



**HIGHGOLD MINING INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

AS AT JUNE 30, 2022  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of HighGold Mining Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on information currently available.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.



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**HIGHGOLD MINING INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS AT JUNE 30, 2022 AND DECEMBER 31, 2021**

(Expressed in Canadian dollars)

(Unaudited)

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	<b>June 30, 2022</b>	December 31, 2021
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 17,519,746	\$ 22,804,851
Amounts receivable	471,228	207,917
Prepaid expenses and deposits	309,781	422,849
Marketable securities (Note 4)	159,300	347,400
	<b>18,460,055</b>	23,783,017
Equipment (Note 5)	205,232	114,810
Exploration and evaluation assets (Note 6)	42,752,628	37,828,862
	<b>\$ 61,417,915</b>	<b>\$ 61,726,689</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 370,825	\$ 363,068
	<b>370,825</b>	363,068
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital (Note 7)	63,139,804	63,139,804
Contributed surplus (Note 7)	3,042,495	2,311,974
Deficit	(5,135,209)	(4,088,157)
	<b>61,047,090</b>	61,363,621
	<b>\$ 61,417,915</b>	<b>\$ 61,726,689</b>

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**Subsequent event** (Note 12)**Approved on behalf of the Board of Directors of HighGold Mining Inc. on August 25, 2022***'Michael Cinnamon'* \_\_\_\_\_

Director

*'Darwin Green'* \_\_\_\_\_

Director

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

**HIGHGOLD MINING INC.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)

(Unaudited)

	Three months June 30, 2022	Three months June 30, 2021	Six months June 30, 2022	Six months June 30, 2021
<b>EXPENSES</b>				
Advertising and promotion	\$ 48,616	\$ 26,416	\$ 72,958	\$ 61,001
Consulting fees (Note 8)	12,333	12,225	40,333	23,763
Filing and transfer agent	25,240	23,423	56,016	57,531
Foreign exchange loss (gain)	(171,509)	74,371	(131,327)	97,840
Insurance	26,042	16,691	52,083	33,381
Office and miscellaneous	108,113	23,498	140,159	44,625
Professional fees	22,404	53,680	55,272	88,285
Rent	10,173	3,367	20,263	13,468
Salaries, wages and benefits (Note 8)	165,681	139,325	304,792	241,565
Share-based compensation (Notes 7 and 8)	340,979	422,969	475,735	471,928
Travel	25,333	2,567	25,333	2,567
<b>Net loss before other items</b>	<b>(613,405)</b>	<b>(798,532)</b>	<b>(1,111,617)</b>	<b>(1,135,954)</b>
<b>OTHER ITEMS</b>				
General exploration expenses	-	-	-	(14,540)
Interest income	28,852	9,670	45,061	27,852
Flow-through recovery (Note 7)	-	-	-	129,500
Gain (loss) on marketable securities (Note 4)	(4,801)	(10,500)	19,504	(122,500)
<b>Net loss and comprehensive loss</b>	<b>\$ (589,354)</b>	<b>\$ (799,362)</b>	<b>\$ (1,047,052)</b>	<b>\$ (1,115,642)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>				
<b>Basic and diluted</b>	<b>73,020,210</b>	<b>56,988,028</b>	<b>73,020,210</b>	<b>55,902,524</b>

