HIGHGOLD MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022 AND 2021
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Shareholders of HighGold Mining Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HighGold Mining Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3(f) – Accounting policy Exploration and evaluation properties; note 3(h) – Accounting policy impairment of non-current assets; note 3(p) – Judgments and estimates; and note 6 Exploration and evaluation assets Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.

impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information
Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 17, 2023

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 7,637,197**	$ 22,804,851
Amounts receivable	**57,751**	207,917
Prepaid expenses and deposits	**440,572**	422,849
Marketable securities (Note 4)	**447,000**	347,400
	8,582,520	23,783,017
Equipment and right-of-use asset (Note 5)	**315,744**	114,810
Exploration and evaluation assets (Note 6)	**52,649,435**	37,828,862
	$ 61,547,699	$ 61,726,689
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 234,466**	$ 363,068
Lease liability (Note 7)	**63,766**	-
	298,232	363,068
Lease liability (Note 7)	**66,650**	-
	364,882	363,068
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**63,403,104**	63,139,804
Contributed surplus (Note 8)	**3,368,859**	2,311,974
Deficit	**(5,589,146)**	(4,088,157)
	61,182,817	61,363,621
	$ 61,547,699	$ 61,726,689

Events subsequent to the end of the year – Note 14

Approved on behalf of the Board of Directors of HighGold Mining Inc. on April 17, 2023

'Michael Cinnamond' — Director

'Darwin Green' — Director

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
EXPENSES		
Accretion (Note 7)	$ 6,904	$ -
Advertising and promotion	318,321	140,069
Consulting fees (Note 9)	47,333	48,429
Depreciation (Note 5)	25,471	-
Filing and transfer agent	89,542	95,860
Foreign exchange loss (gain)	(197,651)	53,354
Insurance	106,106	80,663
Office and miscellaneous	150,830	174,569
Professional fees	193,984	243,025
Rent	68,785	40,405
Salaries, wages and benefits (Note 9)	483,805	553,571
Share-based compensation (Notes 8 and 9)	488,926	751,881
Travel	65,580	61,819
Net loss before other items	**(1,847,936)**	**(2,243,645)**
OTHER ITEMS		
Gain on sale of exploration and evaluation assets (Note 5)	55,371	144,893
General exploration expenses	-	(14,540)
Interest income	164,102	44,662
Flow-through recovery (Note 8)	-	129,500
Gain (loss) on marketable securities (Note 4)	127,474	(85,650)
Net loss and comprehensive loss	**$ (1,500,989)**	**$ (2,024,780)**
Basic and diluted loss per share	**$ (0.02)**	**$ (0.03)**
Weighted average number of common shares outstanding Basic and diluted	**73,207,059**	**60,187,217**

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

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

	Share Capital								
	Number of shares		**Amount**		**Contributed surplus**		**Deficit**		**Total**
As at December 31, 2020	**54,601,128**	**$**	**40,421,489**	**$**	**1,066,392**	**$**	**(2,063,377)**	**$**	**39,424,504**
Private placement	11,750,000		18,800,000		-		-		18,800,000
Exercise of stock options	412,498		296,543		(54,462)		-		242,081
Exercise of share purchase warrants	5,809,352		4,045,608		-		-		4,045,608
Shares issued for exploration and evaluation assets	447,232		614,439		-		-		614,439
Share issue costs	-		(1,038,275)		-		-		(1,038,275)
Share-based compensation	-		-		1,300,044		-		1,300,044
Net loss for the year	-		-		-		(2,024,780)		(2,024,780)
As at December 31, 2021	**73,020,210**	**$**	**63,139,804**	**$**	**2,311,974**	**$**	**(4,088,157)**	**$**	**61,363,621**
Shares issued for exploration and evaluation assets	350,000		263,300		-		-		263,300
Share-based compensation	-		-		1,056,885		-		1,056,885
Net loss for the year	-		-		-		(1,500,989)		(1,500,989)
As at December 31, 2022	**73,370,210**	**$**	**63,403,104**	**$**	**3,368,859**	**$**	**(5,589,146)**	**$**	**61,182,817**

