CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Treasury Metals Inc.

Opinion

We have audited the consolidated financial statements of Treasury Metals Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2021 and 2020 and the consolidated statements of operations, other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,750,359 during the year ended December 31, 2021 and, as of that date, the Company has a cumulative deficit of $42,092,961. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 2021. 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* we have determined the matters described below to be the key audit matters to be communicated in our report.

<u>Evaluation of assessment of Impairment Indicators of Mineral Properties</u>

As described in Note 2 and Note 9, the carrying value of the Company's mineral properties and related deferred costs is $188,132,850 as at December 31, 2021. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets are impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgement in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Group's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. No impairment indicators were identified by management as at December 31, 2021.

We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the consolidated financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment indicators, and (iii) the matter required significant auditor attention and audit effort.

How our audit addressed the Key Audit Matter:

- Obtained, for a sample of claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates.

- Reviewed internal and external resources, such as Board meeting minutes and budget approvals to evidence continued and planned exploration expenditures, which included evaluating results of current year work programs.

- Assessed whether there are facts and circumstances that could indicate that the carrying values of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis (MD&A), but does not include the financial statements and our auditor's report thereon.

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 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.

We obtained the report prior to the date of this auditor's report. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 24, 2022
Toronto, Ontario

TREASURY METALS INC.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN CANADIAN DOLLARS)

	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents (Note 5)	**$ 10,090,415**	$ 4,437,345
Accounts receivable and prepaid expenses (Note 6)	**1,126,862**	719,680
Investments (Note 7)	**693,825**	1,022,315
	11,911,102	6,179,340
Non-current investments (Note 7)	**-**	437,500
Property and equipment (Note 8)	**2,556,660**	2,548,145
Mineral properties and related deferred costs (Note 9)	**188,132,850**	173,724,630
	$ 202,600,612	$ 182,889,615
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	**$ 1,723,673**	$ 1,193,650
Current portion of long-term debt (Note 12)	**-**	3,642
Derivative liability (Note 12)	**710,032**	3,680,193
Flow-through premium (Note 13)	**1,561,508**	-
	3,995,213	4,877,485
Long-term debt (Note 12)	**5,409,515**	4,959,393
Deferred tax liability (Note 19)	**2,233,000**	-
	11,637,728	9,836,878
Shareholders' Equity		
Capital stock (Note 13)	**209,453,412**	187,969,705
Contributed surplus	**24,598,080**	23,655,291
Deficit	**(42,092,961)**	(38,342,602)
Accumulated other comprehensive loss	**(995,647)**	(229,657)
	190,962,884	173,052,737
	$ 202,600,612	$ 182,889,615

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations and Contingencies (Note 20)
Subsequent Events (Note 22)

SIGNED ON BEHALF OF THE BOARD

(Signed) *"Marc Henderson"*
Director

(Signed) *"Flora Wood"*
Director

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31, 2021	2020
Expenses		
Administrative, office and shareholder services	**$ 1,340,175**	$ 1,245,032
Professional fees	**401,767**	351,232
Salary and benefits	**1,382,024**	1,233,217
Share-based compensation (Note 16)	**754,532**	863,299
Accretion of long-term debt (Note 12)	**300,078**	254,887
Finance expense	**487,994**	611,581
Foreign exchange gain	**(15,947)**	(118,640)
Loss on debt extinguishment (Note 12)	**47,097**	-
Loss (gain) on debt and derivative liability (Note 12)	**(3,180,361)**	1,740,545
	1,517,359	6,181,153
Loss before income taxes	**(1,517,359)**	(6,181,153)
Deferred income tax recovery (expense)(Note 19)	**(2,233,000)**	3,425,060
Net loss for the year	**$ (3,750,359)**	$ (2,756,093)
Loss per share - basic and diluted	**$ (0.03)**	$ (0.03)
Weighted average number of shares outstanding	**125,073,008**	78,754,278

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31,			
		2021		2020
Net loss for the year	**$**	**(3,750,359)**	$	(2,756,093)
Other comprehensive income (loss)				
Unrealized gain (loss) on equity investments, net of taxes		**(765,990)**		128,423
Realized loss on sale of FVTOCI investments		**-**		(747)
Cancellation of Platinex Inc. warrants		**-**		(84,978)
Other comprehensive income (loss) for the year		**(765,990)**		42,698
Total comprehensive loss for the year	**$**	**(4,516,349)**	$	(2,713,395)

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Common Shares	Capital Stock	Special Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2020	**56,576,310**	**$ 97,640,878**	**$ -**	**$ 11,108,238**	**$ (35,586,509)**	**$ (272,355)**	**$ 72,890,252**
Units issued for cash in private placements (Note 13)	10,666,666	11,520,000	-	-	-	-	11,520,000
Issued with respect to assets acquisition (Note 10)	43,333,333	79,300,000	-	9,866,502	-	-	89,166,502
Share issue cash costs (Note 13)	-	(982,381)	-	(296,026)	-	-	(1,278,407)
Issuance of compensation warrants (Note 13)	-	(541,506)	-	541,506	-	-	-
Issuance of warrants (Note 13)	-	(1,826,482)	-	1,826,482	-	-	-
Stock options exercised (Note 13)	1,576,662	1,877,994	-	-	-	-	1,877,994
Fair value of stock options exercised (Note 13)	-	398,222	-	(398,222)	-	-	-
Warrants exercised (Notes 13 and 15)	468,175	473,820	-	-	-	-	473,820
Fair value of warrants exercised (Note 13)	-	109,160	-	(109,160)	-	-	-
Share-based compensation (Note 16)	-	-	-	1,115,971	-	-	1,115,971
Net loss for the year	-	-	-	-	(2,756,093)	-	(2,756,093)
Other comprehensive income for the year	-	-	-	-	-	42,698	42,698
Balance, December 31, 2020	**112,621,146**	**$ 187,969,705**	**$ -**	**$ 23,655,291**	**$ (38,342,602)**	**$ (229,657)**	**$ 173,052,737**
Flow-through shares issued for cash in private placement (Note 13)	7,692,971	6,539,025	-	-	-	-	6,539,025
Share issue costs (Note 13)	-	(32,682)	-	-	-	-	(32,682)
Net cash from special warrants issuance (Note 14)	-	-	16,470,588	-	-	-	16,470,588
Exercise of non-flow-through Special Warrants (Note 13 and14)	10,631,579	10,100,000	(10,100,000)	-	-	-	-
Exercise of flow-through Special Warrants (Note 13 and 14)	6,820,000	7,502,000	(7,502,000)	-	-	-	-
Share issue costs (Note 14)	-	(1,213,714)	1,131,412	-	-	-	(82,302)
Stock options exercised (Note 13)	100,000	90,000	-	-	-	-	90,000
Fair value of stock options exercised (Note 13)	-	34,200	-	(34,200)	-	-	-
Warrants exercised (Notes 13 and 15)	13,699	14,795	-	-	-	-	14,795
Fair value of warrants exercised (Notes 13 and 15)	-	11,591	-	(11,591)	-	-	-
Rounding adjustment (Note 13)	(61)	-	-	-	-	-	-
Flow-through share premium (Note 13)	-	(1,561,508)	-	-	-	-	(1,561,508)
Share-based compensation (Note 16)	-	-	-	988,580	-	-	988,580
Net loss for the year	-	-	-	-	(3,750,359)	-	(3,750,359)
Other comprehensive loss for the year	-	-	-	-	-	(765,990)	(765,990)
Balance, December 31, 2021	**137,879,334**	**$ 209,453,412**	**$ -**	**$ 24,598,080**	**$ (42,092,961)**	**$ (995,647)**	**$ 190,962,884**

