



**Consolidated Financial Statements**

**As at and for the years ended December 31, 2021 and 2020**

**(in Canadian dollars)**



## Independent auditor's report

To the Shareholders of Talisker Resources Ltd.

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### Our opinion

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

#### What we have audited

The Company's consolidated financial statements comprise:

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

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

#### Independence

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## 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.

### Key audit matter

### How our audit addressed the key audit matter

#### Assessment of impairment indicators of exploration and evaluation assets

*Refer to note 3(c) – Significant accounting policies – Exploration and evaluation assets and expenditures, note 3(i) – Significant accounting policies – Impairment of non-financial assets and note 9 – Exploration and evaluation assets to the consolidated financial statements.*

The net book value of exploration and evaluation assets amounted to \$34.8 million as at December 31, 2021. At each reporting period, management assesses exploration and evaluation assets (or cash generating unit (CGU)) to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its estimated recoverable amount.

Management assesses exploration and evaluation assets for impairment based on the following indicators: (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to determine that extracting the resources will not be technically feasible or commercially viable; and

Our approach to addressing the matter involved the following procedures, among others:

- Assessed the judgment made by management in determining the impairment indicators, which included the following:
  - Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.
  - Read the Board of Directors' minutes and obtained budget approvals to evidence continued and planned exploration expenditure, which included evaluating results of management's work programs.
  - Assessed whether extracting the resources will not be technically feasible or commercially viable, or if other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.



## Key audit matter

## How our audit addressed the key audit matter

(iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

No impairment indicators were identified by management as at December 31, 2021.

We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, and these have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

### **Provision for site reclamation and closure at Bralorne Gold Project (Bralorne) and Ladner Gold Project (Ladner)**

*Refer to note 3(l) – Significant accounting policies – Provisions and note 12 – Provision for site reclamation and closure to the consolidated financial statements.*

The Company's provision for site reclamation and closure at Bralorne and Ladner amounted to \$23.3 million as at December 31, 2021. The provision is an estimate of the present value of estimated costs required to restore the Company's operating location based on the risk-free nominal discount rates that reflect current market assessments and the risks specific to the liability. The provision for site reclamation and closure and related assets is adjusted at the end of each reporting period for changes in the discount rates and in the estimated amount, timing and cost of the work to be carried out.

Management makes significant assumptions in determining the timing and extent of costs of the site reclamation and closure provision that has been prepared by third party experts, which include

Our approach to addressing the matter involved the following procedures, among others:

- Tested how management determined the provision for site reclamation and closure estimate at Bralorne and Ladner which included the following:
  - The work of management's experts was used in performing procedures to evaluate the reasonableness of management's assumptions on the timing, extent of costs of the site reclamation and closure provision. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts and an evaluation of their findings.



Key audit matter	How our audit addressed the key audit matter
<p>certain closure cost estimates and discount and inflation rates.</p> <p>We considered this a key audit matter due to (i) the significance of the rehabilitation provisions; (ii) the significant judgment exercised by management in determining the provision for site reclamation and closure; and (iii) the significant audit effort and subjectivity in applying audit procedures to test significant assumptions used by management.</p>	<ul style="list-style-type: none"><li>- Tested the appropriateness of the model used by management.</li><li>- Evaluated the reasonableness of the discount rate and inflation rate assumptions by comparing them to independent data sources.</li><li>- Tested the mathematical accuracy of the site reclamation and closure provision.</li></ul>

### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 23, 2022

## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Talisker Resources Ltd. ("Talisker" or the Company") are the responsibility of management and the Board of Directors of the Company.

The consolidated financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") using accounting policies consistent with IFRSs appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*Signed: "Terence Harbort"*

Terence Harbort  
Chief Executive Officer

*Signed: "Andres Tinajero"*

Andres Tinajero  
Chief Financial Officer



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

As at,	Notes	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	\$ 12,571,890	\$ 24,974,407
Amounts receivable	7	763,346	345,767
Inventory		76,026	64,212
Prepaid expenses		608,321	438,196
Total current assets		14,019,583	25,822,582
Reclamation deposits	13	1,468,300	1,190,000
Long term receivable	7	319,181	319,181
Property, plant and equipment	8	8,779,795	4,055,238
Exploration and evaluation assets	9, 13	34,820,625	24,532,611
Investment in associate	10	1,332,266	4,508,688
<b>TOTAL ASSETS</b>		<b>\$ 60,739,750</b>	<b>\$ 60,428,300</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11, 18	\$ 7,000,088	\$ 2,123,784
RSU Liability		159,675	8,619
Current portion of lease obligation	12	301,362	269,316
Total current liabilities		7,461,125	2,401,719
Provision for site reclamation and closure	13	23,312,532	14,592,950
Lease payable	12	288,162	422,865
Flow through premium liability	15	6,986,000	5,480,000
Total liabilities		38,047,819	22,897,534
<b>Shareholders' equity</b>			
Issued capital	14	83,302,460	61,393,068
Share-based payment reserve	17	4,152,000	3,422,838
Warrant reserve	16	4,357,200	4,469,300
Accumulated deficit		(69,119,729)	(31,754,440)
Total shareholders' equity		22,691,931	37,530,766
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 60,739,750</b>	<b>\$ 60,428,300</b>

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

**Events after the reporting period (note 24)**

*On behalf of the Board:*

*Signed: "Terence Harbort"*

Terence Harbort  
Chief Executive Officer and Director

*Signed: "Blair Zaritsky"*

Blair Zaritsky  
Director

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

For the years ended December 31,	Notes	2021	2020
<b>Expenses</b>			
Exploration and evaluation expenditures		\$ 32,374,006	\$ 10,980,541
Mine care and maintenance costs		1,429,472	1,711,867
Consulting and wages	19	3,521,894	2,927,455
Administration		1,945,204	1,648,045
Share-based expense	17	699,633	1,239,421
Public company costs		1,148,345	953,497
Travel and other		319,669	225,811
Depreciation of property, plant and equipment	8	721,624	507,614
<b>Total expenses</b>		<b>42,159,847</b>	<b>20,194,251</b>
<b>Other income and expense</b>			
Finance expense (income)		(26,413)	(8,278)
Foreign currency translation (gain) loss		17,479	2,217
Realized (gain) on marketable securities	6, 10	-	(90,580)
Loss on disposal of assets		-	4,422
Gain on revaluation of RSU liability		(9,771)	-
Loss from investment in associate	10	874,592	45,000
Gain on sale of properties	9	(108,375)	(4,255,849)
Accretion on site reclamation and closure	13	266,539	336,868
		<b>1,014,051</b>	<b>(3,966,200)</b>
Loss before income taxes		<b>43,173,898</b>	16,228,051
Income tax recovery	21	(5,480,000)	(494,000)
<b>Net loss and comprehensive loss</b>		<b>\$ 37,693,898</b>	<b>\$ 15,734,051</b>
<b>Loss per share - basic and diluted</b>		<b>\$ 0.15</b>	<b>\$ 0.09</b>
<b>Weighted average common shares outstanding</b>		<b>251,711,089</b>	<b>181,008,970</b>