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

**HIGHGOLD MINING INC.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

	Share Capital			Contributed surplus	Deficit	Total
	Number of shares	Amount				
<b>As at December 31, 2020</b>	<b>54,601,128</b>	<b>\$ 40,421,489</b>	<b>\$ 1,066,392</b>	<b>\$ (2,063,377)</b>	<b>\$ 39,424,504</b>	
Exercise of stock options	402,498	279,388	(47,307)	-	232,081	
Exercise of share purchase warrants	3,277,627	2,273,401	-	-	2,273,401	
Shares issued for exploration and evaluation assets	60,000	97,800	-	-	97,800	
Share-based compensation	-	-	808,703	-	808,703	
Net loss for the period	-	-	-	(1,115,642)	(1,115,642)	
<b>As at June 30, 2021</b>	<b>58,341,253</b>	<b>\$ 43,072,078</b>	<b>\$ 1,827,788</b>	<b>\$ (3,179,019)</b>	<b>\$ 41,720,847</b>	
Private placement	11,750,000	18,800,000	-	-	18,800,000	
Exercise of stock options	10,000	17,155	(7,155)	-	10,000	
Exercise of share purchase warrants	2,531,725	1,772,207	-	-	1,772,207	
Shares issued for exploration and evaluation assets	387,232	516,639	-	-	516,639	
Share issue costs	-	(1,038,275)	-	-	(1,038,275)	
Share-based compensation	-	-	491,341	-	491,341	
Net loss for the period	-	-	-	(909,138)	(909,138)	
<b>As at December 31, 2021</b>	<b>73,020,210</b>	<b>\$ 63,139,804</b>	<b>\$ 2,311,974</b>	<b>\$ (4,088,157)</b>	<b>\$ 61,363,621</b>	
Share-based compensation	-	-	730,521	-	730,521	
Net loss for the period	-	-	-	(1,047,052)	(1,047,052)	
<b>As at June 30, 2022</b>	<b>73,020,210</b>	<b>\$ 63,139,804</b>	<b>\$ 3,042,495</b>	<b>\$ (5,135,209)</b>	<b>\$ 61,047,090</b>	

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

**HIGHGOLD MINING INC.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (1,047,052)	\$ (1,115,642)
Adjustments for non-cash items:		
Flow-through recovery	-	(129,500)
Share-based compensation	475,735	471,928
(Gain) loss on marketable securities	(19,504)	122,500
Change in non-cash working capital:		
Amounts receivable	(263,311)	147,556
Prepaid expenses and deposits	113,068	(69,773)
Accounts payable and accrued liabilities	(57,840)	(119,316)
<b>Cash used in operating activities</b>	<b>(798,904)</b>	<b>(692,247)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	207,604	-
Purchase of equipment	(107,266)	(86,433)
Exploration and evaluation costs	(4,586,539)	(2,613,288)
<b>Cash used in investing activities</b>	<b>(4,486,201)</b>	<b>(2,699,721)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of stock options	-	232,081
Proceeds from exercise of share purchase warrants	-	2,273,401
<b>Cash provided by financing activities</b>	<b>-</b>	<b>2,505,482</b>
<b>Decrease in cash and cash equivalents</b>	<b>(5,285,105)</b>	<b>(886,486)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>22,804,851</b>	<b>17,946,613</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 17,519,746</b>	<b>\$ 17,060,127</b>
<b>Supplemental information with respect to cash flows:</b>		
Exploration and evaluation expenses included in accounts payable	\$ 336,415	\$ 1,200,987
Common shares issued for exploration and evaluation assets	\$ -	\$ 97,800
Depreciation capitalized to exploration and evaluation assets	\$ 16,844	\$ 8,949
Share-based compensation capitalized to exploration and evaluation assets	\$ 254,786	\$ 336,775

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

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**HIGHGOLD MINING INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

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**1. CORPORATE INFORMATION**

HighGold Mining Inc. (the “Company”) is registered under the British Columbia Business Corporations Act and trades on the TSX Venture Exchange (TSXV: HIGH). The Company also trades under the symbol HGGOF on the US Over-the-Counter market. The Company is in the business of acquiring, exploring and developing mineral properties in Alaska, USA, and in Ontario and Yukon, Canada.

The address of the Company’s corporate office and its principal place of business is 405 – 375 Water Street, Vancouver, BC, V6B 5C6.

The Company’s ability to fund ongoing operations and exploration is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company over the past year was not materially significant, however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of going concern uncertainty.

As the Company does not have production activities, its capacity to fund ongoing exploration is affected by the availability of equity financing on terms which are acceptable to it. The ability of the Company to realize the carrying values of its deferred property costs will also depend on its ability to develop an economically feasible project or projects and to ultimately achieve commercial production on that basis, or to profitably dispose of such interests to other parties. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding.

The mineral exploration sector in general involves significant levels of inherent business risk and is subject to multiple variables which are not controllable by the Company, such as commodity prices and matters related to land access and use. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and going concern uncertainty.

