1911 Gold Corporation

Consolidated Annual Financial Statements

(Expressed in thousands of Canadian dollars)

For the years ended December 31, 2021 and 2020

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Independent auditor's report

To the Shareholders of 1911 Gold Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 1911 Gold Corporation and its subsidiary (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other information

Management is responsible for the other information. The other information comprises the 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 IFRS, 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Craig McMillan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2022

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	December 31, 2021	December 31, 2020
		$	$
ASSETS			
Current			
Cash and cash equivalents		9,954	10,029
Marketable securities	**5**	213	–
Inventories	**6**	1,159	2,785
Prepaid expenses and other		462	506
		11,788	13,320
Non-current			
Restricted cash		400	–
Mineral properties, plant and equipment, net	**7**	33,414	34,301
TOTAL ASSETS		**45,602**	**47,621**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**8**	914	1,733
Accrued compensation and benefits		644	785
Flow-through share premium liability	**9**	1,645	632
		3,203	3,150
Non-current			
Reclamation obligations	**10**	3,116	2,819
TOTAL LIABILITIES		6,319	5,969
SHAREHOLDERS' EQUITY			
Share capital	**11**	31,776	25,594
Share-based payment reserve	**11**	1,126	916
Contributed surplus		130,106	130,106
Deficit		(123,725)	(114,964)
TOTAL SHAREHOLDERS' EQUITY		**39,283**	**41,652**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**45,602**	**47,621**

Nature of operations and going concern – Note 1
Commitments and Contingencies – Note 16
Subsequent events – Note 17

On behalf of the Board:

/s/ Mike Hoffman
Chairman

/s/ James Haggarty
Director

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars)

	Note	2021	2020
		$	$
REVENUES		**9,667**	**10,768**
Cost of sales			
Production costs		12,866	8,817
Depreciation and depletion		1,492	2,460
		(4,691)	(509)
Other operating expenses			
General and administrative		1,984	2,485
Exploration expense		4,412	4,082
Loss from operations		(11,087)	(7,076)
Flow-through premium recovery	**9**	632	1,133
Foreign currency (loss) gain, net		(1)	2
Interest income		3	35
Other income (expenses)	**5**	1,684	(10)
Gain on marketable securities	**5**	88	–
Reclamation obligation accretion		(148)	(180)
Gain on equipment disposal		73	–
Loss for the year before tax		(8,756)	(6,096)
Income tax		(5)	(5)
Net loss and comprehensive loss for the year		(8,761)	(6,101)
Loss per share			
Basic and diluted		(0.19)	(0.15)
Weighted average number of shares outstanding			
Basic and diluted		46,971,606	42,007,242

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars)

	Note	2021	2020
		$	$
CASH (USED IN) PROVIDED BY:			
Operating activities			
Net loss and comprehensive loss for the year		(8,761)	(6,101)
Depreciation and depletion		1,182	2,732
Flow-through premium recovery	**9**	(632)	(1,133)
Accretion on reclamation obligation	**10**	148	180
Share-based payments	**11**	200	350
Gain on marketable securities	**5**	(88)	–
Shares issued for property exploration expenses	**11**	148	–
Foreign currency loss (gain), net		1	(2)
Gain on disposal of equipment		(73)	–
Changes in non-cash working capital items			
Inventories		1,626	(1,423)
Prepaid expenses and other		44	(20)
Accounts payable		(1,229)	950
Accrued compensation and benefits		143	117
		(7,291)	(4,350)
Investing activities			
Restricted cash		(400)	–
Expenditures on mineral property, plant and equipment		(357)	(121)
Proceeds on disposal of equipment		284	–
		(473)	(121)
Financing activities			
Proceeds from private placement, net of share issuance costs		7,599	4,868
Exercise of options		2	2
Exercise of warrants		88	–
		7,689	4,870
(Decrease) increase in cash and cash equivalents		(75)	399
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		**10,029**	**9,630**
CASH AND CASH EQUIVALENTS - END OF YEAR		**9,954**	**10,029**

Supplemental cash flow information – Note 15

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

	Note	Number of common shares	Share capital	Share–based payment reserve	Contributed Surplus	Deficit	Total
			$	$	$	$	$
Balance, December 31, 2019		37,975,729	21,749	567	130,106	(108,863)	43,559
Shares issued by private placement	**11**	8,200,000	5,208	–	–	–	5,208
Less: share issuance costs	**11**	–	(402)	62	–	–	(340)
Flow-through share premium	**9**	–	(1,026)	–	–	–	(1,026)
Exercise of options	**11**	6,666	3	(1)	–	–	2
Exercise of RSUs	**11**	213,335	62	(62)	–	–	–
Share-based payments	**11**	–	–	350	–	–	350
Loss for the year		–	–	–	–	(6,101)	(6,101)
Balance, December 31, 2020		46,395,730	25,594	916	130,106	(114,964)	41,652
Shares issued by private placement	**11**	20,500,000	8,000	–	–	–	8,000
Less: share issuance costs	**11**	555,429	(474)	73	–	–	(401)
Flow-through share premium	**9**	–	(1,645)	–	–	–	(1,645)
Exercise of RSUs	**11**	213,330	62	(62)	–	–	–
Exercise of options	**11**	6,666	3	(1)	–	–	2
Exercise of warrants	**11**	175,000	88	–	–	–	88
Shares issued for mineral properties	**11**	370,000	148	–	–	–	148
Share-based payments	**11**	–	–	200	–	–	200
Loss for the year		–	–	–	–	(8,761)	(8,761)
Balance, December 31, 2021		**68,216,155**	**31,776**	**1,126**	**130,106**	**(123,725)**	**39,283**

