



**Condensed Interim Consolidated Financial Statements  
(Unaudited)**

**As at and for the three months ended March 31, 2023 and 2022**

**(in Canadian dollars)**

**Talisker Resources Ltd.**  
**Condensed Interim Consolidated Statements of Financial Position (Unaudited)**  
*(Expressed in Canadian dollars)*

As at,	Notes	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 3,998,617	\$ 5,726,452
Amounts receivable	5	99,141	184,076
Inventory		90,578	38,203
Prepaid expenses		486,039	480,558
<b>Total current assets</b>		<b>4,674,375</b>	6,429,289
Reclamation deposits	10	1,468,300	1,468,300
Property, plant and equipment	6	7,249,136	7,560,341
Exploration and evaluation assets	7	29,249,956	29,181,106
<b>TOTAL ASSETS</b>		<b>\$ 42,641,767</b>	\$ 44,639,036
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8, 16	\$ 3,745,316	\$ 3,190,754
RSU Liability	14	50,185	114,368
Current portion of lease obligation	9	209,085	268,134
<b>Total current liabilities</b>		<b>4,004,586</b>	3,573,256
Provision for site reclamation and closure	10	19,131,121	18,977,039
Lease payable	9	-	20,028
Flow through premium liability	12	-	1,951,000
<b>Total liabilities</b>		<b>23,135,707</b>	24,521,323
<b>Shareholders' equity</b>			
Issued capital	11	98,240,173	98,154,998
Share-based payment reserve	14	3,619,991	3,723,245
Warrant reserve	13	5,957,200	5,957,200
Accumulated deficit		(88,311,304)	(87,717,730)
<b>Total shareholders' equity</b>		<b>19,506,060</b>	20,117,713
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 42,641,767</b>	\$ 44,639,036

**Nature of operations and going concern (note 1)**

*On behalf of the Board:*

*Signed: "Terence Harbort"*

Terence Harbort  
Chief Executive Officer and Director

*Signed: "Blair Zaritsky"*

Blair Zaritsky  
Director

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

**Talisker Resources Ltd.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)**  
(Expressed in Canadian dollars)

<b>For the three month periods ended March 31,</b>	Notes	<b>2023</b>	2022
<b>Expenses</b>			
Exploration and evaluation expenditures		\$ 1,023,827	\$ 8,836,373
Mine care and maintenance costs		262,692	533,481
Consulting and wages	16	503,487	862,153
Administration		179,648	457,321
Share-based expense	14	19,403	48,483
Public company costs		154,426	290,532
Travel and other		56,338	52,323
Depreciation of property, plant and equipment	6	314,008	309,477
<b>Total expenses</b>		<b>2,513,829</b>	<b>11,390,143</b>
<b>Other income and expense</b>			
Finance expense (income)		4,547	10,743
Foreign currency translation (gain) loss		2,449	1,887
Gain on revaluation of RSU liability		(17,333)	(24,021)
Loss from investment in associate		-	749,073
Accretion on site reclamation and closure	10	154,082	143,833
		<b>143,745</b>	<b>881,515</b>
Loss before income taxes		2,657,574	12,271,658
Income tax recovery	12	(1,951,000)	(6,986,000)
<b>Net loss and comprehensive loss</b>		<b>\$ 706,574</b>	<b>\$ 5,285,658</b>
<b>Loss per share - basic and diluted</b>		<b>\$ 0.00</b>	<b>\$ 0.02</b>
<b>Weighted average common shares outstanding</b>		<b>384,615,151</b>	<b>300,522,549</b>

