1911 Gold Corporation

Consolidated Annual Financial Statements

(Expressed in thousands of Canadian dollars)

For the years ended December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021;
- 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 to 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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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral properties *Refer to note 4 – Critical accounting estimates and judgments and note 7 – Mineral properties, plant and equipment to the consolidated financial statements.* The carrying value of mineral properties, comprising exploration and evaluation assets, amounted to \$31.8 million as at December 31, 2022. At each reporting date, management reviews the Company's mineral properties for indicators of impairment, which requires management to exercise key judgments, including but not limited to (i) the Company's right to explore the mineral properties, (ii) whether the Company has further plans or budgets for substantive expenditures for the ongoing exploration and evaluation of the mineral properties, (iii) the impact of exploration and evaluation results to date with respect to the mineral properties, and (iv) the likelihood that the carrying value of the mineral properties will be recovered in the future through development or sale of the assets. If indicators of impairment are identified, management would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their fair value. No impairment indicators were identified by management as at December 31, 2022. We considered this a key audit matter due to (i) the significance of the mineral properties balance and	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to mineral properties, which included the following: - Obtained, for a sample of mining claims, by reference to government registries, evidence to support the right to explore the mineral properties. - Read board minutes and obtained budget approvals to evidence continued and planned substantive expenditures for the ongoing exploration and evaluation of the mineral properties. - Assessed whether the exploration for and evaluation of mineral resources in specific areas have not led to the discovery of commercially viable quantities of mineral resources, or whether sufficient data exists to indicate that the carrying value of mineral properties is unlikely to be recovered in full, from successful development or by sale, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
(ii) the judgments made by management in its assessment of indicators of impairment related to mineral properties, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.	

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2023

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents		630	9,954
Marketable securities	**5**	35	213
Inventories	**6**	905	1,159
Prepaid expenses and other		400	462
		1,970	11,788
Non-current			
Restricted cash		400	400
Mineral properties, plant and equipment, net	**7**	31,793	33,414
TOTAL ASSETS		**34,163**	**45,602**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**8**	2,919	914
Accrued compensation and benefits		600	644
Flow-through share premium liability	**9**	–	1,645
		3,519	3,203
Non-current			
Reclamation obligations	**10**	2,458	3,116
TOTAL LIABILITIES		**5,977**	**6,319**
SHAREHOLDERS' EQUITY			
Share capital	**11**	31,776	31,776
Share-based payment reserve	**11**	1,423	1,126
Accumulated other comprehensive income		(7)	–
Contributed surplus		130,106	130,106
Deficit		(135,112)	(123,725)
TOTAL SHAREHOLDERS' EQUITY		**28,186**	**39,283**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**34,163**	**45,602**

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

On behalf of the Board:

/s/ Mike Hoffman	/s/ James Haggarty
Chairman	Director

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars)

	Note	2022	2021
		$	$
REVENUES		**5,884**	**9,667**
Cost of sales			
Production costs		8,447	12,866
Depreciation and depletion		832	1,492
		(3,395)	(4,691)
Other operating expenses			
General and administrative		1,873	1,984
Exploration expense		8,023	4,412
Loss from operations		(13,291)	(11,087)
Flow-through premium recovery	**9**	1,645	632
Other income	**5**	538	1,684
Interest (expense) income		(8)	3
Reclamation obligation accretion	**10**	(180)	(148)
(Loss) gain on marketable securities	**5**	(53)	88
Foreign currency loss, net		(38)	(1)
Gain on equipment disposal		–	73
Loss for the year before tax		(11,387)	(8,756)
Income tax		–	(5)
Net loss for the year		(11,387)	(8,761)
Other comprehensive loss for the year			
Currency translation adjustment		(7)	–
Comprehensive loss for the year		(11,394)	(8,761)
Loss per share			
Basic and diluted		(0.17)	(0.19)
Weighted average number of shares outstanding			
Basic and diluted		68,216,155	46,971,606

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(Expressed in thousands of Canadian dollars)

