**GOLD MOUNTAIN MINING CORP.**

**Condensed Interim Consolidated Financial Statements**
**Three and Nine Months Ended October 31, 2022 and 2021**

**(Expressed in Canadian Dollars)**

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(Unaudited - Expressed in Canadian Dollars)

| | Notes | | October 31, 2022 | | January 31, 2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 5,209,162 | $ | 2,557,764 |
| Trade and other receivables | 4 | | 1,488,469 | | 675,449 |
| Tax credit receivable | | | 737,165 | | 650,328 |
| Inventory | 5 | | 242,902 | | - |
| Prepaid expenses and deposits | | | 67,343 | | 133,361 |
| | | | 7,745,041 | | 4,016,902 |
| **Non-current assets** | | | | | |
| Prepaid expenses and deposits | | | 20,790 | | 267,812 |
| Property and equipment | 6 | | 36,749,028 | | 27,605,578 |
| Reclamation deposits | | | 1,196,649 | | 775,551 |
| **Total Assets** | | **$** | **45,711,508** | **$** | **32,665,843** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 7,14 | $ | 2,794,063 | $ | 2,236,473 |
| Short-term loans | | | 83,578 | | 80,223 |
| Current portion of lease payable | | | 31,337 | | 31,337 |
| Current portion of promissory note | 8 | | 2,744,880 | | 2,860,506 |
| Other provision | 10 | | 132,000 | | - |
| | | | 5,785,858 | | 5,208,539 |
| **Non-current liabilities** | | | | | |
| Reclamation provision | 10 | | 2,424,557 | | 1,822,440 |
| Flow-through share premium liability | 9 | | - | | 177,666 |
| Lease payable | | | 46,939 | | 62,343 |
| Promissory note | 8 | | - | | 2,410,040 |
| **Total Liabilities** | | | 8,257,354 | | 9,681,028 |
| **Shareholders' Equity** | | | | | |
| Share capital | 11 | | 54,649,297 | | 36,213,153 |
| Warrants reserve | 11 | | 6,382,257 | | 4,562,511 |
| Contributed surplus | 11 | | 2,891,655 | | 3,772,386 |
| Accumulated deficit | | | (26,469,055) | | (21,563,235) |
| **Total Shareholders' Equity** | | | 37,454,154 | | 22,984,815 |
| **Total Liabilities and Shareholders' Equity** | | **$** | **45,711,508** | **$** | **32,665,843** |

Nature of operations and going concern (Note 1)
Commitments (Note 18)

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

(Unaudited - Expressed in Canadian Dollars)

| | Three months ended October 31, 2022 | Three months ended October 31, 2021 | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|---|---|
| Revenue | $ 2,091,371 | $ - | $ 6,766,654 | $ - |
| Cost of sales | (2,934,616) | - | (7,862,514) | - |
| **Gross loss** | **(843,245)** | **-** | **(1,095,860)** | **-** |
| Other operating expenses | | | | |
| Management, director and consulting fees | 505,125 | 541,302 | 991,671 | 1,458,002 |
| General and administration | 43,970 | 42,679 | 144,563 | 72,688 |
| Investor relations | 38,088 | 72,262 | 156,768 | 126,084 |
| Marketing | 156,260 | 535,085 | 430,296 | 2,788,662 |
| Other expense | 132,000 | - | 132,000 | - |
| Professional fees | 122,432 | 78,892 | 339,722 | 210,657 |
| Regulatory and transfer agent fees | 6,854 | 6,717 | 73,183 | 73,818 |
| Share-based payments | 175,103 | 1,182,090 | 1,245,115 | 4,940,485 |
| Travel | 1,262 | 4,766 | 2,465 | 19,833 |
| **Total other operating expenses** | **(1,181,094)** | **(2,463,793)** | **(3,515,783)** | **(9,690,229)** |
| **Loss from operations** | **(2,024,339)** | **(2,463,793)** | **(4,611,643)** | **(9,690,229)** |
| Other items | | | | |
| Other income | 33,627 | - | 33,627 | - |
| Finance income | 4,019 | 42 | 12,347 | 286 |
| Finance expense | (115,306) | (206,903) | (493,761) | (727,720) |
| Accretion expense | (8,019) | - | (24,056) | - |
| Recovery of flow-through share premium | - | - | 177,666 | 76,173 |
| **Total other items** | **(85,679)** | **(206,861)** | **(294,177)** | **(651,261)** |
| **Loss before income tax** | **(2,110,018)** | **(2,670,654)** | **(4,905,820)** | **(10,341,490)** |
| Income and mining tax expense | - | - | - | - |
| **Loss and comprehensive loss** | **$ (2,110,018)** | **$ (2,670,654)** | **$ (4,905,820)** | **$ (10,341,490)** |
| **Basic and diluted loss per common share** | **$ (0.02)** | **$ (0.04)** | **$ (0.06)** | **$ (0.16)** |
| **Weighted average number of common shares outstanding** | **87,893,421** | **69,259,239** | **83,302,528** | **63,666,732** |