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

HIGHGOLD

HIGHGOLD MINING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
OPERATING ACTIVITIES		
Net loss	$ (1,500,989)	$ (2,024,780)
Adjustments for non-cash items:		
Accretion and depreciation	32,375	-
Gain on sale of exploration and evaluation assets	(55,371)	(144,893)
Flow-through recovery	-	(129,500)
Share-based compensation	488,926	751,881
(Gain) loss on marketable securities	(127,474)	85,650
Change in non-cash working capital:		
Amounts receivable	150,166	47,639
Prepaid expenses and deposits	(17,723)	(98,655)
Accounts payable and accrued liabilities	62,157	(562,287)
Cash used in operating activities	**(967,933)**	**(2,074,945)**
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	302,874	69,950
Proceeds from sale of Yukon mining claims	25,000	25,000
Purchase of equipment	(107,266)	(86,433)
Exploration and evaluation costs	(14,391,014)	(15,124,748)
Cash used in investing activities	**(14,170,406)**	**(15,116,231)**
FINANCING ACTIVITIES		
Payments on lease liability	(29,315)	-
Proceeds from private placements	-	18,800,000
Proceeds from exercise of stock options	-	242,081
Proceeds from exercise of share purchase warrants	-	4,045,608
Share issue costs	-	(1,038,275)
Cash provided by (used in) financing activities	**(29,315)**	**22,049,414**
Increase (Decrease) in cash and cash equivalents	**(15,167,654)**	**4,858,238**
Cash and cash equivalents, beginning of year	**22,804,851**	**17,946,613**
Cash and cash equivalents, end of year	**$ 7,637,197**	**$ 22,804,851**
Supplemental information with respect to cash flows:		
Exploration and evaluation expenses included in accounts payable	$ 80,014	$ 270,772
Common shares issued for exploration and evaluation assets	$ 263,300	$ 614,439
Common shares of Snowline Gold Corp. received from sale of Yukon mining claims	$ 275,000	$ 125,000
Depreciation capitalized to exploration and evaluation assets	$ 33,688	$ 17,898
Share-based compensation capitalized to exploration and evaluation assets	$ 567,959	$ 548,163

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

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. ln 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.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

b) Basis of consolidation

These consolidated 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 consolidated 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 consolidated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

c) Financial Instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i) Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model ("ECL"). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company's trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the following categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

<u>De-recognition of financial assets</u>

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

ii) Financial liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

d) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

e) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

f) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.
If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

g) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation on assets directly used for exploration and evaluation is capitalized to exploration and evaluation assets. All other depreciation is charged to earnings. Assets under construction are not depreciated until available for their intended use.

Depreciation is charged over the estimated useful lives using the declining balance method of 20% per annum for equipment, except in the year of acquisition when one-half of the rate is used.

h) Impairment of non-current assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's 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, if no impairment loss had been recognized.

i) Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

j) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

k) Share-based compensation

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Charges for options that are forfeited before vesting are reversed from contributed surplus.

l) Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

m) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into using the residual value method into: i) share capital; and ii) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

n) Valuation of equity units in private placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

o) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve-months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

p) Judgments and estimates

The preparation of these consolidated 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.

- 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, the determination of the incremental borrowing rate used in the measurement of the lease liability, 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.

q) 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.

r) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current period's presentation.

(Expressed in Canadian dollars)

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. During the year ended December 31, 2022, the Company sold an additional 120,000 shares of Fireweed for proceeds of $95,270 resulting in a loss of $14,305. As at December 31, 2022, the fair value of the 150,000 (2021 – 270,000) shares was $153,000 (2021 - $167,400) resulting in an unrealized gain of $60,000 (2021 – loss of $137,550) for the year ended December 31, 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 received an additional 275,000 shares of Snowline Gold Corp. valued at $275,000 during the year ended December 31, 2022. 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 year ended December 31, 2022. As at December 31, 2022, the fair value of the 100,000 (2021 – 250,000) shares was $294,000 (2021 - $180,000) resulting in an unrealized gain of $19,000 (2021 – loss of $55,000) for the year ended December 31, 2022.