	Note	2022	2021
		$	$
CASH (USED IN) PROVIDED BY:			
Operating activities			
Net loss and comprehensive loss for the year		(11,387)	(8,761)
Depreciation and depletion		820	1,182
Flow-through premium recovery	**9**	(1,645)	(632)
Accretion on reclamation obligation	**10**	180	148
Share-based payments	**11**	297	200
Loss (gain) on marketable securities	**5**	53	(88)
Foreign currency loss, net		31	1
Shares issued for property exploration expenses		–	148
Gain on disposal of equipment		–	(73)
Changes in non-cash working capital items			
Inventories		254	1,626
Prepaid expenses and other		62	44
Accounts payable		2,092	(1,229)
Accrued compensation and benefits		(44)	143
		(9,287)	(7,291)
Investing activities			
Restricted cash		–	(400)
Expenditures on mineral property, plant and equipment		(37)	(357)
Proceeds on disposal of equipment		–	284
		(37)	(473)
Financing activities			
Proceeds from private placement, net of share issuance costs		–	7,599
Exercise of options		–	2
Exercise of warrants		–	88
		–	7,689
Decrease in cash and cash equivalents		(9,324)	(75)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		**9,954**	**10,029**
CASH AND CASH EQUIVALENTS - END OF YEAR		**630**	**9,954**

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	Accumulated Other Comprehensive Income	Contributed Surplus	Deficit	Total
			$	$	$	$	$	$
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
Share-based payments	**11**	–	–	297	–	–	–	297
Loss for the year		–	–	–	–	–	(11,387)	(11,387)
Cumulative translation adjustment		–	–	–	(7)	–	–	(7)
Balance, December 31, 2022		**68,216,155**	**31,776**	**1,423**	**(7)**	**130,106**	**(135,112)**	**28,186**

1. NATURE OF OPERATIONS

1911 Gold Corporation ("1911 Gold" or the "Company") is engaged in the exploration 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, 2022 the Company had a working capital deficit (current assets less current liabilities) of $1,549 (December 31, 2021 – working capital of $8,585). During the year ended December 31, 2022 the Company incurred a loss of $11,387 (2021 - $8,761) and used cash for operating activities of $9,287 (2021 - $7,291). As at December 31, 2022, the Company had a cash balance of $630 which is not sufficient to fund the current financial obligations beyond May 31, 2023. The Company is continuing to pursue additional sources of funding, including through non-core property sales and financing, as well as pursuing possible mergers and acquisitions.

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 activities. 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 as issued by the International Accounting Standards Board ("IFRS"), effective for the Company's reporting for the year ended December 31, 2022. These consolidated financial statements were approved by the Board of Directors on April 24, 2023. 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) 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

b) Mineral properties

Mineral properties 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

As at December 31, 2022, 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.

These estimates are as follows:

a) 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:

b) Impairment of mineral properties

At each reporting date, management reviews the Company's mineral properties for indicators of impairment which requires management to exercise key judgements, including but not limited to (i) the Company's right to explore the mineral properties, (ii) whether the Company has further plans or budgets for substantive expenditures for the ongoing exploration and evaluation of the mineral properties, (iii) the impact of exploration and evaluation results to date with respect to the mineral properties, and (iv) the likelihood that the carrying value of the mineral properties will be recovered in the future through development or sale of the assets. If indicators of impairment are identified, management would further review the carrying values of the applicable mineral properties to determine if their carrying values may exceed their fair value. No impairment indicators were identified by management as at December 31, 2022.

(Expressed in thousands of Canadian dollars)

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**
Mark-to-market adjustment on fair value of marketable securities	(53)
Sale of Alliance shares through repurchase by Alliance	(125)
BALANCE AT DECEMBER 31, 2022	**35**

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, 2022, the Company recorded a mark-to-market adjustment of $53 bringing the fair value of the shares as at December 31, 2022 to $35.

On April 21, 2021, 55 North declared and paid a cash dividend. The Company recorded $1,484 in dividend income within other income on the Statement of Loss and Comprehensive Loss during the year ended December 31, 2021.