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

Gold Mountain Mining Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine-Month Periods Ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars except number of shares)

| | Notes | Number of shares | Share capital | Warrants reserve | Contributed surplus | Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance at January 31, 2021** | | 49,069,852 | $ 11,628,629 | $ 1,406,273 | $ 1,135,288 | $ (9,147,942) | $ 5,022,248 |
| Shares issued for bonus shares | | 230,000 | 289,800 | - | - | - | 289,800 |
| Shares issued on exercise of warrants | | 2,351,178 | 3,922,949 | (1,253,741) | - | - | 2,669,208 |
| Shares issued on exercise of options | | 409,258 | 531,797 | - | (221,664) | - | 310,133 |
| Shares issued for RSUs | | 865,500 | 1,218,691 | - | (1,218,691) | - | - |
| Shares issued for PSUs | | 832,500 | 1,668,060 | - | (1,668,060) | - | - |
| Shares issued in private placements | | 15,891,640 | 17,271,218 | 4,450,926 | - | - | 21,722,144 |
| Broker warrants | | - | - | 527,127 | - | - | 527,127 |
| Share issuance costs | | - | (1,562,427) | (382,253) | - | - | (1,944,680) |
| Shares subscription | | - | (892) | - | - | - | (892) |
| Share-based payments | | - | - | - | 5,577,971 | - | 5,577,971 |
| Net loss for the period | | - | - | - | - | (10,341,490) | (10,341,490) |
| **Balance at October 31, 2021** | | **69,649,928** | **$ 34,967,825** | **$ 4,748,332** | **$ 3,604,844** | **$ (19,489,432)** | **$ 23,831,569** |
| **Balance at January 31, 2022** | | 71,014,144 | $ 36,213,153 | $ 4,562,511 | $ 3,772,386 | $ (21,563,235) | $ 22,984,815 |
| Shares issued on exercise of warrants | 11 | 658,027 | 1,197,913 | (413,745) | - | - | 784,168 |
| Shares issued on exercise of options | 11 | 196,000 | 301,554 | - | (157,554) | - | 144,000 |
| Shares issued for RSUs | 11 | 685,250 | 1,252,778 | - | (1,252,778) | - | - |
| Shares issued for PSUs | 11 | 540,000 | 760,497 | - | (760,497) | - | - |
| Shares issued in public offering | 11 | 14,800,000 | 16,305,357 | 2,194,643 | - | - | 18,500,000 |
| Broker warrants | 11 | - | - | 224,855 | - | - | 224,855 |
| Share issuance costs | 11 | - | (1,381,955) | (186,007) | - | - | (1,567,962) |
| Share-based payments | 11 | - | - | - | 1,290,098 | - | 1,290,098 |
| Net loss for the period | | - | - | - | - | (4,905,820) | (4,905,820) |
| **Balance at October 31, 2022** | | **87,893,421** | **$ 54,649,297** | **$ 6,382,257** | **$ 2,891,655** | **$ (26,469,055)** | **$ 37,454,154** |