	Fireweed	Snowline	Total
Opening balance, December 31, 2020	$ 378,000	$ -	$ 378,000
Additions	-	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
Additions	-	275,000	275,000
Disposal	(109,575)	(125,000)	(234,575)
Reclassification of unrealized loss (gain) on disposal	35,175	(55,000)	(19,825)
Unrealized gain	60,000	19,000	79,000
Ending balance, December 31, 2022	**$ 153,000**	**$ 294,000**	**$ 447,000**

(Expressed in Canadian dollars)

5. EQUIPMENT AND RIGHT-OF-USE ASSET

	Equipment	Right-of-use asset	Total
Cost			
Opening balance, December 31, 2020	$ 51,417	$ -	$ 51,417
Additions	86,433	-	86,433
Ending balance, December 31, 2021	137,850	-	137,850
Additions	107,266	152,827	260,093
Ending balance, December 31, 2022	$ 245,116	$ 152,827	$ 397,943
Accumulated Depreciation			
Opening balance, December 31, 2020	$ 5,142	$ -	$ 5,142
Depreciation	17,898	-	17,898
Ending balance, December 31, 2021	23,040	-	23,040
Depreciation	33,688	25,471	59,159
Ending balance, December 31, 2022	$ 56,728	$ 25,471	$ 82,199
Net Book Value			
Balance, December 31, 2021	$ 114,810	$ -	$ 114,810
Balance, December 31, 2022	**$ 188,388**	**$ 127,356**	**$ 315,744**

6. EXPLORATION AND EVALUATION ASSETS

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022
Johnson Tract Property, Alaska, USA					
Acquisition from Constantine	$ 967,668	$ -	$ 967,668	$ -	$ 967,668
Subsequent acquisition costs	105,415	94,013	199,428	97,583	297,011
Administration	245,720	150,084	395,804	173,247	569,051
Assaying and testing	373,794	747,544	1,121,338	555,300	1,676,638
Camp costs and field support	1,330,673	1,306,005	2,636,678	1,492,577	4,129,255
Community relations and advocacy	16,565	19,312	35,877	107,283	143,160
Depreciation	5,142	17,898	23,040	33,688	56,728
Drilling	5,632,149	4,982,872	10,615,021	5,197,115	15,812,136
Environmental	34,552	95,284	129,836	219,251	349,087
Geology and project management	1,708,724	1,406,970	3,115,694	1,546,083	4,661,777
Geophysics	245,042	449,794	694,836	64,775	759,611
Permitting	82,998	12,027	95,025	64,719	159,744
Share-based compensation	274,440	351,029	625,469	434,458	1,059,927
Technical consulting and engineering	96,154	57,576	153,730	318,289	472,019
Transportation	2,745,049	3,156,312	5,901,361	317,435	6,218,796
	$ 13,864,085	$ 12,846,720	$ 26,710,805	$ 10,621,803	$ 37,332,608