1. NATURE OF OPERATIONS AND GOING CONCERN

1911 Gold Corporation ("1911 Gold" or the "Company") is engaged in the acquisition, exploration, development and extraction of precious metals. The Company owns and operates the Rice Lake property which holds the True North gold mine and mill ("True North"), as well as the Apex property near Snow Lake, Manitoba and the Denton-Keefer and Tully properties near Timmins, Ontario. The Company was incorporated under the British Columbia Business Corporations Act on May 3, 2018 and is listed publicly on the TSX Venture Exchange ("TSX-V") under the symbol "AUMB" and the OTCQX Best Market under the symbol "AUMBF". The Company's registered office is located at 666 Burrard Street, 25th Floor, Vancouver, British Columbia, V6C 2X8.

Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for at least twelve months from the year end. At December 31, 2021 the Company had a working capital (current assets less current liabilities) of $8,585 (December 31, 2020 - $10,170). Working capital includes $8,000 of funds raised from the December 30, 2021 private placement (note 11(b)) which are restricted for use in funding qualified exploration expenditures. During the year ended December 31, 2021 the Company incurred a loss of $8,761 (December 31, 2020 - $6,101) and used cash for operating activities of $7,291 (December 31, 2020 - $4,350).

The Company has a history of operating losses, has limited financial resources, and no assurance that sufficient funding will be available to enable the Company to continue exploration and operations at the current level. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock, through entering into joint ventures or by realizing proceeds from the disposition of its mineral interests. Management plans to continue to secure the necessary financing through a combination of equity financing and divesting of non-core property holdings; however, there can be no assurance that the Company will be successful in these actions. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance and functional currency

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2021. These consolidated financial statements were approved by the Board of Directors on April 27, 2022. These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's foreign entity is US dollars. The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

The Company's principal subsidiary is as follows:

Name	Place of Incorporation	Ownership Percentage
1911 Gold USA	USA	100%

3. ACCOUNTING POLICIES

These consolidated financial statements have been prepared using the following accounting policies:

Cash and cash equivalents

Cash and cash equivalents are unrestricted as to use and consist of deposits and short-term interest-bearing accounts with original maturities of 90 days or less.

Foreign currency

The functional currency of 1911 Gold is the Canadian dollar. Gains or losses resulting from measuring foreign currency transactions and balances into an entity's functional currency are recorded to profit or loss.

Financial Instruments

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial instruments consist of cash equivalents, deposits, marketable securities, accounts payable and accrued liabilities. Cash equivalents, deposits, accounts payable and accrued liabilities are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. Marketable securities are classified as FVTPL.

b) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss during the period in which they arise.

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

d) Derecognition

- **Financial assets -** The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income.

- **Financial liabilities -** The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

Inventories

Inventory includes supplies inventory and the following production-related inventories: stockpiles, in-process, and doré finished goods, all of which are measured and carried at the lower of average cost or net realizable value. For production-related inventories, cost includes all mining, processing, and refining costs incurred during production stages, including allocations for mine site overhead, depreciation and depletion, and ore transport costs. Net realizable value is calculated as the estimated future sales price in the ordinary course of business using period-end metal prices less the estimated costs to convert the production-related inventories into a saleable product (less estimated selling costs).

- **Supplies inventory** consists of supplies and commodity consumables used in the mining, milling, and refining processes.

- **Stockpiles** represent ore that has been mined which requires further processing through a mill. Costs are transferred from Stockpiles to In-process at an average cost per unit.

- **In-process inventory** consists of ore being processed through the milling circuit in preparation for refining. Costs are transferred from In-process to Doré finished goods at an average cost per unit.

- **Doré finished goods inventory** consists of gold bullion held at the refiner as well as Doré bars awaiting shipment to the refiner. Refined bullion meets the required market standards of 99.95% pure gold. Costs are transferred from Doré finished goods to Cost of sales at an average cost per unit as gold is sold to customers.