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

**Talisker Resources Ltd.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars)

	Number of Shares	Issued Capital (Note 14)	Share-based Payment Reserve (Note 17)	Warrant Reserve (Note 16)	Retained earnings (deficit)	Total
Balance as at December 31, 2019	127,042,296	\$ 33,071,000	\$ 1,662,044	\$ 1,640,000	\$ (16,064,824)	\$ 20,308,220
Issue of shares pursuant to private placement, net of issue costs (Note 14)	75,380,790	29,853,402	-	3,841,000	-	33,694,402
Flow through premium liability (Note 14)	-	(5,480,000)	-	-	-	(5,480,000)
Issue of shares for acquisition of mineral properties (Note 9)	2,675,000	846,125	-	-	-	846,125
Issue of shares for community relations (Note 14)	109,589	36,164	-	-	-	36,164
Exercise of warrants (Note 14)	7,985,174	3,034,561	-	(1,011,700)	-	2,022,861
Exercise of options (Note 14)	75,000	26,045	(8,000)	-	-	18,045
Exercise of RSU's (Note 14)	41,220	5,771	(5,771)	-	-	-
Share-based expense - options	-	-	1,819,000	-	-	1,819,000
Expiry of stock options	-	-	(44,435)	-	44,435	-
Net loss for the year	-	-	-	-	(15,734,051)	(15,734,051)
Balance as at December 31, 2020	213,309,069	\$ 61,393,068	\$ 3,422,838	\$ 4,469,300	\$ (31,754,440)	\$ 37,530,766
<b>Issue of shares pursuant to private placement, net of issue costs (Note 14)</b>	<b>42,566,932</b>	<b>20,344,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,344,021</b>
<b>Flow through premium liability (Note 14)</b>	<b>-</b>	<b>(6,986,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,986,000)</b>
<b>Issue of shares for acquisition of mineral properties (Note 9)</b>	<b>5,619,170</b>	<b>1,520,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,520,580</b>
<b>Shares and warrants issued on corporate acquisition (Note 9)</b>	<b>18,575,790</b>	<b>5,108,342</b>	<b>56,000</b>	<b>168,000</b>	<b>-</b>	<b>5,332,342</b>
<b>Exercise of warrants (Note 14)</b>	<b>4,668,481</b>	<b>1,656,167</b>	<b>-</b>	<b>(280,100)</b>	<b>-</b>	<b>1,376,067</b>
<b>Exercise of options (Note 14)</b>	<b>892,383</b>	<b>258,053</b>	<b>(83,000)</b>	<b>-</b>	<b>-</b>	<b>175,053</b>
<b>Exercise of RSU's (Note 14)</b>	<b>58,780</b>	<b>8,229</b>	<b>(8,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share-based expense - options</b>	<b>-</b>	<b>-</b>	<b>1,093,000</b>	<b>-</b>	<b>-</b>	<b>1,093,000</b>
<b>Expiry of stock options</b>	<b>-</b>	<b>-</b>	<b>(328,609)</b>	<b>-</b>	<b>328,609</b>	<b>-</b>
<b>Net loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,693,898)</b>	<b>(37,693,898)</b>
<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>

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

**Talisker Resources Ltd.**  
**Consolidated Statements of Cash Flows**

(Expressed in Canadian dollars)

For the years ended December 31,	Notes	2021	2020
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the year		\$ (37,693,898)	\$ (15,734,051)
Items not involving cash:			
Income tax recovery	15	(5,480,000)	(494,000)
Gain on sale of properties	9	(108,375)	(4,255,849)
Loss from investment in associate	10	874,592	45,000
Gain on revaluation of RSU liability		(9,771)	-
Share based payments	17	1,253,827	1,827,619
Shares issued for community relations		-	36,164
Accretion on site reclamation and closure	13	266,539	336,868
Depreciation of property, plant and equipment	8	721,624	507,614
Realized gain on marketable securities	6	-	(90,580)
Working capital changes			
Change in amounts receivable		(383,705)	(40,690)
Change in inventory		(11,814)	(64,212)
Change in prepaid expenses		(138,920)	(296,407)
Change in long term receivable		-	(319,181)
Change in accounts payable and accrued liabilities		2,565,045	800,385
<b>Cash flows used in operating activities</b>		<b>(38,144,856)</b>	<b>(17,741,320)</b>
<b>Investing activities</b>			
Acquisition of exploration and evaluation assets	9	(355,275)	(215,000)
Sale of NSR	9	7,500,000	-
Acquisition of property, plant and equipment	8	(5,219,744)	(1,071,338)
Cash acquired on corporate acquisition		7,780	-
Reclamation deposits	13	(58,300)	(1,179,963)
(Purchase) Sales of marketable securities, net	10	2,301,830	90,580
<b>Cash flows used in investing activities</b>		<b>4,176,291</b>	<b>(2,375,721)</b>
<b>Financing activities</b>			
Issue of shares pursuant to private placement	14	21,033,135	36,059,988
Share issue costs	14	(689,113)	(2,365,586)
Issue of shares pursuant to exercise of warrants and options	14	1,551,120	2,040,906
Repayment of lease and equipment loans	12	(329,094)	(346,350)
<b>Cash flows from financing activities</b>		<b>21,566,048</b>	<b>35,388,958</b>
<b>Net increase (decrease) in cash and cash equivalents for the year</b>		<b>(12,402,517)</b>	<b>15,271,917</b>
<b>Cash and cash equivalents, beginning of the year</b>		<b>24,974,407</b>	<b>9,702,490</b>
<b>Cash and cash equivalents, end of the year</b>		<b>\$ 12,571,890</b>	<b>\$ 24,974,407</b>
<b>Supplementary cash flow information</b>			
Interest received		\$ 86,018	\$ 59,724

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

## **1. NATURE OF OPERATIONS**

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 were previously listed on the Canadian Securities Exchange (the “CSE”) under the symbol “TSK” and the OTCQB Venture Market under the symbol “TSKFF”. On October 14, 2020, the Company’s shares began trading on the Toronto Stock Exchange (the “TSX”) under the symbol TSK and the Company voluntarily delisted from the CSE. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. Talisker is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Talisker’s ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that Talisker’s funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 23, 2022.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

The Company’s consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### **Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## 2. BASIS OF PRESENTATION (continued)

### Principles of Consolidation

These consolidated financial statements for the years ended December 31, 2021 and 2020 include the financial position, financial performance and cash flows of the Company and its subsidiaries 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 POLICIES

### (a) Presentation Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar, and the functional currency of its subsidiary is the Canadian dollar.

### (b) Foreign Currency Translation

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Foreign currency translation gains and losses are presented in the statements of loss and comprehensive loss in the period in which they occur. The Company translates the financial statements of any subsidiaries with a different functional currency than the parent company as follows: items in the statement of loss and comprehensive loss are translated into the presentation currency using the average exchange rate for the year. Assets and liabilities are translated at the year-end rate. All resulting exchange differences are reported as a separate component of other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in accumulated other comprehensive income, shall be reclassified from equity to consolidated statements of loss and comprehensive loss when the gain or loss on disposal is recognized.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(c) Exploration and Evaluation Assets and Expenditures**

##### **Exploration and Evaluation Assets and Expenditures**

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- (ii) determining the optimal methods of extraction and metallurgical and treatment processes;
- (iii) studies related to surveying, transportation, and infrastructure requirements;
- (iv) permitting activities; and
- (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Costs incurred to acquire an exploration and evaluation asset are capitalised based on the fair value of the assets acquired less the costs associated with the acquisition. Such assets may be acquired with an associated reclamation and closure obligation. These obligations are recorded as a provision on the statement of financial position with the offsetting asset recorded as part of the exploration and evaluation asset.

Costs incurred pre-exploration, including license costs paid in connection with a right to explore in an existing exploration area are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, up until the point it is concluded that a future economic benefit is more likely than not to be realized.

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

##### **Sale of Royalty Interest**

The Company records the proceeds from the sale of a royalty interest on a property against the value of the Exploration and Evaluation asset in the statement of financial position and does not recognize any gain or loss on its exploration and evaluation royalty transactions, until the consideration received is in excess of the carrying amount of the associated asset on which the royalty is to be earned.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(d) Property, Plant and Equipment**

##### **Cost**

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant) borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

The cost of replacing or overhauling a component of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is written off. Costs associated with routine repairs and maintenance of plant and equipment are expensed as incurred.

##### **Depreciation**

The carrying amounts of property, plant and equipment are depreciated using the diminishing balance method using the rates below. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of plant and equipment.

Machinery and Equipment	5 years
Buildings	10 years
Water Treatment Plant	15 years
Vehicles	5 years

Depreciation methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate.

Depreciation is either regarded as part of the cost of inventory or expensed through the statement of loss and comprehensive loss.

##### **Disposal**

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

#### **(e) Reclamation Deposits**

Reclamation deposits are term deposits held on behalf of the Government of the Province of British Columbia as collateral for possible reclamation activities on the Company's exploration and evaluation assets in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets. Reclamation deposits are released, by the Province of British Columbia, once a property is restored to satisfactory condition, or as released under the surety bond agreement described in Note 13. Reclamation deposits are recorded at amortized cost.



### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(f) Share-Based Payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statements of income and comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

#### **(g) Finance Costs**

Finance costs comprise interest expense on borrowings and interest accretion calculated using the effective interest rate method.

#### **(h) Taxation**

##### **Current Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(h) Taxation (continued)**

##### **Deferred Income Tax**

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

No deferred tax liability is recognized on taxable temporary differences associated with investments to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

No deferred tax asset is recognized on the deductible temporary differences associated with investments in subsidiaries as it is not probable that the temporary differences will reverse in the foreseeable future.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(i) Impairment of Non-Financial Assets**

The carrying amounts of Talisker's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets 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 group of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(j) Financial Instruments**

##### **Financial Assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

##### **Amortized Cost**

These financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issues, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables are recognized based on the lifetime expected credit losses. During the process of reviewing accounts receivable for impairment, the probability of the non-payment of the receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for receivables. For receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within operating expenses in the consolidated statement of comprehensive loss. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's financial assets measured at amortized cost comprise cash and cash equivalents, reclamation deposits and amounts receivable.

##### **Financial Liabilities**

The Company classifies its financial instruments into one of two categories, depending on the purpose for which the liability was acquired.

##### **Fair Value Through Profit or Loss**

RSU liability is classified as fair value through profit or loss at December 31, 2021. These liabilities are classified and measured at fair value through profit and loss.

##### **Other Financial Liabilities**

Other financial liabilities include accounts payables and accrued liabilities and equipment loans payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

#### **(k) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash at banks and cash on hand and short term, highly liquid deposits which are either cashable or with original maturities of less than three months from the date of acquisition.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(I) Provisions**

##### **General**

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of income and comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

##### **Provision for Site Reclamation and Closure**

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. Management makes significant assumptions in determining the timing and extent of costs of the site reclamation and closure provision that has been prepared by third party experts. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability, and is included as a finance expense. Where the timing of the work to perform rehabilitation work is uncertain, management either makes its best effort to assess the appropriate present value or will record the gross value of a provision amount.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment.

For closed sites, or assets with zero carrying values changes to estimated costs are recognized immediately in loss and other comprehensive loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(l) Provisions (continued)**

##### **Contingent Assets**

The Company discloses contingent assets, where an inflow of economic benefits is probable. The Company continually assesses any contingent assets to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

#### **(m) Earnings (Loss) Per Share**

Basic earnings (loss) per common share has been computed by dividing the earnings (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the year. Diluted earnings (loss) per common share reflects the potential dilution of common share equivalents such as outstanding options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease (loss) per share.

#### **(n) Operating Segments**

At December 31, 2021, the Company's operations comprise a single operating segment engaged in mineral exploration and evaluating in British Columbia. An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief executive officer; and
- for which discrete financial information is available.

#### **(o) Right of use asset and lease liabilities**

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including insubstance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(o) Right of use asset and lease liabilities (continued)**

The right-of-use asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to consolidated statements of loss and comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. On the consolidated statements of financial position, right-of-use assets and lease liabilities are reported in property, plant and equipment and lease obligation, respectively.

#### **(p) Investment in associate**

Associates are entities over which the Company has significant influence, but not control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profits or losses of associates after the date of acquisition. The Company's share of profits or losses is recognized in the statement of loss and its share of other comprehensive loss or loss of associates is included in other comprehensive loss.

Unrealized gains on transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of loss.

The Company assesses at each period end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Company's shares of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Adoption New Accounting Standards

The adoption of the following new standards, interpretations and amendments were included in the financial statements for the year beginning January 1, 2021.

#### Amendments to IAS 16

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use. Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognized in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

### 4. 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.



#### 4. 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 13. 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.
- **Impairment of investments in associate** – The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.
- **COVID-19** - The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern. As of December 31, 2021, the Company was to be required to spend approximately \$897,000 to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2020 - \$11,000,000). On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including extending the filing requirement for the Part XII.6 tax for the same period. The amendments to enact these proposals were enacted on June 29, 2021. The Corporation will be required to spend \$897,000 of flow-through funds by December 31, 2022, instead of December 31, 2021.

#### 5. CASH AND CASH EQUIVALENTS

The balance at December 31, 2021 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling \$9,860,732 (December 31, 2020 - \$13,169,564) and guaranteed investment certificates with major Canadian banks of \$2,711,158 (December 31, 2020 - \$11,804,843) for total cash and cash equivalents of \$12,571,890 (December 31, 2020 - \$24,974,407).

During the year ended December 31, 2021, the Company recognized interest income related to the various investments of \$86,018 (2020 - \$59,724).

## 6. MARKETABLE SECURITIES

During the year ended December 31, 2021, the Company recognized a realized gain of \$nil (2020 - \$90,580) on sale of various common shares.

## 7. AMOUNTS RECEIVABLE

<b>As at,</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
HST receivable	\$ 416,846	\$ 345,767
Other receivables	346,500	-
	<b>\$ 763,346</b>	<b>\$ 345,767</b>

At December 31, 2021, 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 December 31, 2021 and December 31, 2020.

### Long Term Receivable

As at December 31, 2021, the Company recognized a receivable of \$319,181 (December 31, 2020 - \$319,181) related to B.C. tax mining credits. The Company expects to receive the refund pending the standard review process by CRA which is expected to take longer than 12 months.

## 8. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment \$	Buildings \$	Land \$	Water Treatment Facility \$	Vehicles \$	Right-of-Use Asset \$	Total \$
Balance at December 31, 2019	849,210	312,500	-	977,000	96,700	575,000	2,810,410
Additions	309,979	377,009	315,000	-	80,360	695,039	1,777,387
Disposals	(11,136)	-	-	-	-	-	(11,136)
Balance at December 31, 2020	1,148,053	689,509	315,000	977,000	177,060	1,270,039	4,576,661
Additions	275,907	5,137,662	-	15,121	-	226,437	5,655,127
Disposals	(94,608)	(13,776)	-	(50,800)	(2,500)	-	(161,684)
Balance at December 31, 2021	1,329,352	5,813,395	315,000	941,321	174,560	1,496,476	10,070,104

### ACCUMULATED DEPRECIATION

Balance at December 31, 2019	5,021	2,133	-	2,739	778	3,264	13,935
Additions	140,516	54,357	-	65,922	19,723	227,096	507,614
Disposals	(126)	-	-	-	-	-	(126)
Balance at December 31, 2020	145,411	56,490	-	68,661	20,501	230,360	521,423
Additions	279,452	76,950	-	86,464	23,725	339,415	806,006
Disposals	(28,147)	(2,065)	-	(6,341)	(567)	-	(37,120)
Balance at December 31, 2021	396,716	131,375	-	148,784	43,659	569,775	1,290,309

### NET BOOK VALUE

At December 31, 2020	1,002,642	633,019	315,000	908,339	156,559	1,039,679	4,055,238
<b>At December 31, 2021</b>	<b>932,636</b>	<b>5,682,020</b>	<b>315,000</b>	<b>792,537</b>	<b>130,901</b>	<b>926,701</b>	<b>8,779,795</b>

As at December 31, 2021, included under buildings is \$5,123,886 (December 31, 2020 - \$nil) in construction in process related to construction of a camp, which is not being amortized until ready for its intended use.