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. During the year ended December 31, 2022, the shares were repurchased by Alliance Mining and therefore nil shares were held at December 31, 2022 and the shares and corresponding liability were derecognized. In addition to the shares received, Alliance was required to repurchase those shares with cash payments totalling $500, $300 of which was recorded during the year ended December 31, 2022 in other income (2021: $200).

6. INVENTORIES

	December 31 2022	December 31 2021
	$	$
PRODUCTION RELATED INVENTORIES:		
Supplies	905	986
In-process	–	99
Doré finished goods	–	74
	905	**1,159**

As at December 31, 2022, no in-process or doré finished goods were held in inventory. As at December 31, 2021, the in-process and doré finished goods inventories included approximately $7 and $5, respectively, of capitalized non-cash depreciation and depletion costs.

During the years ended December 31, 2022 and 2021, no write-downs were made on inventory.

(Expressed in thousands of Canadian dollars)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Plant and equipment	Mineral properties	Total
	$	$	$
COST:			
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
Additions	37	–	37
Disposals	(15,747)	(838)	(16,585)
Balance at December 31, 2022	13,722	61,242	74,964
ACCUMULATED DEPRECIATION AND DEPLETION			
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)
Additions	(820)	–	(820)
Disposals	15,747	–	15,747
Balance at December 31, 2022	(12,372)	(30,799)	(43,171)
NET – DECEMBER 31, 2021	**2,133**	**31,281**	**33,414**
NET – DECEMBER 31, 2022	**1,350**	**30,443**	**31,793**

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.

During the year ended December 31, 2022, some fully-depreciated assets with both a cost and accumulated depreciation of $15,747 were disposed of.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2022	December 31 2021
	$	$
Accounts payable	2,525	602
Accrued liabilities	394	312
	2,919	**914**

(Expressed in thousands of Canadian dollars)

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, 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
Settlement of flow-through share liability on incurred expenditures	(1,645)
BALANCE AT DECEMBER 31, 2022	**-**

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, 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.

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.

During the year ended December 31, 2022, the Company incurred $8,000 of eligible flow-through expenditures and a total flow-through share premium liability of $1,645 was amortized to flow-through premium recovery on the statement of loss and comprehensive loss (year ended December 31, 2021 – $632).

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 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, 2022 (December 31, 2021 – $8,993).

The key assumptions on which the provision estimates were based in the year ended December 31, 2022 and year ended December 31, 2021 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, 2022 is 3.28% (year ended December 31, 2021 – 2.10%).
- The discount rate used for the year ended December 31, 2022 is 7.28% (year ended December 31, 2021 – 5.76%).

(Expressed in thousands of Canadian dollars)

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

	$
Balance at December 31, 2020	2,819
Accretion expense	148
Change in estimate	149
Balance at December 31, 2021	3,116
Accretion expense	180
Change in estimate	(838)
BALANCE AT DECEMBER 31, 2022	**2,458**

11. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Private Placements

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, 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 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.

(Expressed in thousands of Canadian dollars)

Shares issued on acquisition of 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.

The Company's share options outstanding as at December 31, 2022 and 2021 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
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
Granted – February 2, 2022	825,000	0.35
Granted – March 15, 2022	300,000	0.40
Granted – April 1, 2022	450,000	0.38
Forfeited	(20,000)	0.30
BALANCE AS AT DECEMBER 31, 2022	**5,536,668**	**0.43**

The total share-based payment expense recorded during the year ended December 31, 2022 was $297 (2021: $200).