Mineral properties, plant and equipment

Mineral properties, plant and equipment are carried at cost, less accumulated depletion, depreciation, and accumulated impairment losses (if any). Cost includes the fair value of consideration given to acquire or construct an asset and includes all charges associated with bringing an asset to the location and condition necessary for its intended use. Estimated costs of decommissioning, dismantling, and removing assets are capitalized to the cost of the asset to which they relate.

a) Mineral properties

Mineral properties consist of the fair value attributable to resources acquired in a business combination or asset acquisition, mine development costs, tailings facilities, and environmental compliance and permitting costs. Mine development costs include costs to build or construct shafts, drifts, and ramps which enable the Company to physically access ore and costs to delineate or expand an existing mineral resource ore bodies, including, costs for drilling, assaying, and engineering work. Additionally, mine development costs include amounts reclassified from capitalized exploration and evaluation costs (as discussed below).

Mineral properties are depleted using the units-of-production method. Depletion is determined each period using a factor of gold ounces mined over the estimated recoverable gold ounces at each mineral property, the totals of which are prospectively adjusted to correspond to changes in such recoverable gold ounces. To the extent capitalized mineral property costs benefit an entire ore body, they are amortized over the estimated recoverable gold ounces of that ore body. Capitalized costs that benefit specific ore veins or areas are amortized over the estimated recoverable gold ounces of that specific ore vein or area.

b) Plant and equipment

Plant and equipment assets are recorded at cost and depreciated over their estimated useful lives. Cost includes the expenditures directly attributable to the acquisition of the asset and the cost of major overhauls of parts of property and equipment if such part extends the productive capacity or useful economic life of the asset to which it relates. Upon such occurrence, the carrying amount of the replaced part is derecognized as a current period charge. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation on property and equipment is calculated using either the straight-line method based on the asset's expected useful life or the units-of-production method at rates sufficient to depreciate such costs over the total estimated recoverable ounces. When components of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation on assets under construction commences when such assets are substantially complete and placed in service for their intended use. The major categories of plant and equipment are depreciated at the following annual rates:

- **Vehicles** – 3 - 5 years
- **Buildings** – 5 - 37 years
- **Computer Software and Hardware** – 3 - 12 years
- **Field Equipment** – 3 - 8 years
- **Mill** – 3 - 14 years
- **Tailings Equipment** – 3 - 5 years

c) Exploration and evaluation assets

Exploration and evaluation assets include the capitalized costs of acquiring mineral property rights and licenses. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful exploration and development of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however, active and significant operations in relation to the mineral property are continuing or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to the statement of operations and comprehensive loss at the time the determination is made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and the Company has made a decision to proceed with development, the property is considered to be a mine under development and is classified as "mining assets", within PP&E. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

Impairment of long-lived assets

At each reporting period end, the Company reviews its long-lived assets, which include capitalized costs for the acquisition of mineral properties, plant and equipment, to determine whether any indications of impairment exist. If any such indication exists, the recoverable amount of the relevant cash generating unit ("CGU") is estimated in order to determine the extent of an impairment, if any. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, which for 1911 Gold means its individual mine sites. The recoverable amount is determined as the higher of fair value less direct costs of disposal ("FVLCD") and the asset's value in use (VIU"). FVLCD is the estimated amount that would be obtained from the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. For mineral assets, when a binding sale agreement is not readily available, FVLCD is often estimated using a discounted post-tax cash flow approach. In assessing VIU, the estimated future pre-tax cash flows of an asset or CGU are discounted to their present value. Estimated future cash flows are computed using estimated recoverable gold ounces from period end mineral resources, estimates of future gold selling prices, and estimates of future operating, capital, and decommissioning costs. If the carrying amount of an asset or CGU exceeds its estimated recoverable amount, the carrying amount of such asset or CGU is reduced to its estimated recoverable amount and an impairment loss is recognized. Assets or CGUs that have been impaired are tested for possible reversal of the impairment charge whenever events or changes in circumstances indicate that the impairment may have reversed.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

Reclamation obligations

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for site closure and reclamation activities where the liability is probable and a reasonable estimate can be made of the obligation amount. Provisions for closure and reclamation liabilities are estimated using expected cash flows, based on engineering and environmental reports prepared by internal and third-party industry specialists, which are adjusted for estimates of inflation and discounted at a rate specific to the estimated term of the liability which reflects risks specific to such liability. The capitalized amount is included within Mineral properties, plant and equipment, net and amortized on the same basis as the asset to which it relates. The decommissioning provision liability is accreted over time to reflect the unwinding of the discount with the resultant accretion expense included in Finance charges, net. The provision is reviewed at each period end and adjusted for changes in estimates, circumstances, disturbances, and inputs used to compute the underlying liability.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments.

Share-based compensation

The Company has a share option plan which is described in Note 11(c). Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Share-based payments to employees and Directors are measured at the grant date fair value of the equity instruments issued and are amortized over their applicable vesting periods. The offset to the recorded cost is to share-based payment reserves. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Flow-through Shares

The Company may periodically issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. In the event that warrants are issued with the flow-through common shares, the Company will not assign any of the premium to those warrants. Upon expenditures being incurred, the Company derecognizes the flow-through liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision in accordance with the income tax policy.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in Note 9. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid

Revenue

The Company recognizes revenue from contracts with customers for the sale of gold at the point in time when it transfers control over to the customers, which occurs upon delivery. Revenue is measured based on the market metal prices at the time of settlement.