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31,	
	2021	2020
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss for the year	**$ (3,750,359)**	$ (2,756,093)
Adjustments for:		
Deferred income tax (recovery) expense (Note 19)	**2,233,000**	(3,425,060)
Share-based compensation	**754,532**	863,299
Accretion and amortization of long-term debt (Note 12)	**300,078**	254,887
Loss on debt extinguishment (Note 12)	**47,097**	-
Loss (gain) on debt and derivative liability (Note 12)	**(3,180,361)**	1,740,545
Foreign exchange on long-term debt (Note 12)	**(13,549)**	(121,001)
Net change in non-cash working capital items:		
Accounts receivable and prepaid expenses	**(412,133)**	(452,481)
Accounts payable and accrued liabilities	**605,143**	(111,364)
Net cash used in operating activities	**(3,416,552)**	(4,007,268)
Financing Activities		
Cash received from special warrants issued, net of costs (Note 14)	**16,388,286**	-
Private placement, net of issue costs (Note 13)	**6,506,343**	10,241,593
Proceeds from sale of investments	**-**	15,090
Proceeds from the exercise of options	**90,000**	1,877,994
Proceeds from the exercise of warrants	**14,795**	473,820
Proceeds from short-term loans, net of commitment fees	**-**	705,000
Payments of short-term loans and interest	**-**	(779,765)
Capitalized interest on long-term debt (Note 12)	**331,438**	-
Long-term debt repayments	**(3,642)**	(21,868)
	23,327,220	12,511,864
Investing Activities		
Purchase of investments	**-**	(175,950)
Cash used in assets acquisition	**-**	(1,850,094)
Acquisition of property and equipment	**(132,846)**	(72,475)
Acquisition of mineral properties and related deferred costs	**(14,124,752)**	(3,605,577)
	(14,257,598)	(5,704,096)
Increase in cash and cash equivalents	**5,653,070**	2,800,500
Cash and cash equivalents, beginning of the year	**4,437,345**	1,636,845
Cash and cash equivalents, end of the year	**$ 10,090,415**	$ 4,437,345

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

TREASURY METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31,	
	2021	2020
Supplementary cash flow information		
Changes in non-cash activities:		
Fair value of shares and warrants issued for asset acquisition (Note 10)	**$ -**	$ 89,166,502
Capitalized interest on long-term debt (Note 12)	**$ 331,438**	$ -
Share-based compensation capitalized to mineral properties and related deferred costs (Note 16)	**$ 234,048**	$ 252,672
Amortization charged to property and equipment (Note 8)	**$ 124,541**	$ 76,943
Fair value of shares and warrants received on sale of assets (Note 9)	**$ -**	$ 1,216,038
Compensation warrants issued on private placement (Note 15)	**$ -**	$ 541,506

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Treasury Metals Inc. (the "Company" or "Treasury Metals") is incorporated under the laws of Ontario and listed on the Toronto Stock Exchange under the symbol "TML". The address of the Company's registered office is 15 Toronto St, Suite 401, Toronto, Ontario, Canada. The mineral properties of Treasury Metals are all located in Canada and are in the exploration stage and, based on information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in its properties and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the properties. The Company's success depends on the successful development of the properties and corresponding permitting and feasibility study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Complex.

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has not generated revenue from operations. At December 31, 2021, the Company's working capital is $10,187,429 (December 31, 2020 – $4,982,048) excluding the flow–through share premium liability and the derivative liability. For the year ended December 31, 2021, the Company incurred a net loss of $3,750,359 (2020 - $2,756,093), has cash outflows from operations of $3,416,552 (2020 - $4,007,268), has not yet achieved profitable operations, had accumulated losses of $42,092,961 (December 31, 2020 - $38,342,602) and expects to incur further losses in the development of its business. Should the Company be unable to raise sufficient financing to maintain operations, the Company may be unable to realize the carrying value of its net assets. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries, or on its ability to raise capital to fund operations, in future periods. While the Company's operations have not been significantly impacted by the COVID-19 outbreak, it is not possible to reliably estimate the ongoing effect on the Company's operations.

On March 24, 2022, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and their interpretations issued by the IFRS Interpretations Committee which have been consistently applied.

Principles of Consolidation

The consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are no longer consolidated on the date control ceases.

The consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries Goldeye Explorations Ltd., Silvereye Explorations Ltd, Tamaka Gold Corp. and Goldlund Resources Inc. In March 2021, Treasury Metals Inc., Tamaka Gold Corp., and Goldlund Resources Inc. were amalgamated.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Basis of Preparation

These consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its wholly owned Canadian subsidiaries.

The financial statements are prepared on the historical cost basis except for financial instruments which are measured at their fair value, as explained in the accounting policies set out in this note.

The accounting policies have been applied consistently to the years presented in the consolidated financial statements except as noted below.

Reverse Stock Split

On August 11, 2020, the Company effected a 1-for-3 reverse stock split of its common stock. On the effective date of the reverse stock split, (i) each 3 shares of the outstanding common stock were reduced to one share of common stock; (ii) the number of shares of common stock into which each outstanding warrant or option to purchase common stock is exercisable were proportionately reduced on a 3-to-1 basis; and (iii) the exercise price of each outstanding warrant or option to purchase common stock was proportionately increased on a 1-to-3 basis. All the share numbers, share prices, and exercise prices have been adjusted, on a retroactive basis, to reflect this 1-for-3 reverse stock split. Also, all note disclosures related to the quantity or unit value of issued or exercised shares, options and warrants, including loss per share and the input variables to calculate the Black-Scholes valuations have been retroactively adjusted for the years presented to give effect to this reverse stock split.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset Acquisition / Business Combination

In accordance with *IFRS 3 - Business Combination*, a transaction is recorded as a business combination if the assets acquired, and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The acquisition of Tamaka Gold Corporation as further described in Note 10 was recorded as an asset acquisition whereby the cost of the net assets acquired was allocated to the fair value of the identifiable assets acquired.

Foreign Currency Translation

Foreign currency transactions are initially recorded into the functional currency at the transaction date exchange rate. At year end, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the balance sheet date's exchange rate and non-monetary assets and liabilities at the historical rate. These foreign currency adjustments are recognized in net loss of the consolidated statement of operations.

Cash and Cash Equivalents

The “cash and cash equivalents” category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less or which are cashable without penalty.

Financial Instruments

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, except for financial assets and financial liabilities classified as fair value through profit or loss, are measured at fair value plus or minus transaction costs on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The following summarizes the Company’s classification and measurement of financial assets and financial liabilities:

- Cash and cash equivalents and accounts receivable, are classified as loans and receivables are now classified as amortized cost ("AC").
- Equity investments have been designated as fair value through other comprehensive income ("FVTOCI").
- Accounts payable and long-term debt is classified as amortized cost ("AC").
- Derivative liability is classified as fair value through profit and loss ("FVTPL").

Measurement in subsequent periods depends on the classification of the financial instrument:

Financial Assets at Amortized Cost

Cash and cash equivalents and accounts receivable are held with the objective of collecting contractual cash flows and those cash flows are solely payments of principal and interest and are classified as amortized cost.

After initial recognition, these assets are carried at amortized cost, using the effective interest method, less any impairment loss. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statement of income. Any subsequent reversal of an impairment loss is recognized in profit or loss.

The Company does not currently hold any derivative assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policy for Extinguishment / Modification of Debt

Long-term debt is initially recognized at the fair value of the consideration received, net of transaction costs. It is subsequently measured at amortized cost using the effective interest method.

When the debt is amended, if the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the debt and amortized over the remaining term of the debt. If the modification is determined to be substantially different based on qualitative factors or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is at least ten percent different from the discounted present value of the remaining cash flows of the original debt, the modification is accounted for as an extinguishment of the debt with a gain/loss to the carrying amount of the debt being recorded in the consolidated statements operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the statements of operations in the loss (gain) on debt extinguishment debt account.

Financial Assets at Fair Value Through Other Comprehensive Income

The Company has made an irrevocable election on initial recognition to present gains and losses on Equity Investments (that are not held-for-trading or contingent consideration recognized in a business combination) in other comprehensive income (“OCI”).

Financial Liabilities at Amortized Cost

Accounts payable and long-term debt are classified as amortized cost.