*Coronavirus Global Pandemic Risk*

Over the past twenty-seven months, the effects of the COVID-19 global pandemic on industry and commerce have been far-reaching. To date there have been significant fluctuations in the global economy and equity markets, and the movement of people and goods has experienced significant restrictions.

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**HIGHGOLD MINING INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

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**2. BASIS OF PREPARATION****a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS issued as at August 25, 2022, the date the Board of Directors of the Company approved these financial statements. They are consistent with the policies applied to the preparation of the annual financial statements and are disclosed in detail therein.

**b) Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Epica Gold Inc. (“Epica”) and JT Mining, Inc. (“JT Mining”). Inter-company balances and transactions are eliminated on consolidation.

**c) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The functional currency of Epica and JT Mining is also the Canadian dollar.

**d) Judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.



**HIGHGOLD MINING INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
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- Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of the inputs to the Black Scholes option pricing model, and any required provisions for closure and reclamation.
- Judgment was also involved in the determination that the Company and its wholly-owned subsidiaries shared a common functional currency.

**e) Accounting Standards Adopted, or Issued but not yet Effective**

The Company adopted no material new accounting standards during the current fiscal year, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

**4. MARKETABLE SECURITIES**

During the year ended December 31, 2020, the Company received 400,000 shares of Fireweed Zinc Ltd. valued at \$365,250 related to the sale of three properties in the Mac Pass area, Yukon (Note 6). The Company sold 50,000 shares of Fireweed for proceeds of \$59,850 resulting in a gain of \$14,194 during the year ended December 31, 2020. The Company sold an additional 80,000 shares of Fireweed for proceeds of \$69,950 resulting in a loss of \$3,100 during the year ended December 31, 2021. As at June 30, 2022, the fair value of the 270,000 (December 31, 2021 – 270,000) shares was \$159,300 (December 31, 2021 - \$167,400) resulting in an unrealized loss of \$8,100 (2021 – loss of \$112,500) for the six months ended June 30, 2022.

During the year ended December 31, 2021, the Company received 250,000 shares of Snowline Gold Corp. valued at \$125,000 related to the sale of mining claims in the Mayo mining district, Yukon (Note 6). The Company sold 250,000 shares of Snowline Gold Corp. for total proceeds of \$207,604 resulting in a gain of \$82,604 during the six months ended June 30, 2022.

	<b>Fireweed</b>	<b>Snowline</b>	<b>Total</b>
Opening balance, December 31, 2020	\$ 378,000	\$ -	\$ 378,000
Addition	-	125,000	125,000
Disposal	(73,050)	-	(73,050)
Unrealized gain (loss)	(137,550)	55,000	(82,550)
Ending balance, December 31, 2021	167,400	180,000	347,400
Disposal	-	(125,000)	(125,000)
Reclassification of unrealized gain on disposal	-	(55,000)	(55,000)
Unrealized loss	(8,100)	-	(8,100)
<b>Ending balance, June 30, 2022</b>	<b>\$ 159,300</b>	<b>\$ -</b>	<b>\$ 159,300</b>

**HIGHGOLD MINING INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)

(Unaudited)

**5. EQUIPMENT**
**Cost**

Opening balance, December 31, 2020	\$ 51,417
Additions	86,433
Ending balance, December 31, 2021	137,850
Additions	107,266
Ending balance, June 30, 2022	\$ 245,116

**Accumulated Depreciation**

Opening balance, December 31, 2020	\$ 5,142
Depreciation	17,898
Ending balance, December 31, 2021	23,040
Depreciation	16,844
Ending balance, June 30, 2022	\$ 39,884

**Net Book Value**

Balance, December 31, 2021	\$ 114,810
<b>Balance, June 30, 2022</b>	<b>\$ 205,232</b>