The Company produces doré and derives revenue from the sale of doré. The Company's performance obligations relate primarily to the delivery of these products to customers, with each shipment representing a separate performance obligation. Revenue from the sale of bullion is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the product is physically delivered to the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product.

The refiner who receives doré from the Company, refines the material on the Company's behalf and arranges for sale of the refined metal on the London Bullion Market. Control over the refined gold or silver produced from doré is transferred to the customer and revenue recognized upon delivery to the customer's bullion account. Refined metals are sold at spot prices on the London Bullion Market and proceeds are collected within two business days of the completion of the sale transaction.

Income taxes

The Company uses an asset and liability approach which results in the recognition of deferred tax liabilities and assets for the expected future tax consequences or benefits of temporary differences between the financial reporting basis and the tax basis of assets and liabilities, as well as operating loss carryforwards, using enacted tax rates in effect in the years in which the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. A valuation allowance has been provided for the portion of the net deferred tax assets for which it is more likely than not that they will not be realized.

Segments

The Company's reportable segments are comprised of operating units which 1) have revenues, earnings or losses, or assets exceeding 10% of the respective consolidated totals and 2) are regularly reviewed by the Chief Executive Officer to make decisions about resource allocation and performance assessment. The Company's operating segment, the Rice Lake property, is located in Manitoba, Canada.

Accounting standards issued but not yet effective

IAS 16 Property, Plant and Equipment

On May 14, 2020, the International Accounting Standards Board published an amendment to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use. The amendments prohibit deducting from the cost of property, plant and equipment any proceeds received from selling items produced while bringing that asset for its intended use. Instead, proceeds received will be recognized as sales proceeds and related cost in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022, with early adoption permissible. This standard is not expected to have a significant impact on the Company's financial statements.

As at December 31, 2021, there are no other IFRS or IFRIC interpretations with future effective dates that are expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual consolidated financial statements and the reported amounts of gain and expenses during the reporting period. Such estimates and assumptions, which by their nature are uncertain, affect the carrying value of assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

(Expressed in thousands of Canadian dollars)

These estimates are as follows:

Determining amount and timing of rehabilitation costs
Management must determine if estimates of the future costs the Company will incur to complete the rehabilitation work is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the statement of financial position that no material rehabilitation provisions were required under IAS 37, Provisions, Contingent Liabilities, and Contingent Assets.

Critical judgments are as follows:

Going concern
Management has made certain estimates and judgements with respect to evaluating the Company's ability to continue as a going concern, including budgeted expenditures, the timing of certain work activities, and the ability to raise additional funds. While management is confident in the reasonableness of these underlying assumptions, they are subject to change which could impact the Company's ability to continue as a going concern.

Impairment of mineral properties
Acquisition costs for mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, acquisition costs related to relinquished property rights are written off in the period of relinquishment. Capitalized acquisition costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

5. MARKETABLE SECURITIES

	$
Balance at December 31, 2020	**–**
Shares received	125
Mark-to-market adjustment on fair value of marketable securities	88
BALANCE AT DECEMBER 31, 2021	**213**

As of December 31, 2020 the Company held 17,682,418 shares of 55 North Mining Inc. ("55 North"). As 55 North was not trading on a stock exchange at that time the value of the marketable securities was carried at $nil. During the year ended December 31, 2021, the number of shares was adjusted to reflect a reverse split of 10.13 shares for 1, adjusting the shares held from 17,682,418 to 1,745,550 as of December 31, 2021. During the year ended December 31, 2021, the Company recorded a mark-to-market adjustment of $88.

On April 21, 2021, 55 North declared and paid a cash dividend. The Company has recorded $1,484 in dividend income within other income (expenses) on the Statement of Loss and Comprehensive Loss.

(Expressed in thousands of Canadian dollars)

On June 24, 2021, the Company received 500,000 shares of Alliance Mining Corporation ("Alliance") for the sale of the Greenbelt claims to Alliance. The Company initially recognized the shares at a value of $1 per share, based on the closing share price the day before the agreement was signed, June 3, 2021, and a corresponding liability was recognized. As at December 31, 2021, the Company recognized a mark-to-market adjustment of $375, reflecting the lower market price for Alliance shares, reducing the carrying value of both the shares and the corresponding liability to $125.

6. INVENTORIES

	2021	2020
	$	$
PRODUCTION RELATED INVENTORIES:		
Supplies	986	966
In-process	99	540
Doré finished goods	74	1,279
	1,159	**2,785**

As at December 31, 2021, the in-process and doré finished goods inventories included approximately $7 and $5, respectively, (December 31, 2020 - $96 and $227) of capitalized non-cash depreciation and depletion costs. During the years ended December 31, 2021 and 2020, no write-downs were made on inventory.