After initial recognition, these liabilities are carried at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities are classified as FVTPL if they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of operations.

The derivative liability is measured at FVTPL.

Impairment of Financial Assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss (“ECL”) model. The Company applies the simplified approach which uses lifetime ECL for accounts receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

i) Assets owned by the Company

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Useful life is reviewed at the end of each reporting period.

ii) Leases

At inception of a contract, the Company assesses whether a 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

• The contract involves the use of an identified asset, specified either explicitly or implicitly, that is physically distinct, and usage represents substantially all the capacity of the asset; if the supplier has a substantive substitution right then the asset is not identified.

• The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

• The Company has the right to direct use of the asset, which is evidenced by decision-making rights to direct how and for what purpose the asset is used.

The Company recognizes a Right of Use ("ROU") asset and a lease liability at the lease commencement date.

The ROU asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of future lease payments, discounted using the incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. If the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the consolidated statement of loss and comprehensive loss if the carrying value of the ROU asset is zero.

The Company has elected not to recognize assets and lease liabilities for short-term leases with a term of 12 months or less, and leases of low value assets. Low value assets consist primarily of IT equipment. The lease payments associated with these leases are recognized as an expense in the consolidated statement of loss and comprehensive loss over the lease term.

This policy is applied for contracts entered into, or changed, on or after January 1, 2018.

For contracts entered into before January 1, 2018, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

• fulfillment of the arrangement was dependent on the use of specific assets; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• the arrangement conveyed a right to use the asset. An arrangement conveyed the right to use the asset if the Company had the ability to control physical access to the asset and how and for what purpose the asset was used.

iii) Subsequent Costs

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the statement of operations as an expense as incurred.

iv) Amortization

Amortization is calculated on straight-line and declining balance basis over the estimated useful lives of each part of an item of property and equipment or over the term of the lease agreement. The estimated useful lives in the current and comparative year are as follows:

Building	4% Declining balance
Furniture and equipment	20% Declining balance
Vehicles under finance lease	Straight line over five years
Other vehicles	Straight line over five years

Mineral Properties and Related Deferred Costs

The Company defers exploration and evaluation expenditures until such time as technical and economic feasibility is reached and the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Capitalized expenditures include all the costs incurred in exploration and evaluation of potential mineral reserves and resources, such as exploratory drilling and sample testing and the costs of prefeasibility studies. Exploration expenditures are related to the initial search for deposits of minerals with economic value. Evaluation expenditures are related to the detailed economic assessments of identified deposits that are potentially economically viable.

Impairment

The Company continually reviews and evaluates the events or changes in the economic environment that indicates a risk of impairment of non-financial assets to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Impairment of the assets is evaluated at the cash generating unit ("CGU") level which is the smallest identifiable group of assets that generates cash inflows, independent of the cash inflows from other assets, as defined by IAS 36 "Impairment of assets". Recoverable amount is defined as the higher of an asset’s fair value (less costs to sell) and its value in use. The active market or a binding sale agreement provides the best evidence for the determination of the fair value, but where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognized on the balance sheet when the Company has a present legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Deferred Taxes

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount on the balance sheet.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized, or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year-end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, carry forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.
- Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

Income

Other income is recognized at the time persuasive evidence of an agreement exists, amount is fixed and determinable, and collectability is reasonably assured.

Units Issuance

From time to time, the Company may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Company and a whole, or fraction of, a share purchase warrant. The Company allocates the proceeds from each unit to the common share and warrant components based on their relative fair value using the Black-Scholes pricing model. Transaction costs arising on the issue of Units are recognized in equity as a reduction of the proceeds allocated to issued capital and warrants on a pro rata basis.

Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

The Company may enter into flow-through share agreements whereby the Company agrees to transfer the rights to income tax deductions related to exploration expenditures to the flow-through shareholders. The premium, if any, paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issuance is excluded from capital stock and recorded as a flow-through share premium liability on the balance sheet. The Company reduces its flow-through share premium on renunciation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When the Company fulfills its obligation to pass on the tax deduction to the shareholders, the amount recorded as un-renounced flow-through share premium is recognized as deferred income taxes in the statement of operations and a deferred tax liability is recognized for the temporary tax difference. If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, which is the method used by the Company, the obligation is fulfilled when the paperwork to renounce is filed.

Share-based Compensation

The Company offers a share option plan. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black-Scholes option pricing model. Compensation expense is recognized as a charge to net loss or mineral property and related deferred costs over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to capital stock. The contributed surplus resulting from share-based payment is transferred to capital stock when the options are exercised.

For equity settled transactions with non-employees, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case, the Company measures their value by reference to the fair value of the equity instruments granted.

Loss per Share

Basic loss per share amount is calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. The options and warrants of the Company are anti-dilutive as of December 31, 2021, and 2020.

Segmental Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed and evaluated by the chief operating decision maker.

The Company has determined that there is only one operating segment being the sector of exploration and evaluation of mineral resources.

Environment Rehabilitation Provision

The Company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. No environmental rehabilitation provision is recorded by the Company as at December 31, 2021, and 2020.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Standards and amendments issued but not yet effective or adopted

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant, and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. No material impact on the Company's financial statements is expected to arise from this change.

IAS 12, Income Taxes

The IASB issued an amendment to IAS 12, Income Taxes to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Instead, a deferred tax asset and a deferred tax liability will need to be recognized for temporary differences arising on initial recognition of certain transactions, such as leases and decommissioning provisions. The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. An assessment will be performed prior to the effective date of January 1, 2023, to determine the impact to the Company's financial statements.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023, to determine the impact to the Company's financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity, or earnings.

Impairment in mineral properties and related deferred costs - Management uses significant judgement in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Debt modification - From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different, then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Share-based compensation, warrants and derivative liabilities - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the share-based payments, warrants and derivative liabilities. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield.

Flow-through shares – The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a liability. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

Deferred income taxes - In assessing the probability of realizing deferred income taxes, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred taxes. The Company reassesses unrecognized income tax at each reporting period.

Equity vs. Liability - The Company makes estimates and utilizes assumptions in determining whether warrants issued by the Company as part of a unit should be classified as an equity instrument or a liability.

Going Concern - The Company applies judgement in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

(EXPRESSED IN CANADIAN DOLLARS)

5. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash	**$ 10,003,610**	$ 4,400,540
Funds in trust	**6,805**	6,805
Cashable GIC	**80,000**	30,000
	$ 10,090,415	$ 4,437,345

6. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31, 2021	December 31, 2020
Advances to consultants	**$ 438,224**	$ 57,269
Prepaid expenses and other advances	**202,991**	114,259
Harmonized sales tax	**485,647**	548,152
	$ 1,126,862	$ 719,680

7. INVESTMENTS

The Company's investments are classified as fair value through other comprehensive income ("FVTOCI") and are carried at fair value.

	Number of Shares	**December 31, 2021**	Number of Shares	December 31, 2020
Millrock Resources Inc. - Shares	**147,778**	**$ 7,388**	147,778	$ 16,994
Platinex Inc. - Shares	**16,500,000**	**660,000**	16,500,000	1,155,000
Platinex Inc. - Consideration Warrants (i)	**2,000,000**	**22,778**	2,000,000	127,636
Platinex Inc. - Secondary Warrants (i)	**3,000,000**	**3,659**	3,000,000	160,185
Total investments		**693,825**		1,459,815
Less: Non-current investments (ii)		**-**		(437,500)
Investments - current		**$ 693,825**		$ 1,022,315

(i) At December 31, 2021, the 2,000,000 Consideration Warrants and 3,000,000 Secondary Warrants were assigned a fair value of $22,778 and $3,659, respectively, using the Black-Scholes option pricing model with the following assumptions: share price $0.04, dividend yield 0%, expected volatility, based on historical volatility 125.06%, a risk-free interest rate of 0.95% and an expected life of 6 months.

(ii) At December 31, 2020, there was 6,250,000 Platinex Inc. shares with $437,500 of fair value to be released after 12 months; accordingly, they were presented as non-current investments.