**6. EXPLORATION AND EVALUATION ASSETS**

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance June 30, 2022
<b>Johnson Tract Property, Alaska, USA</b>					
Acquisition from Constantine	\$ 967,668	\$ -	\$ 967,668	\$ -	\$ 967,668
Subsequent acquisition costs	105,415	94,013	199,428	95,363	294,791
Administration	245,720	150,084	395,804	85,190	480,994
Assaying and testing	373,794	747,544	1,121,338	102,324	1,223,662
Camp costs and field support	1,330,673	1,306,005	2,636,678	256,266	2,892,944
Community relations and advocacy	16,565	19,312	35,877	7,241	43,118
Depreciation	5,142	17,898	23,040	16,844	39,884
Drilling	5,632,149	4,982,872	10,615,021	159,570	10,774,591
Environmental	34,552	95,284	129,836	34,967	164,803
Geology and project management	1,708,724	1,406,970	3,115,694	467,903	3,583,597
Geophysics	245,042	449,794	694,836	41,290	736,126
Permitting	82,998	12,027	95,025	22,685	117,710
Share-based compensation	274,440	351,029	625,469	159,901	785,370
Technical consulting and engineering	96,154	57,576	153,730	67,010	220,740
Transportation	2,745,049	3,156,312	5,901,361	154,470	6,055,831
	\$ 13,864,085	\$ 12,846,720	\$ 26,710,805	\$ 1,671,024	\$ 28,381,829

**HIGHGOLD MINING INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)

(Unaudited)

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance June 30, 2022
<b>Munro-Croesus Property, Ontario, Canada</b>					
Acquisition from Constantine	\$ 2,099,902	\$ -	\$ 2,099,902	\$ -	\$ 2,099,902
Subsequent acquisition costs	1,953,884	1,163,795	3,117,679	51,446	3,169,125
Administration	94,811	39,415	134,226	24,563	158,789
Assaying and testing	155,113	89,760	244,873	661,934	906,807
Camp costs and field support	41,805	42,315	84,120	55,196	139,316
Community relations and advocacy	28,763	217,332	246,095	52,689	298,784
Drilling	557,281	719,367	1,276,648	1,213,395	2,490,043
Geology and project management	292,526	564,316	856,842	429,161	1,286,003
Geophysics	166,592	68,479	235,071	367,775	602,846
Property maintenance	7,168	14,739	21,907	9,691	31,598
Share-based compensation	85,502	141,648	227,150	74,151	301,301
Technical consulting and engineering	-	15,667	15,667	-	15,667
Transportation	49,167	43,814	92,981	108,209	201,190
	\$ 5,532,514	\$ 3,120,647	\$ 8,653,161	\$ 3,048,210	\$ 11,701,371
<b>Golden Mile Property, Ontario, Canada</b>					
Acquisition from Constantine	\$ 306,751	\$ -	\$ 306,751	\$ -	\$ 306,751
Subsequent acquisition costs	1,500	800	2,300	7,000	9,300
Administration	41,766	13,544	55,310	7,866	63,176
Advance royalty payments	20,000	10,000	30,000	-	30,000
Assaying and testing	41,628	1,514	43,142	-	43,142
Camp costs and field support	6,549	6,971	13,520	1,354	14,874
Community relations and advocacy	24,830	92,572	117,402	1,579	118,981
Drilling	168,443	-	168,443	-	168,443
Geology and project management	73,499	61,384	134,883	24,548	159,431
Geophysics	1,696	-	1,696	5,389	7,085
Share-based compensation	26,283	28,077	54,360	9,881	64,241
Transportation	13,202	-	13,202	2,177	15,379
	\$ 726,147	\$ 214,862	\$ 941,009	\$ 59,794	\$ 1,000,803
<b>Timmons South Property, Ontario, Canada</b>					
Acquisition from Constantine	\$ 133,307	\$ -	\$ 133,307	\$ -	\$ 133,307
Subsequent acquisition costs	64,450	50,200	114,650	75,130	189,780
Administration	75,337	13,544	88,881	7,866	96,747
Assaying and testing	104,036	1,514	105,550	-	105,550
Camp costs and field support	66,288	140	66,428	3,252	69,680
Community relations and advocacy	22,918	100,178	123,096	-	123,096
Drilling	217,906	-	217,906	-	217,906
Geology and project management	200,222	90,024	290,246	43,837	334,083
Geophysics	260,610	-	260,610	-	260,610
Share-based compensation	37,730	27,409	65,139	10,853	75,992
Technical consulting and engineering	3,428	-	3,428	-	3,428
Transportation	54,645	-	54,645	3,800	58,445
	\$ 1,240,877	\$ 283,009	\$ 1,523,886	\$ 144,738	\$ 1,668,624