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Plant and equipment	Mineral properties	Total
	$	$	$
COST:			
Balance at December 31, 2019	29,249	61,922	91,171
Additions	121	–	121
Change in estimate of reclamation obligation	–	9	9
Balance at December 31, 2020	29,370	61,931	91,301
Additions	357	149	506
Disposals	(295)	–	(295)
Balance at December 31, 2021	29,432	62,080	91,512
ACCUMULATED DEPRECIATION AND DEPLETION			
Balance at December 31, 2019	(23,469)	(30,799)	(54,268)
Additions	(2,732)	–	(2,732)
Balance at December 31, 2020	(26,201)	(30,799)	(57,000)
Additions	(1,182)	–	(1,182)
Disposals	84	–	84
Balance at December 31, 2021	(27,299)	(30,799)	(58,098)
NET – DECEMBER 31, 2020	**3,169**	**31,132**	**34,301**
NET – DECEMBER 31, 2021	**2,133**	**31,281**	**33,414**

Plant and equipment at December 31, 2021 includes $nil (December 31, 2020 - $49) of construction in progress.

(Expressed in thousands of Canadian dollars)

As a result of the shutdown of mining operations in 2018 and the focus on exploration activity for the foreseeable future, all the Company's mineral properties are considered to be in the exploration phase.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	$	$
Accounts payable	602	1,313
Accrued liabilities	312	420
	914	**1,733**

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the issued flow-through shares:

	$
Balance at December 31, 2019	739
Liability incurred on flow-through shares issued during the year	1,026
Settlement of flow-through share liability on incurred expenditures	(1,133)
Balance at December 31, 2020	**632**
Settlement of flow-through share liability on incurred expenditures	(632)
Liability incurred on flow-through shares issued during the year	1,645
BALANCE AT DECEMBER 31, 2021	**1,645**

On July 14, 2020, the Company issued 8,200,000 flow-through common shares for gross proceeds of $5,208. The Flow-Through Shares were issued in two tranches with tranche one consisting of 4,275,000 Flow-Through Shares (the "Premium FT Shares") issued to purchasers residing in Manitoba at a price of $0.75 per Premium FT Share for aggregate gross proceeds of $3,206 and tranche two consisting of 3,925,000 Flow-Through Shares (the "National FT Shares") issued to purchasers residing outside of Manitoba at a price of $0.51 per National FT Share for aggregate gross proceeds of $2,002. No premium was recorded on the National FT shares and a premium of $0.24 per share was recorded for the Premium FT shares.

During the year ended December 31, 2020, the Company incurred $4,032 of eligible flow-through expenditures, representing 100% of the previous commitment from flow-through shares issued in March 2019 and 39% of the flow-through shares issued in July 2020. During the year ended December 31, 2021, the Company incurred the remaining $3,202 of eligible flow-through expenditures, fulfilling the remaining commitment from flow-through shares issued in July 2020. A total flow-through share premium liability of $632 was amortized to flow-through premium recovery on the statement of loss and comprehensive loss during the year ended December 31, 2021 (2020 – $1,133).

During the year December 31, 2021, the Company issued 20,500,000 flow-through common shares for gross proceeds of $8,000. The Flow-Through Shares were issued in two tranches with tranche one consisting of 6,000,000 Flow-Through Shares (the "Premium FT Shares") issued to purchasers residing in Manitoba at a price of $0.56 per Premium FT Share for aggregate gross proceeds of $3,360 and tranche two consisting of 14,500,000 Flow-Through Shares (the "National FT Shares") issued to purchasers residing outside of Manitoba at a price of $0.32 per National FT Share for aggregate gross proceeds of $4,640. A premium of $0.25 per share was recorded for the Premium FT shares and a premium of $0.01 per share was recorded for the National FT shares.

(Expressed in thousands of Canadian dollars)

10. RECLAMATION OBLIGATION

The reclamation obligation is related to True North and is estimated based upon the present value of expected cash flows using estimates of inflation and a credit adjusted risk-free discount rate. The undiscounted amount of cash flows required to settle the reclamation obligation was estimated at $8,993 as at December 31, 2021 (December 31, 2020 – $7,449).

The key assumptions on which the provision estimates were based in the years ended December 31, 2021 and 2020 are:

- Expected timing of the cash flows occurs between 2023-2041 based on the estimated useful life of True North.
- The inflation rate used for the year ended December 31, 2021 is 2.10% (year ended December 31, 2020 – 1.30%).
- The discount rate used for the year ended December 31, 2021 is 5.76% (year ended December 31, 2020 – 5.24%).

The following table provides a summary of changes in the reclamation obligation:

	$
Balance at December 31, 2019	2,630
Accretion expense	180
Change in estimate	9
Balance at December 31, 2020	2,819
Accretion expense	148
Change in estimate	149
BALANCE AT DECEMBER 31, 2021	**3,116**

11. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.
b) Shares issued

Private Placements

On July 14, 2020, the Company completed a private placement by issuing 8,200,000 flow-through common shares for gross proceeds of $5,208 (the "Offering"). The Flow-Through Shares were issued in two tranches with tranche one consisting of 4,275,000 Flow-Through Shares (the "Premium FT Shares") issued to purchasers residing in Manitoba at a price of $0.75 per Premium FT Share for aggregate gross proceeds of $3,206 and tranche two consisting of 3,925,000 Flow-Through Shares (the "National FT Shares") issued to purchasers residing outside of Manitoba at a price of $0.51 per National FT Share for aggregate gross proceeds of $2,002.