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

## Talisker Resources Ltd.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in Canadian dollars)

	Number of Shares	Issued Capital (Note 11)	Share-based Payment Reserve (Note 14)	Warrant Reserve (Note 13)	Retained earnings (deficit)	Total
<b>Balance as at December 31, 2021</b>	<b>285,690,605</b>	<b>\$ 83,302,460</b>	<b>\$ 4,152,000</b>	<b>\$ 4,357,200</b>	<b>\$ (69,119,729)</b>	<b>\$ 22,691,931</b>
Issue of shares pursuant to private placement, net of issue costs (Note 11)	43,593,000	11,756,409	-	-	-	11,756,409
Flow through premium liability (Note 11)	-	(1,637,000)	-	-	-	(1,637,000)
Issue of shares for acquisition of mineral properties (Note 7)	75,000	20,625	-	-	-	20,625
Exercise of RSU's (Note 11)	260,000	80,600	-	-	-	80,600
Expiry of stock options	-	-	(67,960)	-	67,960	-
Net loss for the period	-	-	-	-	(5,285,658)	(5,285,658)
<b>Balance as at March 31, 2022</b>	<b>329,618,605</b>	<b>93,523,094</b>	<b>4,084,040</b>	<b>4,357,200</b>	<b>\$ (74,337,427)</b>	<b>\$ 27,626,907</b>
Issue of shares pursuant to private placement, net of issue costs (Note 11)	53,974,000	6,491,904	-	1,600,000	-	8,091,904
Flow through premium liability (Note 11)	-	(1,951,000)	-	-	-	(1,951,000)
Issue of shares for acquisition of mineral properties (Note 7)	50,000	11,000	-	-	-	11,000
Issued pursuant to agreement	436,880	80,000	-	-	-	80,000
Share based payments - options	-	-	6,605	-	-	6,605
Expiry of stock options	-	-	(367,400)	-	367,400	-
Net loss for the period	-	-	-	-	(13,747,703)	(13,747,703)
<b>Balance as at December 31, 2022</b>	<b>384,079,485</b>	<b>98,154,998</b>	<b>3,723,245</b>	<b>5,957,200</b>	<b>\$ (87,717,730)</b>	<b>\$ 20,117,713</b>
Issue of shares for acquisition of mineral properties (Note 7)	150,000	17,250	-	-	-	17,250
Exercise of RSU's (Note 11)	476,666	67,925	-	-	-	67,925
Share based payments - options	-	-	9,746	-	-	9,746
Expiry of stock options	-	-	(113,000)	-	113,000	-
Net loss for the period	-	-	-	-	(706,574)	(706,574)
<b>Balance as at March 31, 2023</b>	<b>384,706,151</b>	<b>98,240,173</b>	<b>3,619,991</b>	<b>5,957,200</b>	<b>\$ (88,311,304)</b>	<b>\$ 19,506,060</b>

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

## Talisker Resources Ltd.

### Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

For the three month periods ended March 31,	Notes	2023	2022
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the period		\$ (706,574)	\$ (5,285,658)
Items not involving cash:			
Income tax recovery	12	(1,951,000)	(6,986,000)
Loss from investment in associate		-	749,073
Gain on revaluation of RSU liability		(17,333)	(24,021)
Share based payments	14	30,821	48,483
Accretion on site reclamation and closure	10	154,082	143,833
Depreciation of property, plant and equipment	6	314,008	309,477
Working capital changes			
Change in amounts receivable		84,935	(127,952)
Change in inventory		(52,375)	(24,340)
Change in prepaid expenses		(5,481)	(129,685)
Change in accounts payable and accrued liabilities		554,562	124,943
<b>Cash flows used in operating activities</b>		<b>(1,594,355)</b>	<b>(11,201,847)</b>
<b>Investing activities</b>			
Acquisition of exploration and evaluation assets	7	(51,600)	(25,000)
Acquisition of property, plant and equipment, net of sales	6	(2,803)	(49,943)
<b>Cash flows used in investing activities</b>		<b>(54,403)</b>	<b>(74,943)</b>
<b>Financing activities</b>			
Issue of shares pursuant to private placement	11	-	12,535,515
Share issue costs	11	-	(779,106)
Repayment of lease and equipment loans	9	(79,077)	(73,156)
<b>Cash flows (used in) provided by financing activities</b>		<b>(79,077)</b>	<b>11,683,253</b>
<b>Net increase (decrease) in cash and cash equivalents for the period</b>		<b>(1,727,835)</b>	<b>406,463</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>5,726,452</b>	<b>12,571,890</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 3,998,617</b>	<b>\$ 12,978,353</b>
<b>Supplementary cash flow information</b>			
Interest received		\$ 641	\$ 367

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

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Talisker Resources Ltd. (“Talisker” or the “Company”) is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia. The Company’s shares are traded on the Toronto Stock Exchange (the “TSX”) under the symbol TSK. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation 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’s ability to continue as a going concern is dependent upon attaining profitable operations, and, the ability to raise public equity or other financing to meet expenditure commitments in the next twelve months. There is no assurance that these activities will be successful. As at March 31, 2023, the Company had cash of \$3,998,617 and for the three month period then ended, the Company recorded an accumulated deficit of \$88,311,304 (December 31, 2022: \$87,717,730), net loss of \$706,574 (2022: \$5,285,658), and net cash used in operating activities of \$1,594,355 (2022: \$11,201,847). The combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern. However, the Company is confident that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. These adjustments would be material to the financial statements.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 12, 2023.