HIGHGOLD MINING INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022
Munro-Croesus Property, Ontario, Canada					
Acquisition from Constantine	$ 2,099,902	$ -	$ 2,099,902	$ -	$ 2,099,902
Subsequent acquisition costs	1,953,884	1,163,795	3,117,679	165,725	3,283,404
Administration	94,811	39,415	134,226	52,737	186,963
Assaying and testing	155,113	89,760	244,873	684,283	929,156
Camp costs and field support	41,805	42,315	84,120	71,669	155,789
Community relations and advocacy	28,763	217,332	246,095	46,589	292,684
Construction and development	-	-	-	52,047	52,047
Drilling	557,281	719,367	1,276,648	1,213,393	2,490,041
Geology and project management	292,526	564,316	856,842	679,217	1,536,059
Geophysics	166,592	68,479	235,071	380,975	616,046
Property maintenance	7,168	14,739	21,907	20,645	42,552
Share-based compensation	85,502	141,648	227,150	98,710	325,860
Technical consulting and engineering	-	15,667	15,667	-	15,667
Transportation	49,167	43,814	92,981	188,973	281,954
	$ 5,532,514	$ 3,120,647	$ 8,653,161	$ 3,654,963	$ 12,308,124
Golden Mile Property, Ontario, Canada					
Acquisition from Constantine	$ 306,751	$ -	$ 306,751	$ -	$ 306,751
Subsequent acquisition costs	1,500	800	2,300	1,150	3,450
Administration	41,766	13,544	55,310	14,737	70,047
Advance royalty payments	20,000	10,000	30,000	10,000	40,000
Assaying and testing	41,628	1,514	43,142	-	43,142
Camp costs and field support	6,549	6,971	13,520	2,876	16,396
Community relations and advocacy	24,830	92,572	117,402	2,079	119,481
Drilling	168,443	-	168,443	-	168,443
Geology and project management	73,499	61,384	134,883	38,703	173,586
Geophysics	1,696	-	1,696	62,772	64,468
Share-based compensation	26,283	28,077	54,360	14,150	68,510
Transportation	13,202	-	13,202	2,225	15,427
	$ 726,147	$ 214,862	$ 941,009	$ 148,692	$ 1,089,701
Timmons South Property, Ontario, Canada					
Acquisition from Constantine	$ 133,307	$ -	$ 133,307	$ -	$ 133,307
Subsequent acquisition costs	64,450	50,200	114,650	264,080	378,730
Administration	75,337	13,544	88,881	14,841	103,722
Assaying and testing	104,036	1,514	105,550	-	105,550
Camp costs and field support	66,288	140	66,428	5,166	71,594
Community relations and advocacy	22,918	100,178	123,096	500	123,596
Drilling	217,906	-	217,906	-	217,906
Geology and project management	200,222	90,024	290,246	78,783	369,029
Geophysics	260,610	-	260,610	-	260,610
Share-based compensation	37,730	27,409	65,139	18,956	84,095
Technical consulting and engineering	3,428	-	3,428	-	3,428
Transportation	54,645	-	54,645	4,349	58,994
	$ 1,240,877	$ 283,009	$ 1,523,886	$ 386,675	$ 1,910,561

(Expressed in Canadian dollars)

	Balance December 31, 2020	Fiscal 2021 Expenditures	Balance December 31, 2021	Fiscal 2022 Expenditures	Balance December 31, 2022
Yukon, Canada					
Acquisition from Constantine	$ 1	$ -	$ 1	$ -	$ 1
Subsequent acquisition costs	-	-	-	242,454	242,454
Administration	15,534	2,935	18,469	475	18,944
Geology and project management	3,547	111	3,658	7,270	10,928
Share-based compensation	-	-	-	1,685	1,685
Transportation	-	-	-	1,185	1,185
Cost recoveries	(17,021)	(5,106)	(22,127)	(244,629)	(266,756)
	$ 2,061	$ (2,060)	$ 1	$ 8,440	$ 8,441
Total	**$ 21,365,684**	**$ 16,463,178**	**$ 37,828,862**	**$ 14,820,573**	**$ 52,649,435**

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 $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 year ended December 31, 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 $141,500. 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 (paid) and issue 100,000 of its shares over the remaining three year period of the agreement (issued). 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.

On June 10, 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 ($40,000 paid) and issue 160,000 common shares of the Company to the vendor (80,000 common shares issued and valued at $78,400), 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.

e) Yukon Land Position and Joint Venture

The Company held 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 at a nominal amount for accounting purposes, with any option proceeds received therefore recorded in income.

Mineral Property Option Agreement with Fireweed Zinc Ltd. ("Fireweed")

Under the auspices of a joint venture (the "CCVJV") 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 (received); and
- 250,000 shares of Snowline Gold Corp. on or before the first anniversary of the Effective Date (received 100,000 shares and valued at $275,000) (Note 4).

During the year ended December 31, 2022, the Company recognized a gain on sale of exploration and evaluation assets of $55,371 (2021 - $144,893).