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

(Unaudited - Expressed in Canadian Dollars)

| | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|
| **Operating activities** | | |
| Net loss | $ (4,905,820) | $ (10,341,490) |
| Adjustments for non-cash items: | | |
| Depletion and amortization | 352,872 | 2,741 |
| Accretion expense | 24,056 | - |
| Bonus shares issued to management | - | 289,800 |
| Share-based payments | 1,296,185 | 4,940,485 |
| Finance expense | 485,787 | 727,645 |
| Recovery of flow-through share premium | (177,666) | (76,173) |
| Other expense | 132,000 | - |
| Changes in non-cash working capital items: | | |
| Trade and other receivables | (711,453) | (545,168) |
| Tax credit receivable | - | (320,132) |
| Prepaid expenses and deposits | 53,517 | 2,372 |
| Inventory | (242,902) | - |
| Accounts payable and accrued liabilities | 392,647 | (729,119) |
| **Net cash flows used in operating activities** | (3,300,777) | (6,049,039) |
| **Investing activities** | | |
| Exploration and evaluation expenditures | (3,219,042) | (2,516,191) |
| Tax credit received | 367,012 | - |
| Mineral property expenditures | (5,479,237) | (4,218,128) |
| Deposits for exploration and evaluation expenditures | (8,290) | (325,775) |
| Deposits for mineral property expenditures | - | (234,448) |
| Increase in reclamation bonds | (421,098) | (20,000) |
| Purchase of building and equipment | (288,471) | (87,801) |
| **Net cash flows used in investing activities** | (9,049,126) | (7,402,343) |
| **Financing activities** | | |
| Repayment of promissory note | (2,160,988) | (840,521) |
| Repayment of interest on promissory note | (839,012) | (2,159,479) |
| Lease payments | (23,503) | (1,209) |
| Shares issued for cash, net of share issuance costs | 17,416,541 | 20,773,780 |
| Transaction costs on share issuances | (319,905) | (199,084) |
| Proceeds from exercise of warrants | 784,168 | 2,668,316 |
| Proceeds from exercise of options | 144,000 | 310,133 |
| **Net cash flows provided by financing activities** | 15,001,301 | 20,551,936 |
| Net increase in cash | 2,651,398 | 7,100,554 |
| Cash, beginning of the period | 2,557,764 | 2,691,382 |
| **Cash, end of the period** | **$ 5,209,162** | **$ 9,791,936** |

Supplemental cash flow information (Note 15)

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

## NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

Gold Mountain Mining Corp. (the "Company" or "GMTN") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on November 5, 2018. The registered head office and principal address of the Company is 1285 West Pender Street, Suite 1000, Vancouver, British Columbia, Canada, V6E 4B1. The Company's common shares trade on the Toronto Stock Exchange under the symbol "GMTN", on the Frankfurt Stock Exchange under the ticker "5XFA" and on the OTCQB Venture Market under the stock symbol "GMTNF".

GMTN is focused on the exploration, development and operation of gold properties. The Company operates the Elk Gold Property located in British Columbia, Canada.

The Company considers itself to operate in a single segment, being the production of crushed ore and mineral exploration and development of resources. The Company's principal product is crushed ore produced from the Elk Gold Property. The Company's significant non-current assets as of October 31, 2022 were all within Canada.

***Going concern***

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the next twelve months. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

As at October 31, 2022, the Company had working capital of $1,959,183 and for the nine months ended October 31, 2022, the Company incurred a loss of $4,905,820 and used cash of $3,300,777 for operating activities, $9,049,126 for investing activities and received $15,001,301 of cash from financing activities.

The ongoing operations and capital expenditures of the Elk Gold Property are dependent on the Company's ability to generate sufficient cash flow from production, which is subject to operational effectiveness, achieving targeted production levels and the price of gold or ability to raise additional financing. In the nine months ended October 31, 2022, the Company has experienced challenges during commissioning with respect to both grade control and sampling processes, which has resulted in lower than forecast ore production during initial ramp-up. To continue operations at the Elk Gold Property, and to be able to make the $3,000,000 promissory note payment due in May 2023, the Company will need to improve operational performance and will likely require additional equity or debt financing. Management intends to fund operating costs over the next twelve months with cash generated from operations and equity or debt financings. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future. These condensed interim consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These condensed interim consolidated financial statements were authorized for issue by the directors of the Company on December 14, 2022.

***Statement of compliance with International Financial Reporting Standards***

These condensed interim consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all disclosures required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2022.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

***Basis of presentation***

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise specified, and include the accounts of the Company and its wholly-owned subsidiaries. These condensed interim consolidated financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value through profit and loss. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

***Accounting Policies***

These condensed interim consolidated financial statements have been prepared based on the Company's accounting policies set out in Note 2 of the annual audited consolidated financial statements for the year ended January 31, 2022, except for the accounting policies noted below which have been adopted in the reporting period:

*Inventory*

Finished products and work in process inventories are valued at the lower of weighted average cost and net realizable value. Work in process inventory includes the ore that is not crushed or is in the crushing phase of operations.