### 2. BASIS OF PRESENTATION

#### Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

#### Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2022 annual financial statements.

## 2. BASIS OF PRESENTATION (continued)

### Principles of Consolidation

These condensed interim consolidated financial statements for the three month periods ended March 31, 2023 and 2022 include the financial position, financial performance and cash flows of the Company and its subsidiary detailed below:

Subsidiary	Country of Incorporation	Economic Interest	Basis of Accounting
Bralorne Gold Mines Ltd.	Canada	100%	Full consolidation
New Carolin Gold Corp.	Canada	100%	Full consolidation

*Subsidiaries* - Subsidiaries are entities over which the Company has control, whereby control is defined as the power to direct activities of an entity that significantly affect the entity's returns so as to obtain benefit from its activities. Control is presumed to exist where the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date at which control ceases.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Exploration and Evaluation **Assets' carrying values and impairment charges** - The Company assesses its cash-generating units at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.
- **Share-based payments** – The Company determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Provision for site reclamation and closure** – Provisions for site reclamation and closure have been created based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 10. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

### 4. CASH AND CASH EQUIVALENTS

The balance at March 31, 2023 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling \$3,898,617 (December 31, 2022 - \$5,626,452) and guaranteed investment certificates with major Canadian banks of \$100,000 (December 31, 2022 - \$100,000) for total cash and cash equivalents of \$3,998,617 (December 31, 2022 - \$5,726,452).

During the three month period ended March 31, 2022, the Company recognized interest income of \$641 (2022 - \$367).

### 5. AMOUNTS RECEIVABLE

As at,	March 31, 2023	December 31, 2022
HST receivable	\$ 99,141	\$ 161,251
Other receivables	-	22,825
	\$ 99,141	\$ 184,076

At March 31, 2023, the Company anticipates full recovery of these amounts and therefore no expected credit loss has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at March 31, 2023 and December 31, 2022.



## Talisker Resources Ltd.

### Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three month periods ended March 31, 2023 and 2022

(Expressed in Canadian dollars)



#### 6. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment \$	Buildings \$	Land \$	Water Treatment Facility \$	Vehicles \$	Right-of-Use Asset \$	Total \$
Balance at December 31, 2021	1,329,352	5,813,395	315,000	941,321	174,560	1,496,476	10,070,104
Additions	14,024	94,547	-	-	-	-	108,571
Disposals	(77,172)	-	-	-	(2,169)	-	(79,341)
Balance at December 31, 2022	1,266,204	5,907,942	315,000	941,321	172,391	1,496,476	10,099,334
Additions	2,803	-	-	-	-	-	2,803
Disposals	-	-	-	-	-	-	-
Balance at March 31, 2023	1,269,007	5,907,942	315,000	941,321	172,391	1,496,476	10,102,137

#### ACCUMULATED DEPRECIATION

Balance at December 31, 2021	396,716	131,375	-	148,784	43,659	569,775	1,290,309
Additions	373,962	437,852	-	62,060	23,153	351,657	1,248,684
Disposals	-	-	-	-	-	-	-
Balance at December 31, 2022	770,678	569,227	-	210,844	66,812	921,432	2,538,993
Additions	94,600	110,275	-	15,515	5,704	87,914	314,008
Disposals	-	-	-	-	-	-	-
Balance at March 31, 2023	865,278	679,502	-	226,359	72,516	1,009,346	2,853,001

#### NET BOOK VALUE

At December 31, 2022	495,526	5,338,715	315,000	730,477	105,579	575,044	7,560,341
At March 31, 2023	403,729	5,228,440	315,000	714,962	99,875	487,130	7,249,136

**7. EXPLORATION AND EVALUATION ASSETS**

The exploration and evaluation assets for the Company are summarized as follows:

**Three month period ended March 31, 2023**

<b>Project</b>	<b>January 1, 2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment</b>	<b>March 31, 2023</b>
<b>Bralorne Gold Camp</b>					
Bralorne Gold Project	10,723,883	\$ -	\$ -	\$ -	<b>10,723,883</b>
Royalle Property	243,000	-	-	-	<b>243,000</b>
NaiKun Wind Crown Grant	36,000	-	-	-	<b>36,000</b>
Congress Property	295,000	-	-	-	<b>295,000</b>
Big Sheep Property	120,000	-	-	-	<b>120,000</b>
<b>Southern BC Properties</b>					
Spences Bridge	5,701,823	-	-	-	<b>5,701,823</b>
Golden Hornet Property	-	67,550	-	-	<b>67,550</b>
<b>Ladner Gold Project</b>	<b>12,061,400</b>	<b>1,300</b>	<b>-</b>	<b>-</b>	<b>12,062,700</b>
	<b>\$ 29,181,106</b>	<b>\$ 68,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>29,249,956</b>

<sup>1</sup> WCGG Properties included the Tulameen South, Bluejay and Sauchi Creek properties.