**HIGHGOLD MINING INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance June 30, 2022
<b>Yukon, Canada</b>					
Acquisition from Constantine Administration	\$ 1	\$ -	\$ 1	\$ -	\$ 1
Geology and project management	15,534	2,935	18,469	-	18,469
Cost recoveries	3,547	111	3,658	-	3,658
	(17,021)	(5,106)	(22,127)	-	(22,127)
	\$ 2,061	\$ (2,060)	\$ 1	\$ -	\$ 1
<b>Total</b>	<b>\$ 21,365,684</b>	<b>\$ 16,463,178</b>	<b>\$ 37,828,862</b>	<b>\$ 4,923,766</b>	<b>\$ 42,752,628</b>

**a) Johnson Tract Property, Alaska**

The Company has an agreement (“Agreement”) with Cook Inlet Region, Inc. (“CIRI”) for the lease rights to the 20,942 acre Johnson Tract property located 200 kilometers southwest of Anchorage, in Southcentral Alaska. Commercial terms outlined in the Agreement provide for an initial 10-year lease (the “Initial Term”) with a renewal option. During the Initial Term the Company is required to make a cash payment of US\$50,000 due on signing of the Agreement (paid), incur US\$10 million in expenditures (incurred) and make annual lease payments of US\$75,000 for years one through five, escalating to US\$150,000 from year six onwards. Upon completing such expenditure requirements and satisfying other lease conditions, the Company may renew the lease for an additional 5 years (11 through 15) by making annual lease payments of US\$150,000 per year (inflation adjusted) and incurring an additional US\$10 million in expenditures. The lease rights are subject to certain back-in rights by CIRI, pursuant to which, upon a construction decision CIRI has the one-time option to acquire up to a 25% participating interest in the project. Upon exercise of the back-in, a joint venture would be formed for the development, construction and operation of a mine on the property in which the Company and CIRI would each contribute pro-rata to any such expenditures. No cash payments are required for CIRI to exercise its option. The one-time right is exercisable upon completion of a feasibility study and a decision to construct a mine. The Agreement also includes net smelter return (“NSR”) royalties payable to CIRI of 2-3% on the base metals and a gold NSR ranging from 2.5% to 4.0%, depending on the price of gold at the time.

**b) Munro-Croesus Property**

The Company has a 100% ownership interest in the Munro-Croesus Property, which is located 90 kilometers east of Timmins, Ontario, and includes the former Munro-Croesus gold mine. The original Munro-Croesus property consists of 15 patented mining claims and leases and two staked claims subject to a 2% NSR payable on the property, of which 0.5% can be purchased by the Company for \$1,000,000, with a right of first refusal on the remaining 1.5% NSR.

Between June 2020 and December 2021, the Company entered into a number of agreements to acquire an additional mineral properties located contiguous to the Munro-Croesus property for cash payments totaling

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**HIGHGOLD MINING INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(Expressed in Canadian dollars)  
(Unaudited)

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\$1,055,000 and \$150,000 US and the issuance of 977,582 shares of the Company. Certain of the claims are subject to NSR royalty agreements, portions of which may be repurchased by the Company.

During the six months ended June 30, 2022, the Company entered into 3 agreements to acquire 31 unpatented claims and two patented claims located near the Company's Munro-Croesus property for cash payments in aggregate of \$157,000. Certain of the claims are subject to NSR royalty agreements, portions of which may be repurchased by the Company.

**c) Golden Mile Property**

The Company owns 100% of the Golden Mile property, comprised of 32 claims in the Porcupine Mining Division in northern Ontario, Canada. There is a 3% NSR payable to previous owners of the property, of which 1/3 of the NSR may be purchased by the Company at any time for \$1,000,000. The Company must also make annual advance royalty payments of \$10,000, which are deductible from future NSR payments.

On July 8, 2021, the Company issued 37,313 common shares valued at \$56,716 related to an exploration agreement on the Golden Mile property.