For work in process and finished product inventories, cost includes all direct costs incurred in production, including direct labor and materials, freight, depletion, depreciation and amortization, and directly attributable overhead costs. Production stripping costs that are not capitalized are included in the cost of inventories as incurred. Depletion of capitalized production stripping costs are included in the cost of inventory.

When operations are producing at reduced levels, fixed overhead costs are only allocated to inventory based on normal production levels.

When inventories have been written down to net realizable value, the Company will make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down on inventory not yet sold is reversed.

*Revenue recognition*

The Company's revenue consists of sales of crushed ore and its performance obligation relates primarily to the delivery of crushed ore to its one customer, with each separate shipment representing a separate performance obligation.

Revenue is recognized at the point in time when the customer obtains control of the crushed ore. Control is achieved when crushed ore is delivered to the customer, the Company has a present right to payment for the crushed ore, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the crushed ore.

***New IFRS pronouncements***

<u>Amendments to IAS 12 – Income Taxes</u>

In May 2021, the IASB issued amendments to IAS 12, *Income Taxes*. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2023. The amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 3 - MANAGEMENT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments, estimates and assumptions
The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported revenues and expenses during this period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for estimates, judgements and assumptions, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include property and equipment, trade and other receivables, cost of sales and inventory, reclamation and other provisions and share-based payments.

Critical judgments exercised in applying accounting policies and significant estimates that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are the same as those set out in Note 3 of the annual audited consolidated financial statements for the year ended January 31, 2022 except for the following:

*Recoverable number of equivalent ounces of gold*
Management uses a recoverable number of equivalent ounces of gold in estimating a depletion rate to calculate depletion expense that is allocated to cost of sales and inventory. The recoverable number of equivalent ounces is based on the geological block model and is available in the published technical report for the Elk Gold Property.

*Impairment of property and equipment*
Property and equipment are tested for impairment, or reversal of a previous impairment, if there is an indicator of impairment or a subsequent reversal. Significant judgment is applied in determining if there is an indicator of impairment. Calculating the estimated recoverable amount of the cash generating unit for property and equipment requires management to make estimates and assumptions that include such factors as resources, future production levels, operating and capital costs, future metal prices and discount rates. Changes in any of these assumptions or estimates used in determining the recoverable amount could impact the analysis. Such changes could be material. (Note 6)

*Going concern*
Determining if the Company has the ability to continue as a going concern is dependent on its ability to secure debt or equity financing, and to achieve profitable operations. Certain judgments were made when determining if and when the Company will secure debt or equity financing and achieve profitable operations. Refer to Note 1 for further details.

*Other provision*
Refer to Note 10.

## NOTE 4 - TRADE AND OTHER RECEIVABLES

| | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Trade receivables | $ 1,081,037 | $ - |
| GST receivables | 402,932 | 672,694 |
| Other receivable | 4,500 | 2,755 |
| | **$ 1,488,469** | **$ 675,449** |

## NOTE 5 - INVENTORY

The Company had $242,902 of crushed ore inventory as of October 31, 2022 (January 31, 2022 - $Nil). The crushed ore inventory was delivered to New Gold's New Afton Mine in November 2022.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 6 - PROPERTY AND EQUIPMENT