In connection with the Offering, the Company issued the underwriters non-transferable broker warrants of the Company ("Broker Warrants") equal to 4.0% of the aggregate number of Flow-Through Shares issued, and a reduced number of Broker Warrants equal to 2.0% of the aggregate number of Flow-Through Shares issued to certain purchasers on the "President's List". Each Broker Warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of $0.60 per share until January 14, 2022.

On December 30, 2021, the Company completed a private placement by issuing 20,500,000 flow-through common shares for gross proceeds of $8,000 (the "Offering"). The Flow-Through Shares were issued in two tranches with tranche one consisting of 6,000,000 Flow-Through Shares (the "Premium FT Shares") issued to purchasers residing in Manitoba at a price of $0.56 per Premium FT Share for aggregate gross proceeds of $3,360 and tranche two consisting of 14,500,000 Flow-

Through Shares (the "National FT Shares") issued to purchasers residing outside of Manitoba at a price of $0.32 per National FT Share for aggregate gross proceeds of $4,640.

In connection with the Offering, the Company issued 737,813 non-transferable broker warrants of the Company ("Broker Warrants") to the underwriters, with each Broker Warrant exercisable to acquire one common share in the capital of the Company at an exercise price of $0.35 per share until June 30, 2023.

Shares issued on exercise of RSUs

On January 15, 2020, 166,667 RSUs were exercised and on March 16, 2020, 46,668 RSUs were exercised. Each RSU was converted into one common share of the Company.

On January 15, 2021, 166,666 RSUs were exercised and on March 15, 2021, 46,664 RSUs were exercised. Each RSU was converted into one common share of the Company.

Shares issued on exercise of options

On July 22, 2020, 6,666 shares were issued related to the exercise of stock options by an employee of the Company.

On February 18, 2021, 6,666 shares were issued related to the exercise of stock options by an employee of the Company.

Shares issued on exercise of warrants

On June 9, 2021, 175,000 shares were issued related to the exercise of warrants for total proceeds of $88.

Shares issued on mineral properties

On June 14, 2021, the Company issued 175,000 shares at a value of $77 as part of a definitive agreement dated June 7, 2021, with StrikePoint Gold Inc. (“StrikePoint”) with respect to the acquisition of 100% interest in StrikePoint’s Angelina Property located near the site of the True North mill and tailings facilities.

On September 7, 2021, the Company issued 180,000 shares at a value of $66 as part of a definitive agreement dated August 17, 2021, with three individuals for the acquisition of a 100% interest in the CGW Palomar Lake Property. As well, the Company issued an additional 15,000 shares at a value of $5 for the as part of a definitive agreement dated August 17, 2021, with Pleiades Mineral Exploration Ltd. for the acquisition of a 100% interest in the Pleiades 1 Property. Both properties are located near the site of the True North mill and tailings facilities.

c) Options

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees, and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

The options vest as to one-third immediately and one-third after the first and second anniversary of the date of grant.

(Expressed in thousands of Canadian dollars)

The Company's share options outstanding as at December 31, 2021 and 2020 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2019	2,960,000	0.33
Granted – August 5, 2020	275,000	0.77
Granted – August 27, 2020	760,000	0.78
Exercised	(6,666)	0.30
Balance as at December 31, 2020	3,988,334	0.45
Exercised	(6,666)	0.30
BALANCE AS AT DECEMBER 31, 2021	**3,981,668**	**0.45**

The total share-based payment expense recorded during the year ended December 31, 2021 was $200 (2020: $350).

The following table summarizes information about the share options as at December 31, 2021:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Weighted exercise price of options exercisable	Number of options exercisable	Expiry date
$0.36	1,345,000	1.62	$0.36	1,345,000	August 15, 2023
$0.31	175,000	1.90	$0.31	175,000	November 26, 2023
$0.31	400,000	2.04	$0.31	400,000	January 15, 2024
$0.36	175,000	2.18	$0.36	175,000	March 4, 2024
$0.30	851,668	2.74	$0.30	851,668	September 27, 2024
$0.77	275,000	3.60	$0.77	183,333	August 5, 2025
$0.78	760,000	3.66	$0.78	506,667	August 27, 2025

The fair value of options recognized has been estimated using the Black-Scholes Pricing Model with the following assumptions on the grant date of the options:

Grant date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility(1)	Weighted average fair value
August 5, 2020	5.00	0.34%	nil	75%	$0.46
August 27, 2020	5.00	0.41%	nil	75%	$0.47

[1] As the Company does not have sufficient history of past share prices, the expected volatility was calculated by taking the average volatility of similar junior resource companies.