## 9. EXPLORATION AND EVALUATION ASSETS

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

### Year ended December 31, 2021

Project	January 1, 2021	Additions	Disposals	December 31, 2021
<b>Bralorne Gold Camp</b>				
Bralorne Gold Project	\$ 17,376,462	\$ 1,136,511	\$ (3,301,050)	\$ 15,211,923
Royalle Property	243,000	-	-	243,000
NaiKun Wind Crown Grant	36,000	-	-	36,000
Congress Property	295,000	-	-	295,000
Big Sheep Property	120,000	-	-	120,000
<b>Southern BC Properties</b>				
Spences Bridge	5,701,823	-	-	5,701,823
Blustry Mountain Property	30,000	-	-	30,000
Tulox Property	405,963	-	-	405,963
Merritt Property	70,150	26,500	-	96,650
WCGG Properties <sup>(1)</sup>	109,338	-	-	109,338
Golden Hornet Property	66,125	25,500	(91,625)	-
SC Property	78,750	-	-	78,750
<b>Ladner Gold Project</b>	-	16,492,178	(4,000,000)	12,492,178
	\$ 24,532,611	\$ 17,680,689	\$ (7,392,675)	\$ 34,820,625

### Year ended December 31, 2020

Project	January 1, 2020	Additions	Disposals	December 31, 2020
<b>Bralorne Gold Camp</b>				
Bralorne Gold Project	\$ 17,120,504	\$ 255,958	\$ -	\$ 17,376,462
Royalle Property	-	243,000	-	243,000
NaiKun Wind Crown Grant	-	36,000	-	36,000
Congress Property	-	295,000	-	295,000
Big Sheep Property	-	120,000	-	120,000
<b>Northern BC Properties</b>				
Baker-Shasta Project	1,127,406	-	(1,127,406)	-
Mets Lease	5,917	-	(5,917)	-
Bot Property	256,948	-	(256,948)	-
<b>Southern BC Properties</b>				
Spences Bridge	5,701,823	-	-	5,701,823
Blustry Mountain Property	30,000	-	-	30,000
Tulox Property	405,963	-	-	405,963
Merritt Property	41,900	28,250	-	70,150
WCGG Properties <sup>(1)</sup>	109,338	-	-	109,338
Golden Hornet Property	-	66,125	-	66,125
SC Property	-	78,750	-	78,750
	\$ 24,799,799	\$ 1,123,083	\$ (1,390,271)	\$ 24,532,611

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

## 9. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2021, the Company issued 500,000 shares with a value of \$164,000 and made cash payments of \$100,000 for property acquisitions on Bralorne's Pioneer Extension claims and the Merritt and Golden Hornet option agreements.

During the year ended December 31, 2020, the Company issued 2,675,000 shares with a value of \$846,125 and made cash payments of \$215,000 for property acquisitions.

During the year ended December 31, 2021, the increase in estimate for the provision for site reclamation and closure of \$924,511 (2020 - \$61,958) was included in the additions of the Bralorne Gold Project and \$7,308,532 (2020 - \$nil) to Ladner Lake Project, see note 13.

### Bralorne Gold Camp

#### Acquisition of Bralorne Gold Mines Ltd.

On December 13, 2019, the Company completed the acquisition of a 100% interest in the Bralorne Gold Project (the "Bralorne Gold Project") located in southwestern British Columbia from Avino Silver & Gold Mines Ltd. ("Avino").

Talisker acquired all of the common shares of Bralorne Gold Mines Ltd. ("Bralorne"), Avino's wholly owned subsidiary which owns the Bralorne Gold Project. The purchase consideration included 6,290,000 common share purchase warrants ("warrants"), with each warrant being exercisable at \$0.25 for a period of three years from closing, subject to acceleration in the event the closing price of common shares is greater than \$0.35 for 20 or more consecutive trading days at any time following April 14, 2020. The warrants were ascribed a fair value of \$903,000. In addition, a cash payment of US\$2.5 million will be payable to Avino on commencement of commercial production of the Bralorne Gold Project.

The Bralorne Gold Project is subject to certain net smelter return royalties ("NSR") including: (i) an underlying agreement on 12 crown grants in which the Company is required to pay 1.6385% of net smelter proceeds of production from the claims, and pay fifty cents Canadian (C\$0.50) per ton of ore produced from these claims if the ore grade exceeds 0.75 ounces per ton gold; (ii) nine claims within the Bralorne Gold Project carry a 1% net smelter returns royalty to a maximum of \$250,000 and a 2.5% net smelter returns royalty that can be reduced by 60% to 1% upon the payment of US\$750,000 at any time within 10 years following the date of commencement of commercial production.

On December 24, 2019, the Company entered into a definitive royalty purchase agreement and royalty agreement with Bralorne and Osisko Gold Royalties Ltd ("Osisko") for the sale of a 1.2% NSR on all production from the Bralorne Gold Project.

On March 26, 2020, Talisker announced an increase to its land position in the Bralorne Gold Camp with the acquisition of the Royale property. In connection with the agreement, Talisker paid \$60,000 in cash and issued 600,000 common shares of Talisker. The Vendor retained a 1% NSR that Talisker can purchase for \$1,000,000.

On March 31, 2020, Talisker announced a further expansion of its land position in the Bralorne Gold Camp with the acquisition of 19 Crown Grant known as the NaiKun Crown Grant mineral claims. On April 15, 2020, under the terms of the purchase agreement, Talisker issued 100,000 shares to the vendor in return for 100% ownership of the Naikun Crown Grants.

On October 30, 2020, the Company closed the acquisition of 17 Crown Granted mineral claims (the "Bralorne Extension Claims"). Under the terms of the purchase agreement, Talisker paid \$50,000 in cash and issued 400,000 common shares of Talisker.

## **9. EXPLORATION AND EVALUATION ASSETS (continued)**

On August 10, 2021, the Company acquired the Pioneer Extension claims, contiguous with the main Bralorne Gold Camp comprising 14 mineral claims. Under the terms of the purchase agreement, Talisker paid \$80,000 in cash and issued 400,000 shares with a 1% NSR containing a buyback of \$500,000 for 100% ownership.

On December 6, 2021, Talisker, along with Barlorne and New Carolin, its wholly-owned subsidiaries, announced it entered into a royalty purchase agreement with Osisko that provided for a one-time cash payment by Osisko of \$7.5 million (\$4 million related to Ladner Gold Project, \$3.3 million related to the Bralorne Gold Project and \$0.2 million related to the Golden Hornet Project which resulted in a gain of \$108,375) in exchange for the Company granting certain NSR royalties. The granted NSR royalties include an increase of a 0.5% royalty on the Bralorne Gold Property increasing Osisko's royalty on that property to 1.7%, the grant of a 1.5% royalty on the Ladner Gold Project and a 1% future royalty on the Golden Hornet Project.

### **Congress Property**

On April 9, 2020, the Company announced the acquisition of the Congress property. Under the terms of the purchase agreement, Talisker issued 1,000,000 common shares in return for 100% ownership of the Congress property.

### **Big Sheep Property**

The Big Sheep property is located at the northwest extreme of the Remington property and was acquired in January 2020 with the payment of \$40,000 in cash and the issuance of 250,000 common shares.

### **Remington Property**

The Remington property is located in central British Columbia near the town of Goldbridge. The property was staked by Talisker and consists of 22 mineral titles.

## **9. EXPLORATION AND EVALUATION ASSETS (continued)**

### **Northern and Southern BC Properties**

#### **Acquisition of Northern and Southern BC properties from Sable Resources Ltd.**

On January 24, 2019, the Company entered into an asset purchase agreement to acquire Sable Resources Ltd.'s ("Sable") mineral resource properties located in the Province of British Columbia and certain related assets (the "Acquired Properties") in exchange for paying Sable \$500,000 in cash and issuing Sable 30,000,000 post-consolidation shares at the time of closing and granting Sable, on the closing date, a 1.0% net smelter return royalty on each of the Acquired Properties and assuming certain liabilities relating to the Acquired Properties (the "Transaction").

#### **The Acquired Properties**

The Acquired Properties included several early to advanced stage projects including in the Toadoggone region of northern British Columbia, the past producing Baker Gold Project; the Shasta Mine and Baker mill infrastructure and equipment; the Chappelle (Baker and Multinational Mines) property; the Mets lease; the Bot property and in south central British Columbia, the Spences Bridge property, the Blue Jay property, the Sauchi Creek property, the Tulameen property and the Tulox property.

A description of the Acquired Properties and additional properties acquired by the Company post the Transaction follows.

#### **Northern BC Properties**

##### **Baker Gold Project**

The Baker Gold Project is located in the Toadoggone region, British Columbia. The Baker Gold Project consists of 53 mineral claims, and two mining leases that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

##### **Mets Lease**

The Mets Lease is located north of the Baker and Multinational Mines.

#### **Sale of Northern BC Properties to TDG Gold Corp**

On December 11, 2020, The Company sold several properties located in the Toadoggone region of the Province of British Columbia to TDG Gold. As part of the Purchase Agreement TDG Gold acquired the Baker Project, the Shasta Mine and the Baker mill infrastructure and equipment; the Chappelle property, the Mets lease, and the Bot property, see note 10.