| | Exploration and evaluation | Mineral property | Building and equipment | Total |
|---|---|---|---|---|
| **Year ended January 31, 2022** | | | | |
| Opening net book value | $ 9,881,559 | $ - | $ 73,258 | $ 9,954,817 |
| Additions | 8,136,562 | 7,026,514 | 1,363,351 | 16,526,427 |
| Depreciation and amortization | - | - | (46,629) | (46,629) |
| Transfers between classifications | (12,288,108) | 12,288,108 | - | - |
| Exploration tax credits | - | (591,477) | - | (591,477) |
| Change in estimate in reclamation obligation | - | 1,762,440 | - | 1,762,440 |
| **Closing net book value** | **$ 5,730,013** | **$ 20,485,585** | **$ 1,389,980** | **$ 27,605,578** |
| **At January 31, 2022** | | | | |
| Cost | $ 5,730,013 | $ 20,485,585 | $ 1,474,629 | $ 27,690,227 |
| Accumulated depreciation | - | - | (84,649) | (84,649) |
| **Net book value** | **$ 5,730,013** | **$ 20,485,585** | **$ 1,389,980** | **$ 27,605,578** |
| **Period ended October 31, 2022** | | | | |
| Opening net book value | $ 5,730,013 | $ 20,485,585 | $ 1,389,980 | $ 27,605,578 |
| Additions | 3,436,339 | 5,639,199 | 328,471 | 9,404,009 |
| Depletion and amortization | - | (168,144) | (216,627) | (384,771) |
| Exploration tax credits and adjustments | - | (453,849) | - | (453,849) |
| Change in estimate in reclamation obligation | - | 578,061 | - | 578,061 |
| **Closing net book value** | **$ 9,166,352** | **$ 26,080,852** | **$ 1,501,824** | **$ 36,749,028** |
| **At October 31, 2022** | | | | |
| Cost | $ 9,166,352 | $ 26,248,996 | $ 1,803,100 | $ 37,218,448 |
| Accumulated depreciation and depletion | - | (168,144) | (301,276) | (469,420) |
| **Net book value** | **$ 9,166,352** | **$ 26,080,852** | **$ 1,501,824** | **$ 36,749,028** |

(Unaudited - Expressed in Canadian Dollars)

**NOTE 6 - PROPERTY AND EQUIPMENT** (continued)

Effective June 1, 2021, the Company commenced capitalization of all direct costs related to the development of the Elk Gold Property, as management determined that the technical feasibility and commercial viability of the project had been established. Accordingly, the Company reclassified capitalized costs associated with the Elk Gold Property from exploration and evaluation assets to mineral property within property and equipment. Costs related to development work are capitalized in property and equipment as mineral property.

Concurrent with the development decision, the Company completed an impairment test of the Elk Gold Property which compared the carrying value to the recoverable amount. The recoverable amount is the greater of the value in use and the fair value less disposal costs. The fair value less disposal costs was used to determine the recoverable amount of the Elk Gold Property and was calculated using a discounted cash flow model based on the preliminary economic assessment prepared by independent experts. The significant assumptions that impacted the fair value included future gold prices, capital cost estimates, operating cost estimates, estimated mineral resources, and the discount rate. Based on the result of the impairment test, the Company concluded that there was no impairment.

During the nine-month period ended October 31, 2022, the Company capitalized $4,245,106 of stripping costs to mineral property.

During the nine-month period ended October 31, 2022, the Company recorded $737,165 in BC Mineral Exploration Tax Credits (“BCMETC”) as a reduction to the mineral property. During the nine-month period ended October 31, 2022, the Company also recorded a reduction of $283,316 to its BCMETC receivable to capitalized mineral property as a result of prior year periods income tax returns being reassessed.

Indicators of impairment

As a single asset business, the Company’s market capitalization is directly related to the Elk Gold Mine’s performance. Management of the Company completed an impairment indicator assessment and concluded that an impairment indicator existed at July 31, 2022 as the Company’s market capitalization fell below the carrying value of net assets. Accordingly, the Company estimated the recoverable amount of the cash generating unit (“CGU”) and compared it to the carrying value of the CGU. Upon completion of the Company’s impairment assessment, it was determined that the Elk Gold Property CGU was not impaired.

Key assumptions in impairment assessment and sensitivity analysis

The projected cash flows used in impairment testing are significantly impacted by changes in assumptions, including: a) gold price, b) production volumes, c) operating costs and capital expenditures, d) gold grades and e) the discount rate. The Company’s impairment testing of property and equipment and near-mine exploration and evaluation assets incorporates the following key assumptions:

a. Gold price
Forecast gold prices are based on analyst consensus estimates as follows:

| | 2022 | 2023 | 2024 | 2025+ |
|---|---|---|---|---|
| Gold (US$ per Oz) | 1,800 | 1,800 | 1,700 | 1,700 |

b. Production volumes
Estimated production volumes and timing are based on life-of-mine plans and internal management forecasts and consider the long-term development plans and expectations for the mine based on the preliminary economic assessment.