(Expressed in thousands of Canadian dollars)

d) Warrants

The Company's warrants outstanding as at December 31, 2021 and 2020 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2019	2,665,833	1.62
Issued – July 14, 2020	324,400	0.60
Balance as at December 31, 2020	2,990,233	1.51
Exercised	(175,000)	0.50
Expired	(1,240,833)	0.50
Issued – December 30, 2021	737,813	0.35
BALANCE AS AT DECEMBER 31, 2021	**2,312,213**	**1.75**

The balance of warrants outstanding as at December 31, 2021 is as follows:

Expiry Date	Exercise Price	Remaining Life (Years)	Warrants Outstanding
January 14, 2022	$0.60	0.04	324,400
June 30, 2023	$0.35	1.50	737,813
April 3, 2032	$4.24	10.26	625,000
February 11, 2029	$1.52	7.12	625,000

Subsequent to year end, 324,400 warrants expired unexercised.

e) Restricted share units ("RSU")

The Company's RSUs outstanding as at December 31, 2021 and 2020 and the changes for the years then ended are as follows:

	Number
Balance as at December 31, 2019	426,665
Exercised	(213,335)
Balance as at December 31, 2020	213,330
Exercised	(213,330)
BALANCE AS AT DECEMBER 31, 2021	**–**

The RSUs vested one-third upon approval by the Company's shareholders of the RSU plan at the Annual General Meeting held on June 18, 2019 and one-third after the first and second anniversaries from their initial grant date. Each RSU is convertible into one common share of the Company. The share-based payment from the vesting of the RSUs for the year ended December 31, 2021 was $1 (2020: $35).

(Expressed in thousands of Canadian dollars)

12. INCOME TAXES

A reconciliation of the Company's effective tax rate with the statutory tax rate for the years ended December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
	$	$
Loss before tax	(8,756)	(6,096)
Statutory tax rate	27%	27%
Income tax (benefit) at statutory rate	(2,364)	(1,646)
Reconciling items:		
Share-based payments	53	94
Deferred tax asset not recognised	2,167	764
Flow-through shares	694	782
Dividend income from Canadian corporation	(400)	-
Other	(145)	11
INCOME TAX EXPENSE	**5**	**5**

At December 31, 2021 and 2020, deductible temporary differences for which no deferred tax assets are recognized are below:

	December 31, 2021	December 31, 2020
	$	$
Net operating losses	101,537	96,841
Deductible temporary differences:		
Mineral properties, plant and equipment	160,527	157,895
Asset retirement obligation	3,229	2,721
Provincial mining tax attributes	95,587	87,639
Other tax attributes	771	-
TOTAL DEDUCTIBLE DIFFERENCES	**361,651**	**345,096**

As of December 31, 2021, the Company had net operating loss carryforwards of $101,537 (December 31, 2020 - $96,841) which expire between 2034 and 2041.

13. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management includes directors and executive officers of the Company. During the year ended December 31, 2021 and 2020, the Company incurred the following charges by key management of the Company and by companies controlled by them:

(Expressed in thousands of Canadian dollars)

	2021 $	2020 $
Salaries and wages	1,096	922
Professional fees	21	21
Directors' fees	156	179
Share–based payments	149	165
	1,422	**1,287**

All fees have been reported as general and administrative expenses, except for $199 of salaries and wages that was included in exploration expense (2020 – $190). Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

14. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and to explore and develop assets with a view to building a diversified mineral resource company.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

The Company manages the capital structure and adjusts it based on changes in economic conditions and the risk characteristics of the mineral property assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund activities. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

Financial Instruments

The Company's financial instruments consist of cash equivalents, deposits, marketable securities, accounts payable and accrued liabilities. Cash equivalents, deposits, accounts payable and accrued liabilities These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. Marketable securities are recorded at fair value through profit or loss ("FVTPL") and are measured at fair value using Level 1 inputs.

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange currency risk, and commodity price risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see Note 1). The Company closely monitors and reviews its costs incurred and actual cash flows against the approved budget on a monthly basis to ensure the Company's access to funds is adequate to support the Company's operations on an ongoing basis. Future operations or exploration programs will require additional financing primarily through equity markets or other forms of financing such as joint venture partnerships.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt.

Foreign Exchange Risk

The Company's Canadian entities have a Canadian dollar functional currency. Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's historical foreign currency gains and losses primarily relate to amounts on intercompany loan balances and US dollar transactions with vendors.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. As of December 31, 2021, the Company itself had not entered into any agreements to mitigate its exposure to market price risk.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. The following transactions were excluded from the statement of cash flows:

During the year ended December 31, 2021:
- The issuance of 737,813 broker warrants for share issue costs valued at $73;
- The change in estimate of the retirement obligation in the amount of $149; and
- The shares received on the sale of Greenbelt at a value of $125 recorded as a liability.