(EXPRESSED IN CANADIAN DOLLARS)

8. PROPERTY AND EQUIPMENT

Cost	Land	Building	Furniture and equipment	Vehicles	**Total**
At January 1, 2021	$ 1,496,909	$ 1,268,916	$ 337,163	$ 209,213	**$ 3,312,201**
Additions	-	-	133,056	-	**133,056**
At December 31, 2021	$ 1,496,909	$ 1,268,916	$ 470,219	$ 209,213	**$ 3,445,257**
Accumulated amortization					
At January 1, 2021	$ -	$ (367,685)	$(249,476)	$ (146,895)	**$ (764,056)**
Amortization for the year	-	(39,208)	(67,609)	(17,724)	**(124,541)**
At December 31, 2021	-	(406,893)	(317,085)	(164,619)	**(888,597)**
Net book value at December 31, 2021	$ 1,496,909	$ 862,023	$ 153,134	$ 44,594	**$ 2,556,660**

Cost	Land	Building	Furniture and equipment	Vehicles	Total
At January 1, 2020	$ 1,496,909	$ 1,183,512	$ 164,983	$ 143,181	$ 2,988,585
Additions (i)	-	85,404	172,180	66,032	323,616
At December 31, 2020	$ 1,496,909	$ 1,268,916	$ 337,163	$ 209,213	$ 3,312,201
Accumulated amortization					
At January 1, 2020	$ -	$ (299,593)	$(130,748)	$ (131,887)	$ (562,228)
Amortization for the year (i)	-	(68,092)	(118,728)	(15,008)	(201,828)
At December 31, 2020	-	(367,685)	(249,476)	(146,895)	(764,056)
Net book value at December 31, 2020	$ 1,496,909	$ 901,231	$ 87,687	$ 62,318	$ 2,548,145

(i) For 2020, additions include the fair value of the property and equipment purchased in the acquisition of Tamaka Gold Corporation described in Note 10. The detail of the property and equipment purchased is as follows:

	Building	Furniture and equipment	Vehicles	Total
Cost	$ 85,404	$ 162,738	$ 3,000	$ 251,142
Accumulated amortization	(28,466)	(94,794)	(1,625)	(124,885)
Fair value of purchased property and equipment	$ 56,938	$ 67,944	$ 1,375	$ 126,257

(EXPRESSED IN CANADIAN DOLLARS)

9. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As of December 31, 2021, and December 31, 2020, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance January 1, 2021	Additions net of recoveries	**Balance December 31, 2021**
Goliath Gold Project	$ 78,379,133	$ 10,195,376	**$ 88,574,509**
Goldlund Gold Project	91,668,813	4,267,184	**95,935,997**
Weebigee Project (i)	2,788,448	(54,340)	**2,734,108**
Lara Polymetallic Project - BC	888,236	-	**888,236**
	$ 173,724,630	$ 14,408,220	**$ 188,132,850**

	Balance January 1, 2020	Additions net of recoveries	Balance December 31, 2020
Goliath Gold Project	$ 75,279,523	$ 3,099,610	$ 78,379,133
Goldlund Gold Project (ii)	-	91,668,813	91,668,813
Weebigee Project (iii)	3,923,735	(1,135,287)	2,788,448
Lara Polymetallic Project - BC	887,736	500	888,236
	$ 80,090,994	$ 93,633,636	$ 173,724,630

(i) During the current year, $75,120 of certain accruals capitalized to the Weebigee property in the previous years were reversed.

(ii) The year 2020 additions include $90,882,421 of the mineral properties and related deferred costs at the acquisition date of Tamaka Gold Corporation that owns a 100% interest in the Goldlund Gold Project, as described in Note 10.

(iii) During the year 2020, the Company sold the mining claims located in the Shining Tree District in Northern Ontario and three net smelter royalties. See more details in the Goldeye Explorations summary of this Note.

Goliath Gold Project

The Goliath Gold Project is in the Kenora Mining Division in northwestern Ontario, 20 km east of the City of Dryden and 325 km northwest of the port City of Thunder Bay.

The Goliath Project is the result of three property acquisitions. A 100% interest in the Thunder Lake Property area located around Dryden Ontario was purchased from Teck/Corona/Laramide in 2007. Also in 2007, Treasury Metals acquired a 100% interest in the Laramide Property located in Zealand Township near Dryden Ontario from Laramide Resources Ltd., which retained a 2.0 – 2.5% net smelter returns royalty as part of the transaction. The third acquisition in 2009, represents a 100% interest in a collection of certain parcels of land in the District of Kenora collectively known as the Brisson Property.

9. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Certain underlying royalties and payment obligations remain on 13 of the 25 patented land parcels totaling approximately $105,000 per year.

Goldlund Gold Project

On August 7, 2020, the Company acquired a 100% interest in the Goldlund Gold Project located adjacent to the Goliath Gold Project through the acquisition of all the shares of Tamaka Gold Corporation as described in Note 10.

Goldeye Explorations

On November 24, 2016, Treasury Metals completed the acquisition of all the issued and outstanding common shares of Goldeye Explorations Ltd. ("Goldeye"), a public company that held certain properties.

Goldeye consisted of three projects, the Weebigee Project, Sandy Lake, the West Shining Tree Project, Larder Lake Mining Division, Ontario, and the Gold Rock Project, Kenora Mining Division, Ontario. Also included in Goldeye were Net Smelter Royalty (“NSR”) interests in Sonia-Puma, Region V, Chile; McFaulds Lake, Thunder Bay Mining Division, Ontario; and MacMurchy Township, Larder Lake Mining Division, Ontario. During the year 2020, Goldeye sold the mining claims located in the Shining Tree District of Northern Ontario and the three NSR interests noted above for the fair value of shares and warrants received of $1,216,038.

The remaining asset of Goldeye is the Weebigee Project in Northwestern Ontario and all the consideration paid at the time of the Goldeye acquisition was allocated to the Weebigee Project.

Weebigee Project

The Project is comprised of 140 claims, located near Sandy Lake, north of Red Lake in Northwestern Ontario. Certain claims are subject to a 2% NSR that is held by a former director of Goldeye.

In November 2020, Goldeye agreed that G2 Goldfields (“G2”) had met its expenditure requirements to earn a 50.1% in the Weebigee Project and a Joint Venture Agreement was subsequently signed with G2 reflecting the interest earned and Goldeye’s remaining 49.9% interest. G2 became operator of the Project.

Subsequently on April 9, 2021, G2 announced the sale of its interest in the Weebigee Project to S2 Minerals Inc. (“S2”), as part of a spin out of G2’s interest in the larger area of Sandy Lake. Therefore, S2 has taken the place of G2 in the Joint Venture Agreement and has become the operator of the Project.

Lara Polymetallic Project

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property consists of 59 mineral claims.

The Company is committed to a 1.0% NSR, held by Argus Metals Corp. (formerly Bluerock Resources Ltd) on 8 of the mineral claims, historically known as the Chemainus claims, located on Vancouver Island.

In early 2011 the annual mining leases on a significant portion of the property were not renewed. As a consequence, the estimated non-recoverable costs associated with this project were written off in 2010. At present, the Company has renewed the mining leases of the most significant areas of this property. The expenditures are mainly related to the property renewals; there was no work done on the property.

(EXPRESSED IN CANADIAN DOLLARS)

10. ACQUISITION OF TAMAKA GOLD CORPORATION

On August 7, 2020, the Company closed a share purchase agreement with First Mining Gold Corp. ("First Mining") for the acquisition of all the shares of Tamaka Gold Corporation ("Tamaka"), a subsidiary of First Mining that owns a 100% interest in the Goldlund Gold Project ("Goldlund Project"), located adjacent to the Goliath Gold Project. In accordance with IFRS 3, *Business Combinations,* this transaction does not meet the definition of a business combination as the assets acquired are not an integrated set of activities with inputs, processes, and outputs.