**d) Timmins South Property (formerly known as Golden Perimeter Property)**

The Company has an agreement to acquire 100% of the Timmins South property, comprised of 561 claims located in the Porcupine Mining Division in northern Ontario, Canada. In order to continue to maintain the option and acquire the Timmins South property, the Company must make cash payments totaling \$65,000 (\$45,000 paid) and issue 100,000 of its shares over the remaining three year period of the agreement (issued 50,000 common shares valued at \$69,650). Upon completion of the cash payments and share issuances, the Company will make annual advance royalty payments of \$10,000, commencing on December 15, 2024 and each year thereafter, until commercial production commences. There is a 2.5% NSR on the property, of which 1.0% can be purchased by the Company at any time for \$750,000. The Company will retain the right of first refusal on the remaining 1.5% NSR.

On July 8, 2021, the Company issued 37,313 common shares valued at \$56,716 related to an exploration agreement on the Timmins South property.

**e) Yukon Land Position and Joint Venture**

The Company holds a 50% interest in a joint venture with Carlin Gold Corporation ("Carlin") which controls 1,835 claims in the Mayo and Watson Lake Mining Districts, Yukon. The claims are distributed in ten blocks that total approximately 41,700 hectares (160 square miles). The deferred exploration costs associated with these interests are carried a nominal amount for accounting purposes, with any option proceeds received therefore recorded in income.

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*Mineral Property Option Agreement with Fireweed Zinc Ltd. (“Fireweed”)*

Under the auspices of a joint venture (the “CCJV”) with Carlin Gold Corporation (“Carlin”), the Company had a mineral property option agreement granting Fireweed an option to purchase a 100% interest in three properties totaling 624 claims located in the Mac Pass area, Yukon. The subject claims were staked under the CCJV, and all remaining option payments and royalties from the Fireweed option agreement are to be split between the Company and Carlin.

Pursuant to the original Option Agreement dated April 23, 2018, and as amended by agreements dated May 6, 2020 and August 11, 2020, Fireweed exercised its option on September 19, 2020 and completed the purchase of the 624 claims from the CCJV. Pursuant to the original and amended terms of the option agreement, the Company received an aggregate of 400,000 common shares of Fireweed during the year ended December 31, 2020, which were valued at \$365,250 and resulted in a gain on sale of exploration and evaluation assets of \$348,229 (Note 4).

Under the terms of the agreement with Fireweed, NSR rights will be retained by the Company and Carlin, consisting of a 0.5% NSR on base metals and silver and a 2.0% NSR on all other metals. An additional payment of \$750,000 will be payable to the CCJV members upon Fireweed reporting an indicated resource of at least 2.0 million tonnes on the optioned properties.

*Mineral Property Option Agreement with Snowline Gold Corp. and Senoa Gold Corp. (the “Optionees”)*

On September 1, 2021 (the “Effective Date”), the Company and Carlin entered into an option agreement granting the Optionees an option to acquire a 100% ownership interest in certain leasehold mining claims located in the Mayo mining district, Yukon. Pursuant to the option agreement, the Company will receive the following:

- Cash payment of \$25,000 on the Effective Date (received);
- 250,000 shares of Snowline Gold Corp. on the Effective Date (received and valued at \$125,000) (Note 4);
- Cash payment of \$25,000 on or before the first anniversary of the Effective Date; and
- 250,000 shares of Snowline Gold Corp. on or before the first anniversary of the Effective Date.

**7. SHARE CAPITAL****Authorized**

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Disclosures on any shares issued are provided in the Statements of Changes in Shareholders’ Equity. Common and/or preferred shareholders are entitled to receive dividends if and when declared by the Directors.

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**Escrow Shares**

Under the terms of the escrow policies of the TSX Venture Exchange, all of the 1,040,791 shares issued to directors and officers of the Company before it was listed on the TSX Venture Exchange were escrowed upon issuance. On September 19, 2019, 10% of the escrowed shares were released. The remaining 90% will be released over three years, on the basis of 15% every six months following the first release date. As at June 30, 2022, a total of 156,119 common shares were held in escrow.