(Expressed in Canadian dollars)

Mineral Property Purchase Agreement with Carlin

On August 17, 2022, the Company entered into an agreement to purchase Carlin's 50% interest in the Yukon properties held under the original joint venture with Carlin, bringing the Company's ownership to 100%. The acquisition includes four separate properties totalling 1,023 claims and 21,000ha (210 km^2). Pursuant to the agreement, the Company will make a cash payment of $75,000 (paid) and issue 200,000 common shares of the Company (issued and valued at $134,000). These properties are subject to a 0.5% NSR which may be bought back by the Company for $750,000.

Mineral Property Purchase Agreement with Strategic Metals Inc. ("Strategic")

On September 7, 2022, the Company entered into an agreement or purchase and sale with Strategic for the purchase of Harlow property. Pursuant to the agreement, the Company will make a cash payment of $20,000 (paid) and issue 20,000 common shares of the Company (issued and valued at $13,400). These properties are subject to a 2.5% NSR of which 0.5% may be bought back by the Company for $750,000.

7. LEASE LIABILITY

As at August 1, 2022, the Company was the sublessee to a premise. The incremental rate of borrowing for this lease was estimated by management to be 12% per annum.

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

Undiscounted minimum lease payments		
Less than one year	$	70,358
Two to three years		76,221
		146,579
Effect of discounting		(16,163)
Present value of minimum lease payments		130,416
Less: Current portion		(63,766)
Long-term portion	$	66,650

The net change in the lease liability is shown in the following continuity table:

Opening balance, December 31, 2021	$	-
Additions		152,827
Interest		6,904
Payments		(29,315)
Ending balance, December 31, 2022	$	130,416

8. 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.

During the year ended December 31, 2022

On August 26, 2022, the Company issued 80,000 common shares valued at $78,400 related to the acquisition of certain claims in the Timmins South property (Note 6).

On September 30, 2022, the Company issued a total of 220,000 common shares valued at $147,400 related to the acquisition of certain claims in the Yukon property (Note 6).

On December 5, 2022, the Company issued 50,000 common shares valued at $37,500 related to the acquisition of the Timmins South property (Note 6).

During the year ended December 31, 2021

On January 22, 2021, the Company issued 60,000 common shares valued at $97,800 related to the acquisition of three mineral properties surrounding the Munro-Croesus property (Note 6).

On July 8, 2021, the Company issued 74,626 common shares valued at $113,432 related to an exploration agreement on the Golden Mile and Golden Perimeter properties (Note 6).

On September 28, 2021, the Company issued 153,846 common shares valued at $169,231 related to the acquisition of a mineral property surrounding the Munro-Croesus property (Note 6).

On October 27, 2021, the Company closed a bought deal offering and non-brokered private placement totalling 11,750,000 common shares of the Company at a price of $1.60 per share for gross proceeds of $18,800,000. The Company paid share issue costs of $1,038,275 in connection with this bought deal offering.

On November 23, 2021, the Company issued 100,000 common shares valued at $153,000 related an aggregate of 10 single-cell mining claims and 14 boundary cell mining claims surrounding the Munro-Croesus property (Note 6).

On December 1, 2021, the Company issued 20,000 common shares valued at $30,200 related to the acquisition of the Golden Perimeter property (Note 6).

On December 13, 2021, the Company issued 38,760 common shares valued at $50,776 related to an exploration agreement on the Munro-Croesus property (Note 6).

During the year ended December 31, 2021, an aggregate of 412,498 stock options of the Company were exercised resulting in the issuance of 412,498 common shares of the Company for total cash proceeds of $242,081.

During the year ended December 31, 2021, an aggregate of 5,809,352 share purchase warrants of the Company were exercised resulting in the issuance of 5,809,352 common shares of the Company for total cash proceeds of $4,045,608.

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 December 31, 2022, a total of Nil (2021 – 312,237) 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.

(Expressed in Canadian dollars)

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 year ended December 31, 2022 and 2021:

	Year ended December 31, 2022	**Year ended December 31, 2021**
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%

During the year ended December 31, 2022, the Company recognized share-based compensation in administrative expenses and capitalized to exploration and evaluation assets in the amount of $488,926 (2021 - $751,881) and $567,959 (2021 - $548,163), respectively.

The Black-Scholes option pricing model requires 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.

