nil), \$18,362 was due to a director.

9. Non-Controlling Interest

On January 21, 2020, the company completed the amalgamation of 820 B.C and 795 B.C. Pursuant to the amalgamation, the Company acquired 75% interest in Gonka (Note 3).

As at January 31, 2021, the Company holds 75% (July 31, 2020 – 0%) interest in Gonka resulting in 25% ownership interest held by non-controlling shareholders.

Reconciliation of non-controlling interest as follows:

| | January 31, 2021 | July 31, 2020 |
|------------------------------------|---------------------|------------------|
| Balance, beginning | \$ - | \$ - |
| Acquisition of subsidiary (Note 3) | (9,267) | - |
| Share in net loss | (12,096) | - |
| Balance, ending | \$ (21,363) | \$ - |

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

10. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, receivables, accounts payables and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is measured at fair value using Level 1 inputs.

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

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

Waraba Gold Limited (formerly Zenith Exploration Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended January 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

11. Segmented information

The Company operates in a single reportable operating segment – exploration and evaluation business in two geographical areas, Canada and Mali. During the period ended January 31, 2021 and year ended July 31, 2020, assets by geography are presented below:

As at January 31, 2021:

| | Canada | | Mali | | Total |
|--------------------------|--------|-------------|------|------------|----------------|
| Current assets | \$ | 658,155 | \$ | 101,902 | \$ 760,057 |
| Non-current assets | \$ | 349,575 | \$ | 10,848,609 | \$ 11,198,184 |
| Current liabilities | \$ | (2,957,848) | \$ | (11,419) | \$ (2,969,267) |
| Non-controlling interest | \$ | - | \$ | 21,363 | \$ 21,363 |

As at July 31, 2020:

| | Canada | | Mali | | Total |
|---------------------|--------|----------|------|---|-------------|
| Current assets | \$ | 192,894 | \$ | - | \$ 192,894 |
| Non-current assets | \$ | 347,657 | \$ | - | \$ 347,657 |
| Current liabilities | \$ | (13,120) | \$ | - | \$ (13,120) |

12. Subsequent event

On March 12, 2021, the Company was listed on the Frankfurt Stock Exchange (also known as Deutsche Boerse AG) under the symbol ZE0. The Company's common shares continue to be listed in the Canadian Securities Exchange under the symbol, WGBD.