## **9. EXPLORATION AND EVALUATION ASSETS (continued)**

### ***Southern BC Properties***

#### **Spences Bridge Gold Project**

The Spences Bridge Gold Project consists of a land package located in the Spences Bridge Gold Belt in southern British Columbia and comprises ground staked by the Company which are subject to a 2.5% net smelter royalty. Additionally, Westhaven Ventures Inc. (“Westhaven”) has a 30 day right of first refusal for a three-year period for any properties within the same 5 km radius.

The Spences Bridge Gold Project consists of a land package located in the Spences Bridge Gold Belt in southern British Columbia and comprises ground acquired as part of the Acquired Properties since closing the Transaction, additional acreage has been staked. In connection with the acquisition of the Acquired Properties, the Company assumed a strategic alliance with Westhaven whose projects are contiguous to the Company’s claims. The strategic alliance provides for an agreement whereby any ground staked within 5 km of Westhaven’s existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for any properties within the same 5 km radius.

On August 17, 2019, the Company staked a claim on the western margin of the Spences Bridge Project.

#### **Blustry Mountain Property**

On June 18, 2019, the Company entered into purchase agreements for the Blustry Mountain property which now forms part of the Spences Bridge Gold Project. The four mineral claims were purchased in exchange for cash payments of \$30,000 (paid), the issuance of 220,000 common shares of Talisker (issued) valued at \$31,900 and, in the case of three of the minerals claims, a 1% net smelter royalty (NSR). Talisker has the right to purchase 50% of the NSR for \$500,000.

#### **Tulox Property**

The Tulox property is located in southern British Columbia. The property consists of 22 mineral claims.

#### **Dora-Merritt Option Agreement**

On May 31, 2019, Talisker entered into a purchase agreement for the Dora-Merritt property which encompasses six mineral claims, and provides the Company with an option to acquire 100 per cent of the Dora-Merritt property mineral claims. Under the term of the option agreement, Talisker paid \$10,000 in cash and has agreed to pay \$10,000 and 50,000 common shares of Talisker on May 31, 2020, and May 31, 2021; \$20,000 and 50,000 common shares of Talisker on May 31, 2022; \$50,000 and 150,000 common shares of Talisker on May 31, 2023; and to spend a minimum of \$50,000 per year over five years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 250,000 common shares and a 2% NSR. Talisker has the right to purchase 50% of the NSR for \$1,000,000.

#### **Blue Jay Property (part of WCGG Properties)**

The Blue Jay property consists of five claim blocks located north of Rock Creek, British Columbia.



## **9. EXPLORATION AND EVALUATION ASSETS (continued)**

### **Golden Hornet Property**

On January 28, 2020, the Company entered into an option agreement for the Golden Hornet comprising 13 mineral claims that are contiguous to the Company's existing Blue Jay property.

Under the term of the option agreement, Talisker can acquire 100% of the Golden Hornet property in exchange for payments totaling \$145,000 in cash and 575,000 common shares, payable as to \$10,000 cash on signing and 50,000 common shares, \$10,000 in cash and 50,000 common shares on the first anniversary, \$25,000 cash and 75,000 common shares on the second anniversary, \$50,000 cash and 150,000 common shares on the third anniversary, and \$50,000 cash and 250,000 common shares on the fourth anniversary and to expend \$60,000 per year over four years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 200,000 common shares and a 2% NSR. Talisker has the right to purchase 100% of the NSR for \$1,000,000.

### **SC Property**

On June 18, 2020, the Company announced that it had entered into a definitive purchase agreement with an arm's length vendor to purchase the SC Property which is contiguous to the Dora Gold Project. Under the terms of the purchase agreement, Talisker paid \$30,000 cash and issued 150,000 shares to the vendor along with a 1% NSR in return for 100% ownership of the SC Property. The NSR can be purchased by Talisker for \$500,000. The common shares issued will be subject to a four month hold period pursuant to applicable securities laws.

### **Lola Property**

The Lola property is located in southern British Columbia near Lillooet and consists of four mineral claims. The first mineral claim was staked in April 2019 and the final three claims were staked by the Company in August 2019.

### **Ladner Gold Project**

#### **Acquisition of New Carolin Gold Corp.**

On September 16, 2021, the Company completed the acquisition of a 100% interest in the Ladner Gold Project (the "Ladner Gold Project") located in southwestern British Columbia through the acquisition of 100% of the outstanding share capital of New Carolin Gold Corp. ("New Carolin").

Under the terms of the transaction, Talisker acquired all of the common shares of New Carolin which owns the Ladner Gold Project. For each of the issued and outstanding common shares of New Carolin, Talisker issued for 0.3196 of a common share of the Company. New Carolin's 22,252,039 outstanding warrants and 3,055,000 outstanding options were adjusted so that on exercise the holders received Talisker common shares adjusted to reflect the same exchange ratio.

## 9. EXPLORATION AND EVALUATION ASSETS (continued)

The operations and changes in cash flow of New Carolin have been included from the date control was acquired (September 16, 2021) to the date of these consolidated financial statements. As New Carolin does not meet the definition of a business per IFRS 3, the Acquisition has been accounted for as an asset acquisition, whereby Talisker is considered to issue additional shares in return for the net assets of New Carolin at their fair value as follows:

Cash	\$	7,780
Accounts receivable		33,874
Prepaid expenses		31,205
Reclamation deposits		220,000
Exploration and evaluation asset		7,827,066
Accounts payable and accrued liabilities		(1,112,555)
Pre-acquisition loans from Talisker		(1,198,704)
Provision for site reclamation and closure		(220,000)
Net assets acquired	\$	<u>5,588,666</u>
Consideration paid:		
Shares issued on acquisition (Note 14)	\$	5,108,342
Options and warrants considered issued on acquisition (Note 16 & 17)		224,000
Other acquisition expenses		256,324
Total consideration	\$	<u>5,588,666</u>

In connection with the acquisition, on September 17, 2021, the Company acquired the 2% net smelter return royalty on the Ladner Gold Project and the 5% net profit interest from the sale of gold by New Carolin or any third party contracted by New Carolin for that purpose. As consideration for the purchased royalties, the Company issued 5,119,170 common shares with a value of \$1,356,580 pursuant to the terms of the royalty purchase and sale agreement. The royalty was returned to New Carolin on December 31, 2021.

Upon completion of the acquisition, the Company has 100% of the legal and beneficial ownership of the 144-square kilometre Ladner Gold Project contiguous land package, which includes the former producing Carolin Mine.

## 10. INVESTMENT IN ASSOCIATE

On December 11, 2020, the Company sold several properties located in the Toodoggone region of the Province of British Columbia to TDG Gold. The Properties acquired by TDG Gold consisted of: the Baker Project, the Shasta Mine and the Baker mill infrastructure and equipment; the Chappelle property, the Mets lease, and the Bot property. Pursuant to the Purchase Agreement, TDG Gold acquired the Properties by issuing to Talisker 18,973,699 TDG Gold Shares.

As a result of the issuance of 18,973,699 shares, Talisker held 33% of the issued and outstanding shares of TDG Gold as at December 11, 2020. Due to these shareholdings and the two directors it has appointed to the board of TDG Gold, the Company has determined that it has significant influence over TDG Gold and has accounted for its continuing investment as an Investment in Associate using the equity basis of accounting. The Company recorded a fair value of \$4,553,688 for its interest in the 18,973,699 TDG Gold shares issued to Talisker on December 11, 2020 at a price of \$0.24 per TDG Gold share, which resulted in a gain on sale of properties of \$4,255,849 which was recognized in the statement of loss and comprehensive loss for the year ended December 31, 2020.

Fair value of the 18,973,699 TDG Gold shares (\$4,553,688) was estimated using the specifics of the TDG Gold private placement completed on the same date Talisker received the 18,973,699 shares ("TDG Gold Private Placement"). The TDG Gold Private Placement consisted of a unit priced at \$0.30 with each unit comprising of one common share and one half common share purchase warrant. The fair value calculation of \$0.24 per share, included a deduction for the value of the warrants in the private placement of one half common share purchase warrant which was valued at \$0.06 using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%; risk free interest 0.31%; volatility 100% and an expected life of 36 months.