The purchase price of $91,016,596 was allocated to the assets acquired as per the below chart. In exchange for all of the issued and outstanding common shares of Tamaka, First Mining received from the Company 43,333,333 common shares and 11,666,666 warrants with an exercise price of $1.50 for a period of 36 months, a 1.5% net smelter returns royalty ("Goldlund Royalty") with the option for the Company to buy-back 0.5% of the Goldlund Royalty for $5.0 million, and a milestone cash payment of $5.0 million, with 50% payable upon receipt of a final and binding mining lease under the Mining Act (Ontario) to extract ore from an open pit mine at Goldlund, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at Goldlund. In addition, the Company spent $1,850,094 for consulting and legal costs related to the acquisition.

Pursuant to an Investor Right Agreement, First Mining agreed to distribute a portion of the common shares and warrants received as compensation, to their shareholders no earlier than six months and not later than one year following the acquisition closing. After distribution, First Mining may retain common shares equal to but no greater than 19.9% of the then outstanding common shares. The distribution of 23,333,333 common shares and 11,666,666 warrants was done on July 15, 2021.

Details of the acquisition are as follows:

Consideration	
Fair value of 43,333,333 shares issued by Treasury Metals Inc.	$ 79,300,000
Fair value of 11,666,666 warrants issued by Treasury Metals Inc.	9,866,502
Transaction costs	1,850,094
Total consideration	$91,016,596

Fair Value of Net Assets Acquired	
Accounts receivable	$ 7,918
Property and equipment	126,257
Mineral properties and related deferred costs	90,882,421
Total net assets acquired	$ 91,016,596

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Trade accounts payable	**$ 705,347**	$ 897,368
Accrued liabilities	**1,018,326**	296,282
	$ 1,723,673	$ 1,193,650

(EXPRESSED IN CANADIAN DOLLARS)

12. LONG-TERM DEBT

The present value of short and long-term debt at December 31, 2021 and December 31, 2020 is as follows:

	Total Debt December 31, 2021	Total Debt December 31, 2020
Loan amount	**$ 5,909,758**	$ 5,607,988
Unaccreted amount	**(500,243)**	(644,953)
Carrying value of the debt	**5,409,515**	4,963,035
Current portion of the debt	**-**	(3,642)
Long-term debt	**$ 5,409,515**	$ 4,959,393

At December 31, 2021, the convertible debt is $5,909,758 (US$4.4 million) as per a debt agreement signed in June 2016 with Extract Lending LLC and Extract Capital Master Fund Ltd. (together "Extract"), in addition to the four amendments signed in the subsequent years of which the last ("the fourth amendment") was signed on March 10, 2021. Also on March 10, 2021, Extract and Sprott Private Resource Lending II ("Sprott") signed a debt assignment agreement by which Extract assigned, transferred, and sold to Sprott US$2.2 million owed to Extract by the Company together with all the rights and obligations under the debt agreement.

Under the fourth amendment, certain terms of the Company's convertible debt were changed such as the extension of the debt maturity by seven months to June 30, 2023 and the addition of the ability, at the Company's option, to pay interest in cash; in kind, capitalizing it to the facility or by issuing shares based on the average volume-weighted price of the 5 consecutive trading days to the interest payment ("5 day VWAP"), less a 15% discount. During the year ended December 31, 2021, $331,438 of interest has been capitalized to the facility.

Under the terms of the debt agreement, the debt may be converted at Extract's and Sprott's option, in part or in full, at any time, into common shares of the Company at $0.96 per common share and the interest rate is 12-month LIBOR (minimum 200 basis points) plus 6.5%. The debt is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath Gold Project property, land, and mining claims in Kenora.

As per the debt agreement, the Company will provide Extract a production fee ("Production Fee") of US$10 per each ounce of gold and US$0.125 per each ounce of silver produced from the Goliath Project; also, the Company had the option to repurchase the Production Fee. In the first quarter of 2017, the Company repurchased the Production Fee for US$350,000 (CAD$445,620) which has been capitalized in the mineral properties and related deferred costs account.

12. LONG-TERM DEBT (Continued)

Activity of the Financial Instrument	**December 31, 2021**		December 31, 2020	
Liability Components	Debt	Derivative	Debt	Derivative
Beginning balance	**$4,959,393**	**$3,680,193**	$4,819,025	$1,939,648
Accretion	**58,768**	**-**	-	-
Change in fair value – noncash	**-**	**(1,740,431)**	-	-
Foreign exchange adjustment	**(37,138)**	**-**	-	-
Carrying value prior to amendment	**4,981,023**	**1,939,762**	4,819,025	1,939,648
Loss on debt extinguishment (i)	**47,097**	**-**	-	-
Fair value of new instrument	**5,028,120**	**1,939,762**	4,819,025	1,939,648
Accretion	**241,310**	**-**	254,887	-
Change in fair value – noncash	**(210,200)**	**(1,229,730)**	-	1,740,545
Capitalized interest	**331,438**	**-**	-	-
Foreign exchange adjustment	**18,847**	**-**	(114,519)	-
Ending balance	**$5,409,515**	**$710,032**	$4,959,393	$3,680,193

(i) Does not include transaction costs incurred on debt amendment.

Under IFRS, the fourth amendment is a substantial modification of the debt, accordingly, the debt instruments were recorded at fair value on the amendment date and the net reduction originated by the amendment was immediately recorded as a loss on debt extinguishment in the consolidated statements of operations. The transaction costs incurred on amendment will be expensed and recorded in the consolidated statements of operations.

The fair value of the debt component at March 10, 2021, after the fourth amendment, was USD$4,266,852 (CAD$5,409,515) based on a market borrowing rate of 15.7%.

Due to the loan being denominated in U.S. dollars, the conversion feature has been presented as a non-cash derivative liability. As at December 31, 2021, the non-cash derivative liability of the debt was assigned a fair value of $710,032 (December 31, 2020 - $3,680,193) using the Black-Scholes option pricing model with the following assumptions: share price $0.75 (December 31, 2020 - $1.36), dividend yield 0%, expected volatility based on historical volatility 48.8% (December 31, 2020 – 64.7%), a risk free interest rate of 0.97% (December 31, 2020 – 0.20%) and an expected life of 1.5 years (December 31, 2020 – 1.9 years). The fair value gain of $3,180,361 (2020 – loss of $(1,740,545)), has been recognized in the consolidated statements of operations. The effective interest rate of the debt is 15.7%.

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares

b) ISSUED

COMMON SHARES	Number of Shares	Stated Value
Balance, January 1, 2020	**56,576,310**	**$ 97,640,878**
Units issued for cash in private placements	10,666,666	11,520,000
Issued with respect to assets acquisition	43,333,333	79,300,000
Share issue cash costs	-	(982,381)
Issuance of compensation warrants	-	(541,506)
Issuance of warrants	-	(1,826,482)
Stock options exercised	1,576,662	1,877,994
Fair value of stock options exercised	-	398,222
Warrants exercised	468,175	473,820
Fair value of warrants exercised	-	109,160
Balance, December 31, 2020	**112,621,146**	**$ 187,969,705**
Flow-through shares issued for cash in private placement	7,692,971	6,539,025
Share issue costs	-	(32,682)
Exercise of non-flow-through Special Warrants (Note 14)	10,631,579	10,100,000
Exercise of flow-through Special Warrants (Note 14)	6,820,000	7,502,000
Share issue costs	-	(1,213,714)
Stock options exercised	100,000	90,000
Fair value of stock options exercised	-	34,200
Warrants exercised	13,699	14,795
Fair value of warrants exercised	-	11,591
Rounding adjustment (i)	(61)	-
Flow-through share premium	-	(1,561,508)
Balance, December 31, 2021	**137,879,334**	**$ 209,453,412**

(i) In connection with the reverse stock split described in the Note 2, a rounding difference of 61 shares was determined; such difference was written off in the current year.