Production volumes are dependent on several variables, including the amount of recoverable resources, production and other cost estimates, future capital expenditures and exploration potential.

## NOTE 6 - PROPERTY AND EQUIPMENT (continued)

Key assumptions in impairment assessment and sensitivity analysis (continued)

c. Operating costs and capital expenditures
Operating costs and capital expenditures are based on the most recent preliminary economic assessment, adjusted as needed for current operating results and costs. Operating cost and capital expenditure assumptions are continuously subjected to review.

d. Gold grades
Projected gold grades are based on the technical report published in January 2022.

The Company performed a sensitivity analysis of key assumptions as follows:

- a 50% decrease in gold grades would not result in an impairment
- a 10% decrease in the short and long-term gold price would not result in an impairment
- a 10% decrease in gold recoveries would not result in an impairment
- a 10% increase in operating costs and capital expenditures would not result in an impairment
- a 5% increase in the real after-tax discount rate would not result in an impairment

The Company completed an impairment indicators assessment at October 31, 2022 and did not identify any additional impairment indicators.

***Elk Gold Property***
On May 16, 2019, pursuant to the acquisition of Elk Gold Mining Corp. ("Elk Mining") and Gold Mountain Resources Corp. ("GMRC"), the Company acquired the Elk Gold Property in British Columbia, Canada from Equinox Gold Corp. ("Equinox") for total consideration of $10,000,000 as follows:

- Cash of $1,000,000 paid at the closing date; and
- A secured promissory note for $9,000,000 payable in annual installments of $3,000,000 commencing two years from closing (Note 8).

The Elk Gold Property is located near Merritt, British Columbia, Canada within the Similkameen Mining District and consists of 27 contiguous mineral claims and one mining lease. Production from the Elk Gold Property is subject to a 2% net smelter return ("NSR") royalty held by Star Royalties Ltd. A further 1% NSR royalty is payable to Don Agur on production from the Agur Option block which is outside of any of the identified mineralized zones.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 6 - PROPERTY AND EQUIPMENT (continued)

The following table summarizes the cumulative costs capitalized as exploration and evaluation assets at October 31, 2022 and January 31, 2022 by their nature:

| Elk Gold Property | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Property acquisition costs: | | |
| Balance, beginning | $ - | $ 6,248,405 |
| Transfer to property and equipment | - | (6,248,405) |
| Property acquisition costs, ending | - | - |
| Exploration and evaluation costs: | | |
| Balance, beginning | 5,730,013 | 3,633,154 |
| Costs incurred during the period: | | |
| Aircraft | - | 27,083 |
| Assaying | 143,804 | 380,505 |
| Camp operations | 362,056 | 423,366 |
| Consulting | 63,880 | 491,295 |
| Drilling | 1,754,812 | 3,362,404 |
| Depletion and amortization | 31,899 | 34,797 |
| Geological | 436,598 | 2,031,538 |
| Maintenance | 401,782 | 881,557 |
| Share-based payments | 37,523 | 399,158 |
| Travel and accommodation | 203,985 | 104,859 |
| | 3,436,339 | 8,136,562 |
| Other Items: | | |
| Transfer to property and equipment | - | (6,039,703) |
| Exploration and evaluation costs, ending | 9,166,352 | 5,730,013 |
| **Total** | **$ 9,166,352** | **$ 5,730,013** |

*The remaining exploration and evaluation asset balance as at October 31, 2022 and January 31, 2022 relates to ongoing exploration programs outside of the mine development zone.*

## NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Accounts payable | $ 2,041,846 | $ 1,432,759 |
| Amounts due to related parties (Note 14) | 327,778 | 517,415 |
| Accrued liabilities | 424,439 | 286,299 |
| | **$ 2,794,063** | **$ 2,236,473** |

(Unaudited - Expressed in Canadian Dollars)

## NOTE 8 - PROMISSORY NOTE

On May 16, 2019, the Company entered into a secured promissory note agreement with Equinox in the amount of $9,000,000 with respect to the purchase of 100% of the common shares of Elk Mining, which is the owner of the Elk Gold Property and its subsidiary GMRC. On May 16, 2019, the fair value of the promissory note was $5,527,813, calculated by discounting the future cash payments at an effective interest rate of interest of 18%.