Fair value of one TDG Gold share as at December 31, 2021 was \$0.58. The shares are subject to release based on the following schedule:

	Shares Released	Cumulative Released
April 12, 2021	1,897,370	1,897,370
June 14, 2021	2,846,055	4,743,425
December 14, 2021	2,846,055	7,589,480
June 14, 2022	2,846,055	10,435,535
December 14, 2022	2,846,055	13,281,591
June 14, 2023	2,846,055	16,127,647
December 14, 2023	2,846,051	18,973,699

Changes in the investment in associate for the years ended December 30, 2021 and 2020 were as follows:

<b>Acquisition December 11, 2020, at fair value</b>	<b>\$ 4,553,688</b>
Proportionate share of net loss	(45,000)
<b>Balance – December 31, 2020</b>	<b>\$ 4,508,688</b>
Shares sold	(1,138,422)
Proportionate share of net loss	(2,038,000)
<b>Balance – December 31, 2021</b>	<b>\$ 1,332,266</b>

During the year ended December 31, 2021, the Company sold 4,743,425 shares of TDG Gold for proceeds of \$2,301,830 resulting in a realized gain on disposal of investment in associate of \$1,163,408 for the year ended December 31, 2021, leaving 14,230,274 shares (representing 18% interest) of TDG Gold held as at December 31, 2021 (December 31, 2020 – 18,973,699).

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at,	December 31, 2021	December 31, 2020
Accounts payable	\$ 2,474,255	\$ 1,306,538
Accrued liabilities	4,525,833	817,246
	\$ 7,000,088	\$ 2,123,784

## 12. LEASES PAYABLE

The Company has entered into equipment leases expiring between 2020 and 2023, 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:

	December 31, 2021	December 31, 2020
Not later than one year	\$ 337,063	\$ 315,534
Later than one year and not later than five years	300,175	454,576
Less: Future interest charges	(47,714)	(77,929)
Present value of lease payments	589,524	692,181
Less: current portion	(301,362)	(269,316)
Non-current portion	\$ 288,162	\$ 422,865

Reconciliation of debt arising from lease liabilities:

	December 31, 2021	December 31, 2020
Lease liability at beginning of year	\$ 692,181	\$ 216,213
Principal payments on lease liabilities	(329,094)	(219,071)
Additions to lease liabilities	226,437	695,039
	\$ 589,524	\$ 692,181

## 13. 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:

	December 31, 2021				December 31, 2020		
	Talisker	Bralorne	New Carolin	Total	Talisker	Bralorne	Total
Balance, beginning of year	-	14,592,950	-	14,592,950	1,157,832	14,194,124	15,351,956
Acquisition of properties	-	-	220,000	220,000	-	-	-
Disposition of properties (Note 9)	-	-	-	-	(1,157,832)	-	(1,157,832)
Change in estimate	-	924,511	7,308,532	8,233,043	-	61,958	61,958
Accretion	-	266,539	-	266,539	-	336,868	336,868
Balance, end of year	-	15,784,000	7,528,532	23,312,532	-	14,592,950	14,592,950

### 13. PROVISION FOR SITE RECLAMATION AND CLOSURE (continued)

The Company's determination of the environmental rehabilitation provision arising from its activities at the Baker, Bot, and Tulox projects (Sable Resources) at December 31, 2021 was \$nil (December 31, 2020: \$nil). The environmental rehabilitation provision was eliminated upon the sale of the properties to TDG Gold, see note 9. As part of the Company's agreement with Sable, Sable was required to cover any environmental liability in excess of the agreed upon amount of \$316,266. As at December 31, 2021, the excess over this amount was equal to \$841,566 which was assigned to TDG Gold upon the sale.

The present value of the obligation for Bralorne of \$15,784,000 (December 31, 2020 – \$14,592,950) is based on an undiscounted obligation of \$54,575,381, out of which \$8,688,132 is expected to be incurred in 2027 with the remaining \$45,887,249 to be incurred on water treatment and quality monitoring throughout 2126. The provision was calculated using a weighted average risk-free interest rate of 2.2% (December 31, 2020 – 0.58%) and a weighted average inflation rate of 2.25% (December 31, 2020 – 1%). Reclamation activities are estimated to begin in 2027 and are expected to be incurred over a period of 100 years.

The present value of the obligation for the Ladner Gold Project of \$7,528,532 (December 31, 2020 – \$nil). The provision was calculated using a weighted average risk-free interest rate of 2.2% and a weighted average inflation rate of 2.25%.

#### 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.

	December 31, 2021				December 31, 2020		
	Talisker	Bralorne	New Carolin	Total	Talisker	Bralorne	Total
Balance, beginning of year	-	1,190,000	-	1,190,000	50,437	25,000	75,437
Additions	58,300	-	220,000	278,300	14,963	1,165,000	1,179,963
Disposals	-	-	-	-	(65,400)	-	(65,400)
Balance, end of year	58,300	1,190,000	220,000	1,468,300	-	1,190,000	1,190,000

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 December 31, 2021, the surety amounted to \$2,400,000 and the Company has placed \$1,190,000 in cash (December 31, 2020 - \$1,190,000), totalling \$3,590,000 to cover estimated future costs related to the ground disturbance at the Company's Bralorne Gold Project. As at December 31, 2021 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.

## 14. ISSUED CAPITAL

### Authorized Unlimited common shares without par value

	December 31, 2021	December 31, 2020
Issued capital	\$ 83,302,460	\$ 61,393,068
Fully paid common shares <sup>(1)</sup>	285,690,605	213,309,069

(1) As at December 31, 2021 and December 31, 2020, 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, 2019	127,042,296	\$ 33,071,000
Issue of shares pursuant to private placement, net of issue costs	75,380,790	29,853,402
Flow through premium liability	-	(5,480,000)
Issue of shares for acquisition of mineral properties (Note 9)	2,675,000	846,125
Issue of shares for community relations	109,589	36,164
Exercise of warrants	7,985,174	3,034,561
Exercise of RSU's	41,220	5,771
Exercise of options	75,000	26,045
Balance as at December 31, 2020	213,309,069	\$ 61,393,068
Issue of shares pursuant to private placement, net of issue costs	42,566,932	20,344,021
Flow through premium liability	-	(6,986,000)
Exercise of warrants	4,668,481	1,656,167
Exercise of options	892,383	258,053
Exercise of RSU's	58,780	8,229
Issue of shares for acquisition of mineral properties (Note 9)	5,619,170	1,520,580
Shares and warrants issued on corporate acquisition (Note 9)	18,575,790	5,108,342
Balance as at December 31, 2021	285,690,605	\$ 83,302,460

### Financings

#### For the year ended December 31, 2021:

(1) On November 10, 2021, the Company closed a non-brokered private placement raising total gross proceeds of \$1,976,000. The private placement consisted of 5,200,000 common shares of the Company, which qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada), at a price of \$0.38 per flow through share.

The Company incurred closing costs totalling \$38,241.

#### 14. ISSUED CAPITAL (continued)

- (2) On April 15, 2021, the Company closed a non-brokered private placement raising total gross proceeds of \$19,057,135. The private placement consisted of 37,366,932 common shares of the Company, which qualify as "flow-through shares" within the meaning of the *Income Tax Act* (Canada), at a price of \$0.51 per flow through share.

In consideration for their services, the Company has paid the Agents a cash commission and incurred other closing costs totalling \$650,872.

#### For the year ended December 31, 2020:

- (1) On August 13, 2020, the Company closed a bought deal private placement for gross proceeds of \$23,000,000. In connection with the offering, the Company issued an aggregate of 28,260,870 units at a price of \$0.46 for gross proceeds of \$13,000,000 and 15,625,000 charity flow-through units at a price of \$0.64 for gross proceeds of \$10,000,000. Each unit and charity flow through unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.70 for a period of 12 months from the date of issuance thereof. The warrants were ascribed a fair value of \$3,756,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.28%; volatility 132% and an expected life of 12 months.