**Flow-through recovery**

Any premium realized on the issuance of flow-through shares is recognized in income upon renunciation.

**Stock Options**

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at any time. Under the plan, the exercise price of an option may not be less than the discounted market price. The options may have a maximum term of 10 years and be vested at the discretion of the board of directors.

On May 19, 2021, the Company granted 1,642,500 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of \$1.43 expiring in 5 years. A total of 547,500 stock options vest immediately and the remaining 1,095,000 stock options vest over 2 years. The fair value of these options was calculated to be \$1.03 per option.

On May 19, 2021, the Company granted 40,000 stock options to a consultant of the Company with an exercise price of \$1.43 expiring in 2 years. A total of 13,333 stock options vest immediately and the remaining 26,667 stock options vest over 2 years. The fair value of these options was calculated to be \$0.77 per option.

On April 5, 2022, the Company granted 1,057,500 stock options to certain directors, officers, employees and/or consultants of the Company with an exercise price of \$1.00 expiring in 5 years. A total of 352,500 stock options vest immediately and the remaining 705,000 stock options vest over 2 years. The fair value of these options was calculated to be \$0.74 per option.

The weighted average fair value of stock options granted are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions made during the six months ended June 30, 2022 and 2021:

	<b>Six months ended June 30, 2022</b>	<b>Six months ended June 30, 2021</b>
Risk-Free Annual Interest	2.49%	0.33% - 0.95%
Expected Volatility	97.52%	94.87% - 104.46%
Expected Life of Option	5 years	4.93 years
Expected Annual Dividend	0%	0%

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During the six months ended June 30, 2022, the Company recognized share-based compensation in administrative expenses and capitalized to exploration and evaluation assets in the amount of \$475,735 (2021 - \$471,928) and \$254,786 (2021 - \$336,775), respectively.

Black-Scholes option pricing model require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value.

	Six months ended June 30, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening	4,669,157	\$ 1.02	3,461,238	\$ 0.78
Granted	1,057,500	1.00	1,682,500	\$ 1.43
Exercised	-	-	(412,498)	\$ 0.59
Expired/cancelled	(62,496)	1.37	(62,083)	\$ 1.41
Ending	<b>5,664,161</b>	<b>\$ 1.01</b>	<b>4,669,157</b>	<b>\$ 1.02</b>

As at June 30, 2022, the following options are outstanding:

Number of options	Exercisable	Exercise price	Expiry date
25,000	25,000	\$1.59	February 5, 2023
58,333	58,333	\$1.46	June 6, 2023
58,333	58,333	\$0.94	December 24, 2023
274,163	274,163	\$1.16	June 14, 2024
1,283,332	1,283,332	\$0.45	September 16, 2024
1,285,000	1,285,000	\$1.00	March 3, 2025
1,622,500	1,081,667	\$1.43	May 19, 2026
1,057,500	352,500	\$1.00	April 5, 2027
<b>5,664,161</b>	<b>4,418,328</b>		



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**Share Purchase Warrants**

	Six months ended June 30, 2022		Year ended December 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Opening	4,679,910	\$ 2.02	10,582,763	\$ 1.28
Exercised	-	-	(5,809,352)	\$ 0.70
Expired	-	-	(93,501)	\$ 0.70
Ending	<b>4,679,910</b>	<b>\$ 2.02</b>	<b>4,679,910</b>	<b>\$ 2.02</b>

As at June 30, 2022, the following warrants are outstanding:

	Number of warrants	Exercise price	Expiry date
	356,875	\$0.45	August 19, 2024
	3,535,079	\$2.15	May 29, 2023
	787,956	\$2.15	July 19, 2023
	<b>4,679,910</b>		

**8. RELATED PARTY TRANSACTIONS**

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

**a) Compensation of Key Management Personnel**

The compensation paid or payable to key management personnel, including consulting and professional fees for administrative, management, accounting and legal services, and salaries, wages and benefits and share-based compensation provided by these related parties, during the six months ended June 30, 2022 and 2021 are as follows:

	Six months ended June 30, 2022	Six months ended June 30, 2021
	\$	\$
Fees capitalized to exploration and evaluation assets	324,878	395,724
Consulting fees	33,333	-
Salaries, wages, bonuses and benefits	193,000	193,000
Share-based compensation	240,679	106,953
	<b>791,890</b>	<b>695,677</b>

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All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

**Related Party Balances**

As at June 30, 2022 and December 31, 2021, the Company has the following amounts owed to related parties, included in accounts payable, that are noninterest bearing, unsecured, and have no specified terms of repayment.