During the three and nine-month periods ended October 31, 2022, interest of $111,555 and $474,334 was recorded in the condensed interim consolidated statements of loss and comprehensive loss (three and nine-month periods ended October 31, 2021 - $205,495 and $724,822). At October 31, 2022 and January 31, 2022, the promissory note is made up as follows:

| | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Current portion | $ 2,744,880 | $ 2,860,506 |
| Long term portion | - | 2,410,040 |
| | **$ 2,744,880** | **$ 5,270,546** |

The promissory note is non-interest bearing. In the event of default, the outstanding amount shall bear interest at a rate of 10% per annum, payable monthly from the date of default until the earlier of (i) the date of repayment; or (ii) the date of default is cured. The promissory note is a direct first ranking secured obligation of the Company in priority to all current and future debt and other liabilities of the Company and in priority to all equity securities of the Company of any nature whatsoever. If the Company defaults on the payment of the promissory note, Equinox may take possession of the Elk Mining common shares.

The principal is payable as follows:

- $3,000,000 shall be payable on the second anniversary date of the promissory note (“First Installment Date”). Paid on May 17, 2021;
- $3,000,000 shall be payable on the third anniversary date of the promissory note (“Second Installment Date”). Paid on May 16, 2022; and
- $3,000,000 shall be payable on the fourth anniversary date of the promissory note. Due on May 16, 2023.

## NOTE 9 - FLOW-THROUGH SHARE PREMIUM LIABILITY

The Company’s flow-through share premium liability movement resulting from the issuance of flow-through shares in connection with a previously completed private placement for the nine-month period ended October 31, 2022 and year ended January 31, 2022 are as follows:

| | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Balance, beginning | $ 177,666 | $ - |
| Liability incurred on flow-through shares issued | - | 278,555 |
| Settlement of flow-through share premium liability upon incurring qualifying expenses | (177,666) | (100,889) |
| **Balance, ending** | **$ -** | **$ 177,666** |

During the nine-month period ended October 31, 2022, the Company incurred a total of $1,954,324 (nine-month period ended October 31, 2021 - $837,898) qualifying flow-through expenditures on the Elk Gold Property. The Company derecognized the associated flow-through share premium liability and recognized a deferred income tax recovery of flow-through share premium of $Nil and $177,666 for the three and nine-month periods ended October 31, 2022 (three and nine-month periods ended October 31, 2021 - $Nil and $76,173).

As at October 31, 2022, the Company had met its obligation to spend qualifying expenditures in connection with its flow-through offerings (January 31, 2022 - $1,954,324 remaining to be spent).

## NOTE 10 - RECLAMATION AND OTHER PROVISIONS

Reclamation provision

The reclamation provision represents the present value of estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously mined areas and the management of water and water quality in and around the site. Most of the reclamation and site restoration expenditures occur near the end of, or after, the life of mine.

At October 31, 2022, the reclamation provision was calculated using a nominal discount rate of 3.32% and an inflation rate of 2.00% and the reclamation provision increased by $602,117 due to changes in estimates of reclamation costs and accretion.

Other provision

During the three months ended October 31, 2022, the Company received an order from the Ministry of Energy, Mines and Low Carbon Innovation ("EMLI") to relocate waste rock stored at the Elk Gold Property's east waste rock storage facility. Management is currently working with EMLI to achieve a mitigating alternative that enables compliance with the applicable requirements. An administrative penalty could be administered by EMLI as a result of the order.

The estimated costs to mitigate or complete the work ranges from $21,000 to $1.6 million. Management applied a probability weighted average methodology to estimate the provision by considering the likelihood of each outcome. As a result, the Company recognized a provision of $132,000 as of October 31, 2022 and recorded this amount in the condensed interim consolidated statement of loss and comprehensive loss as other expense. This provision will be reviewed at each reporting period. The critical judgments made in estimating the provision that create a high degree of estimation uncertainty are:

- estimated costs to mitigate/fulfill the order, and
- weighting assigned to each possible outcome.

## NOTE 11 - SHARE CAPITAL AND SHARE-BASED PAYMENTS

***Authorized share capital***

An unlimited number of common shares and preferred shares without par value.