In consideration for their services, the Company has paid the Agents a cash commission and incurred other closing costs totalling \$1,519,062.

- (2) On February 4, 2020, the Company closed a bought deal private placement for total gross proceeds of \$13,059,988. In connection with the offering, the Company issued an aggregate of 15,333,320 common shares at a price of \$0.33 per common Share for gross proceeds of \$5,059,996, and 16,161,600 charity flow-through (FT) common shares of the Company at a price of \$0.495 per Charity FT Share for gross proceeds of \$7,999,992, in which the charity FT shares will qualify as flow-through shares within the meaning of the *Income Tax Act* (Canada).

In consideration for their services, the Company has paid the Agents a cash commission and incurred other closing costs totalling \$846,524, and issued an aggregate of 620,817 warrants. Each warrant entitles the holder to acquire a common share of the Company at a price of \$0.33 for a period of 24 months. The warrants were ascribed a fair value of \$85,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.47%; volatility 75% and an expected life of 24 months.

#### 14. ISSUED CAPITAL (continued)

##### Diluted Weighted Average Number of Shares Outstanding

	<b>December 31, 2021</b>	December 31, 2020
Basic weighted average shares outstanding:	<b>251,711,089</b>	181,008,970
Effect of outstanding securities	-	-
Diluted weighted average shares outstanding	<b>251,711,089</b>	181,008,970

During the year ended December 31, 2021 and 2020, 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.

#### 15. 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.

##### Year ended December 31, 2021

For the year ended December 31, 2021, the Company recognized a \$6,986,000 as a flow-through premium liability on issuance in connection with private placements closed during the year ended December 31, 2021. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

For the year ended December 31, 2021, the Company recognized an amount of \$5,480,000, 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 year ended December 31, 2021.

##### Year ended December 30, 2020

For the year ended December 31, 2020, the Company recognized a \$5,480,000 as a flow-through premium liability on issuance in connection with private placements closed during the year ended December 31, 2020. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.



## 16. WARRANTS RESERVE

The following is a summary of changes in warrants from January 1, 2020 to December 31, 2021:

	Number of Warrants	Weighted average exercise price per warrant	Amount
Balance, December 31, 2019	18,538,566	\$ 0.28	\$ 1,640,000
Exercise of warrants	(7,985,174)	0.25	(1,011,700)
Issue of broker warrants (Note 13)	620,817	0.33	85,000
Issue of warrants	21,942,935	0.70	3,756,000
Balance, December 31, 2020	33,117,144	\$ 0.56	\$ 4,469,300
Exercise of warrants	(4,515,500)	0.30	(268,000)
Expiry of warrants	(27,837,935)	0.62	-
Exercise of broker warrants	(152,981)	0.14	(12,100)
Issue of New Carolin replacement warrants	7,111,748	0.42	168,000
Balance, December 31, 2021	7,722,476	\$ 0.42	\$ 4,357,200

As at December 31, 2021, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
February 4, 2022	\$0.33	610,728
May 8, 2022 – New Carolin replacement warrants *	\$0.31	2,110,446
August 27, 2022 – New Carolin replacement warrants *	\$0.47	5,001,302
<b>Balance, December 31, 2021</b>		<b>7,722,476</b>

\* The New Carolin warrants are warrants issued as replacement warrants to New Carolin warrant holders as part of the transaction as described in Note 9. The warrants were ascribed a fair value of \$168,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.43%; volatility 50%-61% and an expected life of 8-11 months.

During the year ended December 31, 2021, 4,515,500 warrants were exercised for proceeds of \$1,354,650 as well as 152,981 broker warrants for proceeds of \$21,417. During the year ended December 31, 2020, 7,985,174 warrants were exercised for proceeds of \$2,022,861. The 610,728 warrants expiring February 4, 2022, expired unexercised subsequent to year end.

## 17. 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.

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

The following options were outstanding as at December 31, 2021:

Number of options outstanding	Number of exercisable options	Grant date	Expiry date	Exercise price	Fair value at grant date
50,000	50,000	August 22, 2018	August 22, 2023	\$ 0.24	5,000
3,100,000	3,100,000	June 18, 2019	June 18, 2024	\$ 0.20	303,000
4,850,000	4,850,000	December 27, 2019	December 27, 2024	\$ 0.295	1,069,000
1,100,000	1,100,000	February 14, 2020	February 14, 2025	\$ 0.390	367,000
1,100,000	1,100,000	August 20, 2020	August 20, 2025	\$ 0.460	339,000
3,995,000	3,995,000	December 11, 2020	December 11, 2025	\$ 0.330	976,000
5,000,000	5,000,000	December 7, 2021	December 7, 2026	\$ 0.315	1,093,000
19,195,000	19,195,000				4,152,000

The share options outstanding as at December 31, 2021 had a weighted exercise price of \$0.31 (December 31, 2020: \$0.31) and a weighted average remaining contractual life of 3.65 years (December 31, 2020: 4.10 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.

*New Carolin replacement options issued during the year ended December 31, 2021*

During the year ended December 31, 2021, the Company issued options as replacement options to New Carolin option holders as part of the transaction as described in Note 9. The options were ascribed a fair value of \$54,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.43%; volatility 55% and an expected life of 1 month. During the year ended December 31, 2021, 511,360 options were exercised for proceeds of \$97,158, with the remaining 433,995 options expiring unexercised.

*Fair value of share options granted in the year ended December 31, 2021*

On December 7, 2021, 5,000,000 share options were granted to directors, officers, employees and consultants of the Company to acquire the Company's shares at an exercise price of \$0.315 until December 7, 2026. These share options had an estimated fair value of \$1,093,000 at grant date.

The fair value of share options granted in the year ended December 31, 2021 was calculated using the following assumptions:

	Number of Options Granted	
	07-Dec-21	
	5,000,000	
Grant date share price	\$	0.315
Exercise price	\$	0.315
Expected volatility		89%
Expected option life		5 years
Expected dividend yield		0%
Risk-free interest rate		1.44%

## 17. SHARE-BASED PAYMENT RESERVE (continued)

*Fair value of share options granted in the year ended December 31, 2020*

On December 11, 2020, 4,425,000 share options were granted to directors, officers, employees and consultants of the Company to acquire the Company's shares at an exercise price of \$0.33 until December 11, 2025. These share options had an estimated fair value of \$1,081,000 at grant date.

On February 14, 2020, 1,300,000 share options were granted to directors, officers and consultants of the Company to acquire the Company's shares at an exercise price of \$0.39 until February 14, 2025. These share options had an estimated fair value of \$367,000 at grant date.

On August 17, 2020, 1,300,000 share options were granted to directors, officers and consultants of the Company with 1,100,000 options to acquire the Company's shares at an exercise price of \$0.46 until August 20, 2025 and 200,000 options to acquire the Company's shares at an exercise price of \$0.46 until August 20, 2022. These share options had an estimated fair value of \$371,000 at grant date.

The fair value of share options granted in the year ended December 31, 2020 was calculated using the following assumptions:

	Number of Options Granted			
	14-Feb-20 1,300,000	20-Aug-20 1,100,000	20-Aug-20 200,000	11-Dec-20 4,425,000
Grant date share price	\$ 0.380	\$ 0.395	\$ 0.395	\$ 0.330
Exercise price	\$ 0.39	\$ 0.46	\$ 0.46	\$ 0.33
Expected volatility	100%	100%	75%	100%
Expected option life	5 years	5 years	2 years	5 years
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.37%	0.37%	0.28%	0.44%

## Movements in Share Options During the Period

The following reconciles the share options outstanding for the year ended December 31, 2021 and 2020:

	Number of options	Weighted average exercise price
Balance as at December 31, 2019	9,031,250	\$ 0.27
Granted	7,025,000	\$ 0.37
Exercised	(75,000)	\$ 0.24
Expired	(93,750)	\$ 0.52
Forfeited	(318,750)	\$ 0.47
Balance as at December 31, 2020	15,568,750	\$ 0.31
Granted	5,000,000	\$ 0.315
Exercised	(350,000)	\$ 0.21
Expired	(1,023,750)	\$ 0.41
Granted as replacement options to New Carolin holders	976,378	\$ 0.53
Replacement options exercised	(542,383)	\$ 0.19
Replacement options expired	(433,995)	\$ 0.95
Balance as at December 31, 2021	19,195,000	\$ 0.31

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

**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.

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

	Number of RSU's	Weighted average fair value
Balance, December 31, 2019	100,000	\$ 0.14
Granted	780,000	\$ 0.33
Exercised	(41,220)	\$ 0.14
Balance, December 31, 2020	838,780	\$ 0.33
Granted	650,000	\$ 0.31
Exercised	(58,780)	\$ 0.14
Balance, December 31, 2021	1,430,000	\$ 0.32

## 17. SHARE-BASED PAYMENT RESERVE (continued)

### RSU liability:

As at December 31, 2021 a liability of \$159,675 (December 31, 2020 - \$8,619) has been recorded for RSUs.