During the year ended December 31, 2020:
- The issuance of 324,400 broker warrants for share issue costs valued at $62; and
- The change in estimate of the retirement obligation in the amount of $9.

16. COMMITMENTS AND CONTINGENCIES

1911 Gold Replacement Warrant

On March 16, 2018, Klondex Mines Ltd. ("Klondex") entered into an arrangement agreement (the "Arrangement Agreement") with Hecla Mining Company ("Hecla") and 1156291 B.C. Unlimited Liability Company, a wholly-owned subsidiary of Hecla. Under the terms of the Arrangement Agreement, Hecla acquired all the outstanding common shares of Klondex, and Klondex shareholders received consideration consisting of cash, shares of Hecla common stock, or a combination of cash and Hecla common stock, plus shares of a new company, Havilah Mining Corporation, formed to hold Klondex's Canadian assets comprised of Klondex Canada Ltd. ("Klondex Canada") and Bison Gold Resources, Inc. ("Bison").

Following completion of the plan of Arrangement Agreement involving Hecla and Klondex, the Company issued to Waterton Nevada Splitter, LLC ("Waterton") a warrant to acquire up to 625,000 common shares of the Company at an exercise price of $4.24 per share and expiring April 3, 2032 (the "1911 Gold Replacement Warrant"). 1911 Gold Replacement Warrants were issued to Waterton along with a replacement warrant from Hecla (collectively the "Replacement Warrants") in accordance with the terms of the warrant certificate issued by Klondex to Waterton on October 3, 2016 (the "Original Warrant Certificate").

On September 11, 2018 Waterton filed a claim with the Ontario Superior Court of Justice alleging breach of contract against Hecla, Klondex Mines Unlimited Liability Company and the Company for failure to honour the terms of the Original Warrant Certificate and, or in the alternative, a declaration that the Replacement Warrants do not satisfy Hecla's obligations as successor-in-interest to Klondex's obligations under the Original Warrant Certificate and a new replacement warrant. Waterton claims, among other things, that the Replacement Warrants purport to apportion the value of the original Warrant Certificate between the Hecla and 1911 Gold warrants using the aggregate transaction value of the Arrangement (as determined unilaterally by Hecla), rather than protecting the economic value of the Original Warrant Certificate, and that with the Replacement Warrants, Hecla and 1911 Gold failed to protect the economic value of Waterton's Original Warrant immediately prior to the consummation of the Arrangement. Instead it is alleged that in breach of contractual obligations, Hecla and the Company made an arbitrary allocation in a manner convenient to them, without regard for the economic value of the Original Warrant. The Company, as a party to this claim, defended the action, as did the other two defendants. On April 29, 2021, all parties signed a settlement and release from the claim, with no consequence to the Company, and the action was dismissed by the Ontario Superior Court of Justice.

(Expressed in thousands of Canadian dollars)

Sale of Greenbelt property

On June 3, 2021, the Company entered into a purchase agreement with Alliance Mining Corp. ("Alliance") for the sale of the Company's 50% interest in the Greenbelt property, located south of Bissett, Manitoba for total consideration of 500,000 shares of Alliance with a fair value of C$500. Closing of the agreement was subject to Alliance repurchasing the shares issued as consideration in five monthly installments, with the final payment completed by March 22, 2022. The Company had the option to terminate the agreement in the event that the missing Installment was not remedied and would be due C$200 in compensation. On April 6, 2022, the Company received the final payment of C$100 for the repurchase of the Alliance shares.

True North Mine Closure Plan and Financial Security

In connection with the Company's Mine Closure Plan, the Company is obligated to provide financial security to the Province of Manitoba. In 2021 the Company met this obligation by providing a third-party surety for $800 which included a cash deposit of $400 held by the third-party surety provider. This cash deposit is included in restricted cash on the Statement of Financial Position.

The total financial security will be provided based on the following schedule:

Year	Financial Security Amount
2021	$800 (paid)
2022	$1,200
2023	$1,800
2024	$2,267
Total	**$6,067**

In addition to the financial security amounts to be added to the surety above, the Company will pledge certain physical assets, including equipment and buildings, as security against the entirety of the closure cost obligation, until such time as the financial security adequately covers the closure costs.

17. SUBSEQUENT EVENTS

Subsequent to year end, the Company granted the following common share purchase options:

- 825,000 common share purchase options at an exercise price of $0.35 were granted on February 2, 2022, expiring on February 2, 2027 and vesting 1/3 immediately, 1/3 on the one year anniversary, and 1/3 on the second year anniversary.
- 300,000 common share purchase options at an exercise price of $0.40 were granted on March 15, 2022, expiring on Mar 15, 2027 and vesting 1/3 immediately, 1/3 on the one year anniversary, and 1/3 on the second year anniversary.
- 450,000 common share purchase options at an exercise price of $0.38 were granted on April 1, 2022, expiring on April 1, 2027. 350,000 of the common share purchase options will vest immediately, with the remaining 100,000 vesting 1/2 on the one year anniversary and 1/2 on the second year anniversary