During the three month period ended March 31, 2023, the Company issued 150,000 shares with a value of \$17,250 and made cash payments of \$51,600 for property acquisitions on the Golden Hornet property and Ladner Gold Project.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

<b>As at,</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Accounts payable	\$ 2,035,030	\$ 1,393,517
Accrued liabilities	<b>1,710,286</b>	<b>1,797,237</b>
	<b>\$ 3,745,316</b>	<b>\$ 3,190,754</b>

**9. LEASES PAYABLE**

The Company has entered into equipment leases expiring between 2023 and 2024, with interest rates ranging from 4.95% to 5.90% per annum. The Company has the option to purchase the equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

	<b>March 31, 2023</b>	December 31, 2022
Not later than one year	\$ 215,911	\$ 279,879
Later than one year and not later than five years	-	20,296
Less: Future interest charges	<b>(6,826)</b>	(12,013)
Present value of lease payments	<b>209,085</b>	288,162
Less: current portion	<b>(209,085)</b>	(268,134)
Non-current portion	\$ -	\$ 20,028

Reconciliation of debt arising from lease liabilities:

	<b>March 31, 2023</b>	December 31, 2022
Lease liability at beginning of year	\$ 288,162	\$ 589,524
Principal payments on lease liabilities	<b>(79,077)</b>	(301,362)
	<b>\$ 209,085</b>	\$ 288,162

**10. PROVISION FOR SITE RECLAMATION AND CLOSURE**

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The breakdown of the provision for site reclamation and closure is as per below:

	<b>March 31, 2023</b>			December 31, 2022		
	<b>Bralorne</b>	<b>New Carolin</b>	<b>Total</b>	Bralorne	New Carolin	Total
Balance, beginning of period/year	<b>11,697,368</b>	<b>7,279,671</b>	<b>18,977,039</b>	15,784,000	7,528,532	23,312,532
Change in estimate	-	-	-	(4,488,040)	(430,778)	(4,918,818)
Accretion	<b>94,934</b>	<b>59,148</b>	<b>154,082</b>	401,408	181,917	583,325
Balance, end of period/year	<b>11,792,302</b>	<b>7,338,819</b>	<b>19,131,121</b>	11,697,368	7,279,671	18,977,039

**10. PROVISION FOR SITE RECLAMATION AND CLOSURE (continued)**

The present value of the obligation for Bralorne of \$11,792,302 (December 31, 2022 – \$11,697,368) is based on an undiscounted obligation of \$60,652,591, out of which \$10,338,294 is expected to be incurred in 2040 with the remaining \$50,314,297 to be incurred on water treatment and quality monitoring throughout 2140. The provision was calculated using a weighted average risk-free interest rate of 3.3% (December 31, 2022 – 3.3%) and a weighted average inflation rate of 2.1% (December 31, 2022 – 2.1%). Reclamation activities are estimated to begin in 2040 and are expected to be incurred over a period of 100 years.

The present value of the obligation for Ladner Lake of \$7,338,819 (December 31, 2022 – \$7,279,671). The provision was calculated using a weighted average risk-free interest rate of 3.3% (December 31, 2022 – 3.3%). and a weighted average inflation rate of 2.1% (December 31, 2022 – 2.1%). Reclamation activities are estimated to begin in 2023 and are expected to be incurred over a period of 100 years

**Reclamation Deposits**

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

	March 31, 2023				December 31, 2022			
	Talisker	Bralorne	New Carolin	Total	Talisker	Bralorne	New Carolin	Total
Balance, beginning of period/year	58,300	1,190,000	220,000	1,468,300	58,300	1,190,000	220,000	1,468,300
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance, end of period/year	58,300	1,190,000	220,000	1,468,300	58,300	1,190,000	220,000	1,468,300

Under the Ministry of Energy, Mines and Petroleum Resources (“MEM”), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed. Bralorne is required to pay \$250,000 every six months until a cumulative security equal to \$12,300,000. At March 31, 2023, the surety amounted to \$3,480,000 and the Company has placed \$1,190,000 in cash (December 31, 2022 - \$1,190,000), totalling \$4,670,000 to cover estimated future costs related to the ground disturbance at the Company’s Bralorne Gold Project. As at March 31, 2023 the Company is current with all its obligations with the MEM.