	Year ended December 31, 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	(167,495)	1.21	(62,083)	$ 1.41
Ending	**5,559,162**	**$ 1.01**	**4,669,157**	**$ 1.02**

(Expressed in Canadian dollars)

As at December 31, 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
199,164	199,164	$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
1,027,500	342,500	$1.00	April 5, 2027
5,559,162	**4,333,329**		

Share Purchase Warrants

	Year ended December 31, 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	**4,679,910**	**$ 2.02**	**4,679,910**	**$ 2.02**

As at December 31, 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
4,679,910		

(Expressed in Canadian dollars)

9. 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 year ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Fees capitalized to exploration and evaluation assets	609,369	803,711
Consulting fees	33,333	16,667
Salaries, wages, bonuses and benefits	411,000	474,603
Share-based compensation	342,953	564,593
	1,396,655	1,859,574

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 December 31, 2022 and 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.

	December 31, 2022 $	December 31, 2021 $
Due to Chief Executive Officer	20,766	-
Due to Senior Vice President of Operations	905	-
Due to a Chief Financial Officer	2,671	-
	24,342	-

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

As at December 31, 2022	Financial assets – FVTPL	Financial assets – amortized cost	Financial liabilities – amortized cost
	$	$	$
Cash and cash equivalents	-	7,637,197	-
Marketable securities	447,000	-	-
Accounts payable and accrued liabilities	-	-	234,466

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.

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 December 31, 2022, the Company has working capital of $8,284,288 (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 December 31, 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 $69,000 in comprehensive income/loss for the year.

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.

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 December 31, 2022, the Company's marketable securities of $447,000 are subject to fair value fluctuations.

Based on the Company's marketable securities as at December 31, 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 $45,000 in comprehensive income/loss for the year.

(Expressed in Canadian dollars)

11. 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 December 31, 2022, the Company incurred sufficient eligible expenditures to satisfy its flow-through spending obligations.

12. SEGMENTED INFORMATION

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

	Canada	United States	TOTAL
	$	$	$
Year ended December 31, 2022			
Net loss	(1,393,660)	(107,329)	(1,500,989)
As at December 31, 2022			
Current assets	8,369,292	213,228	8,582,520
Non-current assets	15,444,183	37,520,996	52,965,179
Total liabilities	309,689	55,193	364,882

(Expressed in Canadian dollars)

	Canada	United States	TOTAL
	$	$	$
Year ended December 31, 2021			
Net loss	(1,929,749)	(95,031)	(2,024,780)
As at December 31, 2021			
Current assets	23,226,145	556,872	23,783,017
Non-current assets	11,118,057	26,825,615	37,943,672
Total liabilities	298,820	64,248	363,068

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Net loss	(1,500,989)	(2,024,780)
Expected income tax expense (recovery)	(419,220)	(542,542)
Deductible and non-deductible amounts	148,467	(668,522)
Change in prior year estimates	98,093	-
Change in valuation allowance	172,660	668,522
Deferred income tax recovery	-	-

There are no deferred tax assets presented in the statement of financial position.

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2022 $	2021 $
Deferred Tax Assets (Liabilities)		
Non-capital losses	7,121,000	5,379,000
Share issue costs	1,308,000	1,960,000
Exploration and evaluation assets	(5,275,000)	(4,824,000)
	3,154,000	2,515,000

As at December 31, 2022, the Company has Canadian non-capital losses of $7,052,000 (2021 - $5,367,000) and US non-capital losses of US$8,000 (2021 - US$9,000) which will be available to reduce future taxable income earned in Canada and the United States respectively. The Canadian non-capital losses will expire in 2042 and the US non-capital losses will carry forward indefinitely.

14. EVENTS SUBSEQUENT TO THE END OF THE YEAR

On April 11, 2023, the Company completed a non-brokered private placement, consisting of 14,029,243 shares at a price of $0.66 per share, for aggregate gross proceeds of $9,259,300. In connection with the private placement, the Company paid finder's fees of $28,263 in cash to qualified finders.

On April 13, 2023, 39,375 warrants were exercised into common shares of the Company for gross proceeds of $17,719.