(Expressed in thousands of Canadian dollars)

The following table summarizes information about the share options as at December 31, 2022:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price of options exercisable	Number of options exercisable	Expiry date
$0.36	1,365,000	0.62	$0.36	1,365,000	August 15, 2023
$0.31	175,000	0.90	$0.36	175,000	November 26, 2023
$0.31	400,000	1.04	$0.31	400,000	January 15, 2024
$0.36	175,000	1.18	$0.36	175,000	March 4, 2024
$0.30	831,668	1.74	$0.30	831,668	September 27, 2024
$0.77	275,000	2.60	$0.77	275,000	August 5, 2025
$0.78	740,000	2.66	$0.78	740,000	August 27, 2025
$0.35	825,000	4.09	$0.35	275,000	February 2, 2027
$0.40	300,000	4.21	$0.40	100,000	March 15, 2027
$0.38	450,000	4.25	$0.38	150,000	April 1, 2027

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
February 2, 2022	5.00	1.61%	nil	75%	$0.18
March 15, 2022	5.00	1.67%	nil	75%	$0.25
April 1, 2022	5.00	2.42%	nil	75%	$0.24

[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.

d) Warrants

The Company's warrants outstanding as at December 31, 2022 and 2021 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price $
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
Expired	(324,400)	0.50
BALANCE AS AT DECEMBER 31, 2022	**1,987,813**	**1.94**

The balance of warrants outstanding as at December 31, 2022 is as follows:

Expiry Date	Exercise Price	Remaining Life (Years)	Warrants Outstanding
June 30, 2023	$0.35	0.50	737,813
April 3, 2032	$4.24	9.26	625,000
February 11, 2029	$1.52	6.12	625,000

(Expressed in thousands of Canadian dollars)

e) Restricted share units ("RSU")

The Company's RSUs outstanding as at December 31, 2022 and 2021 and the changes for the years then ended are as follows:

	Number
Balance as at December 31, 2020	213,330
Exercised	(213,330)
BALANCE AS AT DECEMBER 31, 2021 AND DECEMBER 31, 2022	**–**

12. INCOME TAXES

No tax expense or benefit was recorded for the years ended December 31, 2022 and 2021.

A reconciliation of the Company's effective tax rate with the statutory tax rate for the years ended December 31, 2022 and 2021 is as follows:

	December 31, 2022 $	December 31, 2021 $
Loss before tax	(11,387)	(8,756)
Statutory tax rate	27%	27%
Income tax (benefit) at statutory rate	(3,074)	(2,364)
Reconciling items:		
Share-based payments	80	53
Deferred tax asset not recognised	1,220	2,167
Flow-through shares	1,716	694
Dividend income from Canadian corporation	–	(400)
Other	58	(145)
INCOME TAX EXPENSE	**–**	**5**

At December 31, 2022 and 2021, deductible temporary differences for which no deferred tax assets are recognized are below:

	December 31, 2022 $	December 31, 2021 $
Net operating losses	105,684	101,537
Deductible temporary differences:		
Mineral properties, plant and equipment	161,958	160,527
Asset retirement obligation	2,456	3,229
Provincial mining tax attributes	108,474	95,587
Other tax attributes	513	771
TOTAL DEDUCTIBLE DIFFERENCES	**379,085**	**361,651**

As of December 31, 2022, the Company had net operating loss carryforwards of $105,684 (December 31, 2021 - $101,537) which expire between 2034 and 2041.

(Expressed in thousands of Canadian dollars)

13. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management includes directors and executive officers of the Company. During the years ended December 31, 2022 and 2021, the Company incurred the following charges by key management of the Company and by companies controlled by them:

		Year ended December 31
	2022	2021
	$	$
Salaries and wages	974	1,096
Professional fees	21	21
Directors' fees	157	156
Share–based payments	233	149
	1,385	**1,422**

All fees have been reported as general and administrative expenses, except for $200 of salaries and wages that was included in exploration expense (2021 – $199).

As at December 31, 2022, $300 was owing to directors, officers or their related companies (December 31, 2021 - $nil).

Key management includes directors and executive officers of the Company. 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, 2022.

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 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, 2022, 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.

During the year ended December 31, 2022:

- The shares received on the sale of Greenbelt were repurchased by Alliance and a value of $125 recorded as marketable securities and as a liability were derecognized; and
- The change in estimate of the retirement obligation in the amount of $838

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.

(Expressed in thousands of Canadian dollars)

16. COMMITMENTS AND CONTINGENCIES

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.