In connection with the Ladner Gold Project, under New Carolin, the Company has a total of \$220,000 placed with the Province of British Columbia in environmental and mining bonds.

**11. ISSUED CAPITAL**

**Authorized** Unlimited common shares without par value

	<b>March 31, 2023</b>	December 31, 2022
Issued capital	<b>\$ 98,240,173</b>	\$ 98,154,998
Fully paid common shares <sup>(1)</sup>	<b>384,706,151</b>	384,079,485

(1) As at March 31, 2023 and December 31, 2022, there are 250,000 shares awaiting issuance, the proceeds for which were received in 2008 and are included in share capital.

**Common Shares Issued**

	Number of Shares	Value of Shares
Balance as at December 31, 2021	285,690,605	\$ 83,302,460
Issue of shares pursuant to private placement, net of issue costs	97,567,000	18,248,313
Flow through premium liability	-	(3,588,000)
Issue of shares for acquisition of mineral properties (Note 8)	125,000	31,625
Issued pursuant to agreement	436,880	80,000
Exercise of RSU's	260,000	80,600
Balance as at December 31, 2022	384,079,485	\$ 98,154,998
Issue of shares for acquisition of mineral properties (Note 8)	476,666	67,925
Exercise of RSU's	150,000	17,250
Balance as at March 31, 2023	384,706,151	\$ 98,240,173

**Diluted Weighted Average Number of Shares Outstanding**

	<b>March 31, 2023</b>	March 31, 2022
Basic weighted average shares outstanding:	<b>384,615,151</b>	300,522,549
Effect of outstanding securities	-	-
Diluted weighted average shares outstanding	<b>384,615,151</b>	300,522,549

During the three month periods ended March 31, 2023 and 2022, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

**12. FLOW-THROUGH PREMIUM LIABILITY**

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company’s common shares and compared it to determine if there was a premium paid on the shares.

**Three months ended March 31, 2023**

During the three month period ended March 31, 2023, the Company recognized an amount of \$1,951,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the three month period ended March 31, 2023.

**Three months ended March 31, 2022**

For the three month period ended March 31, 2022, the Company recognized a \$1,637,000 as a flow-through premium liability on issuance in connection with private placements closed during the three month period ended March 31, 2022.

During the three month period ended March 31, 2022, the Company recognized an amount of \$6,986,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the three month period ended March 31, 2022.

**13. WARRANTS RESERVE**

The following is a summary of changes in warrants:

	Number of Warrants	Weighted average exercise price per warrant	Amount
Balance, December 31, 2021	7,722,476	\$ 0.42	\$ 4,357,200
Issuance of warrants	28,398,000	0.24	1,600,000
Expiry of warrants	(7,722,476)	0.42	-
Balance, December 31, 2022 and March 31, 2023	28,398,000	\$ 0.24	\$ 5,957,200

As at March 31, 2023, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
February 11, 2025	\$0.24	28,398,000
<b>Balance, March 31, 2023</b>		<b>28,398,000</b>

During the year ended December 31, 2022, 610,728 warrants expiring February 4, 2022, 2,110,446 warrants expiring May 8, 2022 and 5,001,302 warrants expiring August 27, 2022, expired unexercised.

**14. SHARE-BASED PAYMENT RESERVE**

**Stock Option Plan**

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were outstanding as at March 31, 2023:

Number of options outstanding	Number of exercisable options	Grant date	Expiry date	Exercise price	Fair value vested
50,000	50,000	August 22, 2018	August 22, 2023	\$ 0.24	5,000
2,950,000	2,950,000	June 18, 2019	June 18, 2024	\$ 0.20	288,000
4,550,000	4,550,000	December 27, 2019	December 27, 2024	\$ 0.295	1,002,960
1,100,000	1,100,000	February 14, 2020	February 14, 2025	\$ 0.390	367,000
600,000	600,000	August 20, 2020	August 20, 2025	\$ 0.460	184,680
3,225,000	3,225,000	December 11, 2020	December 11, 2025	\$ 0.330	788,000
4,420,000	4,420,000	December 7, 2021	December 7, 2026	\$ 0.315	968,000
500,000	125,000	October 31, 2022	October 31, 2024	\$ 0.115	16,351
<b>17,395,000</b>	<b>17,020,000</b>				<b>3,619,991</b>

The share options outstanding as at March 31, 2023 had a weighted exercise price of \$0.30 (December 31, 2022: \$0.30) and a weighted average remaining contractual life of 2.35 years (December 31, 2022: 2.59 years).