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

Balance as at December 31, 2019	\$	1,662,044
Share-based expense - options		1,819,000
Exercise of stock options		(8,000)
Exercise of RSU's		(5,771)
Expiry of stock options		(44,435)
Balance as at December 31, 2020	\$	3,422,838
Share-based expense - options		1,093,000
Exercise of stock options		(35,000)
Exercise of RSU's		(8,229)
Expiry of stock options		(320,609)
Value of replacement options issued to New Carolin holders		56,000
Exercise of replacement stock options		(48,000)
Expiry of replacement stock options		(8,000)
Balance as at December 31, 2021	\$	4,152,000

## 18. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at December 31, 2021 and 2020 were as follows:

	Fair value through profit of loss	Amortized cost	Other financial liabilities	Total
<b>As at December 31, 2021</b>				
Cash and cash equivalents	\$ -	\$ 12,571,890	\$ -	\$ 12,571,890
Amounts receivable	-	346,500	-	346,500
Reclamation deposits	-	1,468,300	-	1,468,300
Accounts payable and accrued liabilities	-	-	7,000,088	7,000,088
RSU liability	159,675	-	-	159,675
Leases payable	-	-	589,524	589,524
<b>As at December 31, 2020</b>				
Cash and cash equivalents	\$ -	\$ 24,974,407	\$ -	\$ 24,974,407
Reclamation deposits	-	1,190,000	-	1,190,000
Accounts payable and accrued liabilities	-	-	2,123,784	2,123,784
Leases payable	-	-	692,181	692,181

## 18. FINANCIAL INSTRUMENTS (continued)

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.

## 19. RELATED PARTY DISCLOSURES

The following is a summary of the Company's related party transactions during the years ended December 31, 2021 and 2020:

The Company incurred administrative and operations costs in the amount of \$nil for the year ended December 31, 2021 (2020 - \$30,934) paid to Sable Resources Ltd., a company with certain common directors and officers.

The Company incurred rent costs in the amount of \$3,393 for the year ended December 31, 2021 (2020 - \$nil) paid to Millennial Precious Metals Corp., a company with certain common directors and officers.

The Company incurred operations costs in the amount of \$104,200 for the year ended December 31, 2021 (2020 - \$126,328) paid to JDS Energy & Mining Inc., a company with certain common 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 years ended December 31, 2021 and 2020 were as follows:

	<b>December 31, 2021</b>	December 31, 2020
Short term employee benefits, director fees	\$ 1,984,200	\$ 1,979,181
Share based payments	737,000	1,189,000
	<b>\$ 2,721,200</b>	<b>\$ 3,168,181</b>

As at December 31, 2021, an amount of \$155,534 (December 31, 2020 - \$279,973) 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.

## 20. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations. The capital of the Company consists of issued capital, warrant reserve and share-based payment reserve. 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.

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 in the year ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

## 21. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no material changes in the risks, objectives, policies and procedures from the previous period.

### Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to the cash and cash equivalents is minimal.

### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2021, the Company had a cash and cash equivalents balance of \$12,571,890 (December 31, 2020 - \$24,974,407) to settle current liabilities of \$7,461,125 (December 31, 2020 - \$2,401,719). Working capital for the Company as at December 31, 2021 was \$6,558,458 (December 31, 2020 - \$23,420,863).

The maturity profiles of the Company's contractual obligations as at December 31, 2021, are summarized as follows:

	Total	Less than 1 Year	1 to 5 Years	More than 5 Years
Accounts payable and accrued liabilities	\$ 7,000,088	\$ 7,000,088	\$ -	\$ -
Leases obligations	637,238	337,063	300,175	-
Provision for site reclamation and closure	23,312,532	-	-	23,312,532
<b>Total</b>	<b>\$ 30,949,858</b>	<b>\$ 7,337,151</b>	<b>\$ 300,175</b>	<b>\$ 23,312,532</b>

## 21. FINANCIAL RISK FACTORS (continued)

### Market Risk

#### (a) Foreign Currency Risk

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar.

Based on the foreign currency balances at December 31, 2020, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net income by approximately \$3,000 (2020 - \$10,000). This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

The exposure of the Company's financial assets, including marketable securities as at December 31, 2021 is as follows:

	CDN Dollar	US Dollar	Total (in CDN dollars)
<b>Financial assets</b>			
Cash and cash equivalents	\$ 12,566,310	\$ 5,580	\$ 12,571,890
Amounts receivable	763,346	-	763,346
Reclamation deposits	1,468,300	-	1,468,300
Total	\$ 14,797,789	\$ 5,580	\$ 14,803,369
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	\$ 6,962,465	\$ 37,623	\$ 7,000,088
Leases payable	589,524	-	589,524
	\$ 7,551,989	\$ 37,623	\$ 7,589,612

#### (b) Commodities Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to gold and silver to determine the appropriate course of action to be taken by the Company.

## 22. COMMITMENTS AND CONTINGENCIES

### Flow-Through Shares

As at December 31, 2021, the Company was committed to spending approximately \$897,000 to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2020 - \$11,000,000). On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including extending the filing requirement for the Part XII.6 tax for the same period. The amendments to enact these proposals were enacted on June 29, 2021. The Corporation is required to spend \$897,000 of flow-through funds by December 31, 2022.

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.



## 23. INCOME TAXES

### (a) Income Tax Recovery

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.5% (December 31, 2020 – 26.5%) are as follows:

	December 31, 2021	December 31, 2020
Loss from continuing operations before income taxes	\$ (43,173,898)	\$ (16,228,051)
Expected income tax recovery based on statutory rate	\$ (11,656,952)	\$ (4,381,574)
Adjustments to benefit resulting from:		
Non deductible expenses	470,053	504,571
Release of flow through premium liability	(5,480,000)	(494,000)
Flow through renunciation	4,860,000	1,105,820
Utilization of previously unrecognized loss carry forwards	6,326,900	2,771,183
Income tax recovery	\$ (5,480,000)	\$ (494,000)

### (b) Deferred Tax Balance

Deferred tax assets have not been recognized in respect of the following temporary differences:

	December 31, 2021	December 31, 2020
Non-capital losses	\$ 52,471,709	\$ 40,020,992
Mineral properties and property, plant and equipment	7,407,678	7,304,362
Un-deducted financing costs	2,191,221	2,218,003
Provision for site reclamation and closure	8,852,648	398,066
Capital losses	3,259,791	1,713,205
	\$ 74,183,047	\$ 51,654,628

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company will be able to use these benefits.

## 23. INCOME TAXES (continued)

### (c) Non-capital Loss Balance

As at December 31, 2021, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses, and when they expire, is provided below:

2026	1,317,000
2027	1,136,000
2028	2,264,000
2029	1,177,000
2030	2,068,000
2031	3,255,000
2032	5,274,000
2033	2,765,000
2034	3,431,000
2035	2,087,000
2036	1,965,000
2037	1,966,000
2038	2,794,000
2039	3,651,000
2040	17,986,000
2041	7,434,000
	<hr/>
	60,570,000

## 24. EVENTS AFTER THE REPORTING PERIOD

On March 2, 2022 the Company closed a bought deal private placement raising total gross proceeds of approximately \$12,500,000. In connection with the private placement, the Company issued an aggregate of 28,000,000 common shares at a price of \$0.25 per Share and 15,593,000 charity flow-through common shares of the Company at a price of \$0.355 per Charity FT Share.