In connection with the acquisition of Tamaka Gold Resources dated August 7, 2020 as described in Note 10, the Company issued 43,333,333 common shares and 11,666,666 warrants as a payment for the transaction. The common shares were valued at their fair market value on the issuance date. See Note 15 regarding the valuation of the warrants.

13. CAPITAL STOCK (Continued)

Private Placements

On November 5, 2021, the Company issued 7,692,971 Canadian Exploration Expenditures ("CEE") flow-through common shares of the Company ("CEE flow-through shares") at a price of $0.85 per share by way of private placement for gross proceeds of $6,539,025. Share issuance costs of $32,682 were incurred in relation to the offering resulting in net proceeds to the Company of $6,506,343. A value of $538,508 was attributed to the flow-through premium liability in connection with the financing.

On August 7, 2020, the Company closed a private placement for aggregate gross proceeds of $11,520,000 through the issuance of 10,666,666 units at a price of $1.08 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one common share at an exercise price of $1.80 for a period of 24 months from the date of issuance. The private placement was completed in connection with a share purchase agreement signed with First Mining. The Company incurred $1,278,407 of cash issue costs regarding this private placement of which $982,381 was charged to Capital Stock and $296,026 was charged to Contributed Surplus.

14. SPECIAL WARRANTS

On March 10, 2021, the Company closed private placements of an aggregate of 10,631,579 non-flow-through special warrants ("NFT Special Warrants") on a bought deal basis at a price of $0.95 per NFT Special Warrant and 6,820,000 flow-through special warrants ("FT Special Warrants") at a price of $1.10 per FT Special Warrant. The total gross proceeds to the Company are $17,602,000. Each Special Warrant is exercisable to acquire one common share of the Company. The FT Special Warrants were "flow-through shares" for purposes of the Income Tax Act (Canada). A value of $1,023,000 was attributed to the flow-through premium liability in connection with the financing.

On May 6, 2021, the Company filed its final short form prospectus and obtained a receipt with the securities regulatory authorities in the provinces of British Columbia, Alberta, and Ontario in connection with the above financing. In accordance with the terms of a special warrant indenture dated as of March 10, 2021, between the Company and TSX Trust Company, as special warrant agent, each Special Warrant was automatically exercised into one Common Share on May 13, 2021, being the fifth business day after the date of obtaining the Final Receipt.

There were issuance costs of $1,213,714 for the Special Warrants. The net proceeds from this private placement will be used for the exploration and development of the Goliath and Goldlund projects, and for general corporate purposes.

(EXPRESSED IN CANADIAN DOLLARS)

15. WARRANTS

In connection with the acquisition of Tamaka Gold Resources described in Note 10 and dated August 7, 2020, the company issued 11,666,666 warrants, as a partial payment for the transaction, with each warrant entitling the holder to purchase one common share at an exercise price of $1.50 for a period of 36 months. The warrants were assigned a fair value of $9,866,502 using the Black-Scholes option pricing model with the following assumptions: share price $1.83, dividend yield 0%, expected volatility, based on historical volatility 60.44%, a risk-free interest rate of 0.30% and an expected life of 3 years.

In connection with the private placement on August 7, 2020, the Company issued 5,333,333 warrants exercisable within 24 months at a price of $1.80 per share and were assigned a fair value of $3,617,724 using the Black-Scholes option pricing model with the following assumptions: share price $1.83, dividend yield 0%, expected volatility, based on historical volatility 66.6%, a risk-free interest rate of 0.26% and an expected life of 2 years.

In connection with the August 7, 2020 private placement, on August 17, 2020, the Company issued 640,000 compensation warrants exercisable within 24 months at a price of $1.08 per share. The compensation warrants were assigned a fair value of $541,506 using the Black-Scholes option pricing model with the following assumptions: share price $1.67, dividend yield 0%, expected volatility, based on historical volatility 67%, a risk-free interest rate of 0.26% and an expected life of 2 years.

The following table reflects the continuity of warrants for the period and year ended December 31, 2021 and December 31, 2020, respectively:

	Number of Warrants 2021	Number of Warrants 2020	**Weighted Average Exercise Price 2021**	Weighted Average Exercise Price 2020
Balance, at beginning of year	**27,448,028**	10,509,544	**$ 1.51**	$ 1.38
Issued, on private placement units (Note 12)	**-**	5,333,333	**-**	1.80
Issued on asset acquisition (Note 9)	**-**	11,666,666	**-**	1.50
Issued, Compensation warrants	**-**	640,000	**-**	1.08
Exercised	**(13,699)**	-	**1.08**	-
Exercised	**-**	(166,667)	**-**	0.96
Exercised	**-**	(195,250)	**-**	1.05
Exercised	**-**	(69,958)	**-**	0.86
Exercised	**-**	(36,300)	**-**	1.35
Expired	**(200,000)**	-	**1.20**	-
Expired	**(1,656,813)**	(100,000)	**1.35**	2.25
Expired	**(133,214)**	(133,333)	**0.86**	2.40
Expired	**(827,199)**	-	**1.05**	-
Expired	**(24,468)**	-	**0.96**	-
Difference in rounding	**-**	(7)	**-**	-
Balance at end of the year	**24,592,635**	27,448,028	**$ 1.54**	$ 1.51

(EXPRESSED IN CANADIAN DOLLARS)

15. WARRANTS (Continued)

The issued and outstanding warrants are comprised as follows:

Expiry Date	Type	**Warrants at December 31, 2021**	Warrants at December 31, 2020		Exercise Price
June 6, 2021	Compensation warrants	**-**	40,535	$	1.05
June 6, 2021	Compensation warrants	**-**	24,468	$	0.96
June 6, 2021	Warrants	**-**	786,664	$	1.05
November 21, 2021	Warrants	**-**	1,598,333	$	1.35
November 21, 2021	Compensation warrants	**-**	126,197	$	0.86
November 26, 2021	Warrants	**-**	58,479	$	1.35
November 26, 2021	Compensation warrants	**-**	7,017	$	0.86
November 30, 2021	Financier warrants	**-**	200,000	$	1.20
August 7, 2022	Warrants	**5,333,333**	5,333,333	$	1.80
August 14, 2022	Warrants	**200,000**	200,000	$	1.20
August 17, 2022	Compensation warrants	**626,301**	640,000	$	1.08
June 6, 2023	Warrants	**2,798,082**	2,798,082	$	0.96
June 25, 2023	Warrants	**3,968,253**	3,968,253	$	1.80
August 7, 2023	Warrants	**11,666,666**	11,666,667	$	1.50
		24,592,635	27,448,028		

The weighted average life of the outstanding warrants at December 31, 2021 is 1.3 years (December 31, 2020 - 2.2 years).

16. SHARE-BASED COMPENSATION

On September 7, 2021, the Company granted 400,000 options to certain employees to buy common shares at an exercise price of $0.87 each expiring on September 7, 2024. The stock options vest 25% at March 7, 2022, 25% at September 7, 2022, 25% at March 7, 2023 and the remaining 25% vest at September 7, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.87, dividend yield 0%, expected volatility 60.1% based on historical volatility, a risk-free interest rate of 0.67%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $140,414 and will be recognized in the property cost and operations over the periods the options vest.

On June 28, 2021, the Company granted 500,000 options to employees to buy common shares at an exercise price of $0.90, each expiring on June 28, 2024. The stock options vest 25% at December 28, 2021, 25% at June 28, 2022, 25% at December 28, 2022 and the remaining 25% vest at June 28, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.90, dividend yield 0%, expected volatility 59.96% based on historical volatility, a risk-free interest rate of 0.65%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $90,561 and will be recognized in the statement of operations over the periods the options vest. As at December 31, 2021, 250,000 options were canceled.

16. SHARE-BASED COMPENSATION (Continued)

On May 31, 2021, the Company granted 150,000 options to an employee to buy common shares at an exercise price of $0.97, each expiring on May 31, 2024. The stock options vest 25% at November 30, 2021, 25% at May 31, 2022, 25% at November 30, 2022 and the remaining 25% vest at May 31, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.92, dividend yield 0%, expected volatility 60.3% based on historical volatility, a risk-free interest rate of 0.65%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $53,622 and will be recognized in the property cost over the periods the options vest.