All options vested on their date of issue and expire within five years of their issue, or 90 days after the resignation of the director, officer, employee or consultant.

**14. SHARE-BASED PAYMENT RESERVE (continued)**

**Movements in Share Options During the Period**

The following reconciles the share options outstanding for the three month period ended March 31, 2023 and year ended December 31, 2022:

	Number of options	Weighted average exercise price
Balance as at December 31, 2021	19,195,000	\$ 0.31
Granted	500,000	\$ 0.115
Expired	(1,710,000)	\$ 0.36
Balance as at December 31, 2022	17,985,000	\$ 0.30
Expired	(590,000)	\$ 0.36
Balance as at March 31, 2023	17,395,000	\$ 0.30

**Restricted Share Units**

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an “RSU”) convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals. Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.



**14. SHARE-BASED PAYMENT RESERVE (continued)**

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's	Weighted average fair value
Balance, December 31, 2021	1,430,000	\$ 0.32
Exercised	(260,000)	\$ 0.31
Balance, December 31, 2022	1,170,000	\$ 0.32
Exercised	(476,666)	\$ 0.31
Balance, March 31, 2023	693,334	\$ 0.32

**RSU liability:**

As at March 31, 2023 a liability of \$50,185 (December 31, 2022 - \$114,368) has been recorded for RSUs.

The following table summarizes information about share-based payment reserve:

Balance as at December 31, 2021	\$	4,152,000
Share-based expense - options		6,605
Expiry of stock options		(435,360)
Balance as at December 31, 2022	\$	3,723,245
Share-based expense - options		9,746
Expiry of stock options		(113,000)
Balance as at March 31, 2023	\$	3,619,991

**15. FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities as at March 31, 2023 and December 31, 2022 were as follows:

	Fair value through profit of loss	Amortized cost	Other financial liabilities	Total
<b>As at March 31, 2023</b>				
Cash and cash equivalents	\$ -	\$ 3,998,617	\$ -	\$ 3,998,617
Reclamation deposits	-	1,468,300	-	1,468,300
Accounts payable and accrued liabilities	-	-	3,745,316	3,745,316
RSU liability	50,185	-	-	50,185
Leases payable	-	-	209,085	209,085
<b>As at December 31, 2022</b>				
Cash and cash equivalents	\$ -	\$ 5,726,452	\$ -	\$ 5,726,452
Reclamation deposits	-	1,468,300	-	1,468,300
Accounts payable and accrued liabilities	-	-	3,190,754	3,190,754
RSU liability	114,368	-	-	114,368
Leases payable	-	-	288,162	288,162

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

The carrying value of cash and cash equivalents, amounts receivable, reclamation deposits, accounts payable and accrued liabilities and leases and loan payables approximate fair value because of the limited terms of these instruments.

**16. RELATED PARTY DISCLOSURES**

The following is a summary of the Company’s related party transactions during the three month periods ended March 31, 2023 and 2022:

The Company charged rent and other costs in the amount of \$15,000 for the three month period ended March 31, 2023 (2022 - \$4,500) paid by Millennial Precious Metals Corp., a company with certain common directors and officers.

The Company incurred operations costs in the amount of \$105,861 for the three month period ended March 31, 2023 (2022 - \$26,388) paid to JDS Energy & Mining Inc., a company with certain common former directors.

**Compensation of Key Management Personnel of the Company**

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the three month periods ended March 31, 2023 and 2022 were as follows:

	<b>March 31, 2023</b>	March 31, 2022
Short term employee benefits, director fees	\$ 430,638	\$ 505,900
Share based payments	<u>21,076</u>	<u>49,815</u>
	<b>\$ 451,714</b>	<b>\$ 555,715</b>

As at March 31, 2023, an amount of \$681,220 (December 31, 2022 - \$491,376) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

**17. COMMITMENTS AND CONTINGENCIES**

**Flow-Through Shares**

As at March 31, 2023, the Company was committed to spending approximately \$2,900,000 to be spent by December 31, 2023 in connection with its flow-through offerings (December 31, 2022 - \$3,045,000).

Due to the size, complexity and nature of the Company’s operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.