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Due to Senior Vice President of Operations	3,978	-
	<b>3,978</b>	<b>-</b>

**9. FINANCIAL INSTRUMENTS**
**Classification of financial instruments**

<b>As at June 30, 2022</b>	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	\$	\$	\$
Cash and cash equivalents	-	17,519,746	-
Marketable securities	159,300	-	-
Accounts payable and accrued liabilities	-	-	370,825

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximates the carrying amount due to the short-term nature of these instruments.

The Company's marketable securities carried at fair value have been classified as Level 1 within the fair value hierarchy.

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**Management of Industry and Financial Risk**

The Company is exposed to various risks in relation to financial instruments. The Company's risk management is coordinated at its head office in Canada in close cooperation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

**a) Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivables by performing standard credit checks. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at June 30, 2022, the Company has working capital of \$18,089,230 (December 31, 2021 - \$23,419,949). There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

**c) Foreign exchange risk**

The Company operates internationally and is exposed to foreign currency risk arising from currency exposures to Canadian dollars. The main currency to which the Company has an exposure is the U.S. dollar. The Company is exposed to currency risk to the extent of its cash and trade and other payables that are denominated in U.S. dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

Based on the Company's net US currency exposure as at June 30, 2022, and assuming all other variables remain constant, a 15% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$1,100,000 in comprehensive income/loss for the period.

**d) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not hold any assets or liabilities subject to variable interest rates, and as such, the Company is not exposed to significant interest rate risk.

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**e) Equity Price Risk**

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required and movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. As at June 30, 2022, the Company's marketable securities of \$159,300 are subject to fair value fluctuations.

Based on the Company's marketable securities as at June 30, 2022, and assuming all other variables remain constant, a 10% increase/decrease in the fair value of marketable securities would result in an increase/decrease of approximately \$16,000 in comprehensive income/loss for the period.

**10. CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing exploration efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

The Company is not subject to externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 5, 2019 and December 23, 2020, the Company completed flow-through private placements totalling \$2,304,000 and \$3,700,000, respectively. As at June 30, 2022, the Company incurred sufficient eligible expenditures to satisfy its flow-through spending obligations.

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**11. SEGMENTED INFORMATION**

The assets and operations of the Company are located in Canada and the United States.

	<b>Canada</b>	<b>United States</b>	<b>TOTAL</b>
	\$	\$	\$
<b>Six months ended June 30, 2022</b>			
Net loss	(610,188)	(436,864)	(1,047,052)
<b>As at June 30, 2022</b>			
Current assets	14,703,713	3,756,342	18,460,055
Non-current assets	14,576,031	28,381,829	42,957,860
Total liabilities	100,604	270,221	370,825
	<b>Canada</b>	<b>United States</b>	<b>TOTAL</b>
	\$	\$	\$
<b>Six months ended June 30, 2021</b>			
Net income (loss)	(1,459,705)	344,063	(1,115,642)
<b>As at December 31, 2021</b>			
Current assets	23,226,145	556,872	23,783,017
Non-current assets	11,118,653	26,825,615	37,944,268
Total liabilities	298,820	64,248	363,068

**12. SUBSEQUENT EVENT**

Subsequent to the six months ended June 30, 2022, the Company entered into an agreement of purchase and sale with an arm's length vendor to acquire 255 mining claims covering 56 square kilometers that ties onto the Company's existing Timmins South mining claims. To acquire the mining claims, the Company has agreed to make a cash payment of \$80,000 and issue 160,000 common shares of the Company to the vendor, with half the cash payment and common shares payable on signing and the remaining half payable on the first anniversary of the agreement closing date. Pursuant to the agreement, the property is subject to certain NSR royalties, a portion of which may be purchased back by the Company.