On March 8, 2021, the Company granted 300,000 options to an employee to buy common shares at an exercise price of $0.95, each expiring on March 8, 2024. The stock options vest 25% at September 8, 2021, 25% at March 8, 2022, 25% at September 8, 2022 and the remaining 25% vest at March 8, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.92, dividend yield 0%, expected volatility 59.21% based on historical volatility, a risk-free interest rate of 0.49%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $106,751 and will be recognized in the statement of operations over the periods the options vest.

On February 5, 2021, the Company granted a total of 798,000 options to an officer and certain employees to buy common shares at an exercise price of $1.35 each, expiring between November 10, 2023 and December 7, 2023. The stock options vest 33.3% at date of granting, 33.3% at November 10, 2021 and the remaining balance 33.34% vest on November 10, 2022. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $1.06, dividend yield 0%, expected volatility 61.61% based on historical volatility, a risk-free interest rate of 0.32%, and an expected life of 2.76 years. As a result, the fair value of the options was estimated at $272,255 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

On November 10, 2020, the Company granted a total of 2,588,000 options to directors, officers, employees, and consultants to buy common shares at an exercise price of $1.35 each and expire on November 10, 2023. The stock options have different vesting periods from the date of granting through November 10, 2022. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $1.35, dividend yield 0%, expected volatility 60.75% based on historical volatility, a risk-free interest rate of 0.25%, and an expected life of 3 years. As a result, the fair value of the options was estimated at $1,409,612 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

Treasury Metals had a 10% rolling stock option plan (the “Legacy Plan”) pursuant to which options to purchase common shares may have been granted to certain officers, directors, employees, and consultants. As at the Company’s Annual General and Special Meetings of Shareholders (“AGM”), the company had 5,576,658 options outstanding under the Legacy Plan. A new equity incentive plan (the “2021 Equity Incentive Plan”) was approved by shareholders at the AGM, which replaced the Legacy Plan. The 2021 Equity Incentive Plan is a rolling plan which allows for the aggregate number of shares to be issued, including shares issued under the Legacy Plan, to not exceed 9.9% of the issued and outstanding common shares of the Company. As at December 31, 2021, the Company has an additional 8,064,729 (December 31, 2020 – 7,242,448) securities available for issuance under the plan.

During the year ended December 31, 2021, the share-based compensation charged to mineral properties and related deferred costs amounted to $234,048 (2020 - $252,672) and $754,532 (2020 - $863,299) was charged to operating expense.

The Company estimates expected life of options and expected volatility based on historical volatility, which may differ from actual outcomes.

(EXPRESSED IN CANADIAN DOLLARS)

16. SHARE-BASED COMPENSATION (Continued)

Continuity of the unexercised options to purchase common shares for the year ended December 31, 2021 and December 31, 2020, respectively, is as follows:

	Number of Stock Options 2021	Number of Stock Options 2020	**Weighted Average Exercise Price 2021**	Weighted Average Exercise Price 2020
Balance, at beginning of period	**4,019,667**	3,225,000	**$ 1.19**	$ 1.08
Options granted	**500,000**	-	**0.90**	-
Options granted	**150,000**	-	**0.97**	-
Options granted	**798,000**	2,588,000	**1.35**	1.35
Options granted	**300,000**	-	**0.95**	-
Options granted	**400,000**	-	**0.87**	-
Exercised	**-**	(1,529,996)	**-**	1.20
Exercised	**(100,000)**	(46,666)	**0.90**	0.90
Cancelled	**(250,000)**	-	**0.90**	-
Expired	**(83,333)**	(21,667)	**0.90**	0.90
Expired	**(149,000)**	(45,004)	**1.35**	1.20
Expired	**-**	(150,000)	**-**	1.86
Rounding adjustment (i)	**(9)**	-	**-**	-
Balance at end of the year	**5,585,325**	4,019,667	**$ 1.16**	$ 1.19

(i) In connection with the reverse stock split described in the Note 2, a rounding difference of 9 options was determined; in the current period such difference was written off from our records.

The weighted average life of the outstanding options at December 31, 2021 is 1.7 years (December 31, 2020 - 2.5 years).

The outstanding options are comprised as follows:

Grant Date	Expiry Date	**Number of Stock Options at December 31, 2021**	Number of Stock Options at December 31, 2020	Exercise Price
December 19, 2019	December 19, 2022	**1,248,325**	1,431,667	0.90
November 10, 2020	November 10, 2023	**2,439,000**	2,588,000	1.35
February 5, 2021	November 10, 2023	**198,000**	-	1.35
February 5, 2021	December 7, 2023	**600,000**	-	1.35
March 8, 2021	March 8, 2024	**300,000**	-	0.95
May 31, 2021	May 31, 2024	**150,000**	-	0.97
June 28, 2021	June 28, 2024	**250,000**	-	0.90
September 7, 2021	September 7, 2024	**400,000**	-	0.87
		5,585,325	4,019,667	

At December 31, 2021, 3,814,992 of the outstanding options are fully vested and exercisable (December 31, 2020 - 2,486,000).

(EXPRESSED IN CANADIAN DOLLARS)

17. RELATED PARTY DISCLOSURES

Certain corporate entities that are related to the Company's officers and directors provided services to Treasury Metals. Laramide Resources Ltd. had a director and an officer in common with Treasury Metals and shared office facilities with the Company. During the current year up to March 31, 2021, Laramide Resources charged Treasury Metals $94,536 (2020 - $318,196) for office space rent and other expenditures paid by Laramide on behalf of the Company and the Company charged $13,221 (2020 - $19,997) of shared expenditures paid upon behalf of Laramide. After March 31, 2021, Laramide ceased to be a related party to the Company and accordingly there is no account payable to Laramide as of December 31, 2021 (December 31, 2020 - $26,422).

A company called Cypherpunk Holdings Inc. had an officer and director in common with Treasury Metals. During the current year up to March 31, 2021, Cypherpunk was charged $881 for shared expenditures paid by the Company (2020 - $3,125). After March 31, 2021, Cypherpunk ceased to be a related party to the Company and accordingly there is no account receivable from Cypherpunk as of December 31, 2021 (December 31, 2020 - $207).

Transactions with related parties were conducted in the normal course of business.

18. KEY MANAGEMENT COMPENSATION

Key management includes the Chief Executive Officer, Chief Financial Officer and Directors of the Company.

The compensation payable to key management is shown below:

Year ended December 31,		**2021**		2020
Salaries	**$**	**658,875**	$	823,614
Director fees		**244,000**		223,498
Other cash compensation		**300,000**		-
Share-based compensation, at fair value		**311,454**		812,469
	$	**1,514,329**	$	1,859,581

19. INCOME TAX

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate of 26.5%. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

		2021		2020
Loss before income taxes	**$**	**(1,517,359)**	$	(6,181,153)
Expected income tax recovery based on the statutory rate		**(402,000)**		(1,638,000)
Adjustment to expected income tax benefit:				
Share-based compensation		**200,000**		212,000
Effects of renouncing flow-through expenditures		**2,791,000**		447,160
Other		**(132,000)**		5,400
Prior year reallocation		**429,000**		(1,874,000)
Change in tax benefits not recognized		**(653,000)**		(577,620)
Income tax expense (recovery)	**$**	**2,233,000**	$	(3,425,060)

(EXPRESSED IN CANADIAN DOLLARS)

19. INCOME TAX (Continued)

The Company’s income tax expense is allocated as follows:

		2021		2020
Deferred tax expense (recovery)	**$**	**2,233,000**	$	(3,425,060)

The Company's deferred tax assets and liabilities as at December 31, 2021 and 2020:

Deferred income tax assets		**2021**		2020
Undeducted finance costs	**$**	**652,000**	$	610,000
Excess book value of investments		**106,000**		4,000
Excess book value of derivative liabilities		**188,000**		975,000
Capital losses carried forward		**478,000**		478,000
Non-capital losses carried forward		**10,679,000**		9,591,000
Intangible assets		**199,000**		199,000
	$	**12,302,000**	$	11,857,000
Less: allocated against deferred income tax liabilities	**$**	**(11,718,000)**	$	(11,051,000)
Less: unrecognized deferred tax asset		**(584,000)**		(806,000)
Deferred income tax assets	**$**	**-**	$	-

Deferred income tax liabilities		**2021**		2020
Deferred exploration expenses	**$**	**(13,620,000)**	$	(10,642,000)
Excess tax value on convertible debt		**(68,000)**		(187,000)
Property and equipment		**(263,000)**		(222,000)
Less: reduction due to allocation of applicable deferred income tax assets		**11,718,000**		11,051,000
Net deferred tax liability	**$**	**(2,233,000)**	$	-

(EXPRESSED IN CANADIAN DOLLARS)

19. INCOME TAX (Continued)

The Company's non-capital income tax losses expire as follows:

2022	$	3,000
2023		6,000
2024		109,000
2025		63,000
2026		1,651,000
2027		112,000
2028		2,000,000
2029		2,165,000
2030		1,783,000
2031		3,361,000
2032		3,087,000
2033		1,653,000
2034		2,629,000
2035		2,633,000
2036		2,846,000
2037		4,191,000
2038		9,878,000
2039		3,559,000
2040		4,400,000
2041		4,721,000
	$	50,850,000

20. COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

1) The Company is committed to spend $6,539,025 by December 31, 2022 on Canadian exploration expenses ("CEE") as part of the flow-through financing dated on November 8, 2021. At December 31, 2021, the Company has spent $655,656, leaving a remaining commitment of $5,883,369. All flow-through spending commitments from previous flow-through financings have been fulfilled.

2) An audit was commenced by the Canada Revenue Agency (the “CRA”) in December 2016 of the flow-through expenditures incurred by the Company on the Goliath Gold Project, pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013. On March 7, 2018, the Company was advised by the CRA that out of the total of $12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately $1.8 million of CEE to operating expenses and a further $2.2 million of CEE to Canadian Development Expenses (“CDE”). In addition, pursuant to the audit, the CRA notified the Company that it is liable for Part XII.6 tax in the amount of $477,726 in connection with the shortfall from the disallowed CEE. Subsequently on July 2, 2021, the CRA issued a Notice of Reassessment that reduced the amount of the unpaid Part XII.6 tax to $430,689.

On September 30, 2021, the Company filed a Notice of Appeal where it disputes the CRA’s proposed re-characterizations of expenses from CEE to either CDE or operating expenses. Due to the uncertainty of the outcome, no liability has been recorded in the consolidated financial statements. The Notice of Appeal was transmitted to the Department of Justice on October 21, 2021 and lawyers were assigned by the Department of Justice in December 2021.

21. FINANCIAL RISK FACTORS

Capital Management

The Company manages its capital structure and makes appropriate adjustments, based on the funds available to the Company, to support the acquisition, exploration, and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital from two perspectives: its working capital position and its capital stock, warrant, and stock option components of its shareholders' equity.

At December 31, 2021, the Company has a working capital of $10,187,429 excluding the flow-through share premium liability and derivative liability (December 31, 2020 - $4,982,048); Capital stock and contributed surplus total $234,051,492 (2020 - $211,624,996).

To effectively manage the Company's capital requirements, management has put in place a rigorous planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities and planned future capital raises to meet its short-term business requirements, considering its anticipated cash flow from operations and its holding of cash and cash equivalents and marketable securities.

At December 31, 2021, the Company expects its capital resources and projected future cash flows from financing to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company is dependent on external financing to fund its activities. To carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2021.

Risk Disclosures

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

Credit Risk

The Company has cash and cash equivalents balance of $10,090,415 (December 31, 2020 - $4,437,345). The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. There is no significant credit risk with respect of receivables.

Interest Rate Risk

The Company has exposure to interest rate risk since its long-term debt has an interest rate based on 12-month LIBOR, subject to an interest floor.

21. FINANCIAL RISK FACTORS (Continued)

Market Price Risk

The Company has convertible long-term debt denominated in US Dollars. The convertible feature of this long-term debt has been classified as a non-cash derivative liability. Among other variables, the fair value of the non-cash derivative liability is affected by changes in the market price of the Company shares.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the US dollar. The balance of net monetary liabilities in such currency as of December 31, 2021 is $5,424,084 (December 31, 2020 - $4,988,134).

Liquidity Risk

The Company is exposed to liquidity risk primarily because of its trade accounts payable and its debt. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had a cash and cash equivalents balance of $10,090,415 (December 31, 2020 - $4,437,345) to settle current liabilities of $1,723,673 (December 31, 2020 - $1,197,292), excluding the flow-through share premium liability and derivative liability. All the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company relies on external financing to generate sufficient operating capital and the management believes it will be able to raise any required funds in the short-term.

Sensitivity Analysis

As at December 31, 2021 and December 31, 2020, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible" over a twelve-month period.

i) The Company is exposed to interest rate risk on LIBOR fluctuations for its long-term debt. A variance of 1% in the 12-month LIBOR will affect the annual Company's net comprehensive loss by approximately $59,098 (2020 - $56,021).

ii) The Company is exposed to foreign currency risk on fluctuations of balances that are denominated in US currency related to cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive loss by $542,408 (2020 - $498,813).

iii) The Company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their December 31, 2021 fair market value positions, the comprehensive loss would have varied by $69,383 (2020 - $145,982).

Fair Value Hierarchy

The Company has designated its investments as FVTOCI, which are measured at fair value. The non-cash derivative liability is classified as FVTPL and is measured at fair value with unrealized gains or losses reported in the consolidated statement of operations.

Accounts payable and accrued liabilities and the long-term debt are considered as other financial liabilities, which are measured at amortized cost which also approximates fair value. The fair value of long-term debt approximates their carrying amount due to the effective interest rate being close to the market rate.

(EXPRESSED IN CANADIAN DOLLARS)

21. FINANCIAL RISK FACTORS (Continued)

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where fair value measurement is required. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and investments approximate their fair value.

December 31, 2021:	Level One	Level Two	Level Three
Investments - current	**$ 667,388**	**$ 26,437**	**$ -**
Derivative liability	**-**	**(710,032)**	**-**
	$ 667,388	**$ (683,595)**	**$ -**

December 31, 2020:	Level One	Level Two	Level Three
Investments - current	$ 734,494	$ 287,821	$ -
Non-current investments	437,500	-	-
Derivative liability	-	(3,680,193)	-
	$ 1,171,994	$ (3,392,372)	$ -

There have been no transfers between levels 1, 2, or 3 during the periods.

22. SUBSEQUENT EVENTS

On February 11, 2022, the Company entered into a royalty agreement with an affiliate of Sprott Resource Streaming and Royalty Corp. ("Sprott"), for a US$20 million royalty financing. These funds will be used to facilitate a decision on construction at the Goliath Gold Complex. Pursuant to the terms of the agreement, Sprott will receive a 2.2% net smelter return royalty from all minerals produced at the Goliath Gold Complex for the life of the project. The terms of the agreement provide among other things a buyback provision by the Company, a step-down royalty reduction upon achieving certain production targets, minimum payments to Sprott of US$500,000 on a quarterly basis, payable in cash or common shares, until the earlier of December 31, 2027, or achievement of commercial production and a participation right for further project financing to a maximum of US$40 million by Sprott.

The transaction is subject to certain customary closing conditions and regulatory approvals. The Company expects the transaction to close towards the end of March 2022.

Subsequent to December 31, 2021, the Company granted: (i) an aggregate of 2,728,129 stock options to certain directors, officers and employees of the Company with an exercise price of $0.70 and expiring on February 18, 2025; and (ii) an aggregate of 1,337,489 Restricted Share Units to certain directors and officers of the Company.