***Issued share capital***

At October 31, 2022, there were 87,893,421 issued and fully paid common shares outstanding (January 31, 2022 – 71,014,144).

On April 21, 2022, the Company closed its bought-deal public offering by issuing 14,800,000 units at a price of $1.25 per unit for gross proceeds of $18,500,000. Each unit consists of one common share of the Company and one-half of a share purchase warrant. Each full warrant is exercisable for one common share of the Company at a price of $1.75 for a period of two years following the closing of the public offering. A broker commission of $825,000 in cash and 660,000 warrants with a fair value of $224,855 were paid. Each brokers' warrant is exercisable for one common share of the Company at a price of $1.25 for a period of eighteen months. Total share issuance costs of $1,381,955 in connection with the public offering were allocated to share capital.

During the nine-month period ended October 31, 2022, 685,250 of vested Restricted Share Units ("RSUs") with a fair value of $1,252,778 and 540,000 Performance Share Units ("PSUs") with a fair value of $760,497 were converted to common shares.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 11 - SHARE CAPITAL AND SHARE-BASED PAYMENTS (continued)

***Warrants***

In connection with the April 21, 2022 bought-deal public offering, 7,400,000 warrants were issued. Each warrant gives the holder the right to acquire one common share of the Company at a price of $1.75 for a term of two years. Proceeds from the public offering were allocated between warrants and common shares based on the relative fair value method. The warrants were valued at $2,194,643 using the Black-Scholes option pricing model with the following input assumptions: exercise price of $1.75, risk-free rate of 2.58%, volatility of 69.86%, dividends of $Nil, and expected life of 2 years.

Further, 660,000 broker warrants were issued valued at $224,855 using the Black-Scholes option pricing model with the following assumptions: exercise price of $1.25, risk-free rate of 2.46%, volatility of 65.62%, dividends of $Nil, and expected life of 1.5 years.

During the nine-month period ended October 31, 2022, 658,027 warrants were exercised for gross proceeds of $784,168.

The changes in warrants during the nine-month period ended October 31, 2022 is as follows:

| | Number of Warrants | Weighted Average Exercise Price ($) |
|---|---|---|
| Balance, January 31, 2022 | 8,933,629 | 1.85 |
| Issued | 8,060,000 | 1.71 |
| Exercised | (658,027) | 1.19 |
| **Balance, October 31, 2022** | **16,335,602** | **1.81** |

Warrants outstanding and exercisable as at October 31, 2022 are as follows:

| Number of Warrants | Exercise Price ($) | Expiry Date |
|---|---|---|
| 192,806 | 0.90 | December 23, 2022 |
| 160,626 | 0.97 | February 23, 2023 |
| 320,612 | 2.10 | June 24, 2023 |
| 2,790,820 | 3.15 | June 24, 2023 |
| 660,000 | 1.25 | October 31, 2023 |
| 1,108,596 | 1.20 | December 23, 2023 |
| 3,702,142 | 1.25 | February 23, 2024 |
| 7,400,000 | 1.75 | April 21, 2024 |
| **16,335,602** | | |

The weighted average contractual life remaining on the warrants is 1.21 years as at October 31, 2022.

***Share-based compensation***

On January 14, 2021, the Company adopted a new equity incentive compensation plan (“New Plan”) which provides for the granting of options which equal a maximum of 10% of the Company’s issued and outstanding common shares at any given time. The New Plan also provides for the issuance of up to 4,800,000 fixed share awards which include Deferred Share Units (“DSUs”), RSUs and PSUs.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 11 - SHARE CAPITAL AND SHARE-BASED PAYMENTS (continued)

### *(i) Stock options*

The changes in stock options during the nine-month period ended October 31, 2022 is as follows:

| | Number of Stock options | Weighted Average Exercise Price ($) |
|---|---|---|
| Balance, January 31, 2022 | 4,137,096 | 0.73 |
| Stock options granted | 1,080,000 | 1.25 |
| Stock options cancelled | (90,000) | 1.57 |
| Stock options exercised | (196,000) | 0.73 |
| **Balance, October 31, 2022** | **4,931,096** | **0.83** |

Stock options outstanding and exercisable at October 31, 2022 are as follows:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price ($) | Expiry Date |
|---|---|---|---|
| 50,000 | 50,000 | 2.21 | May 31, 2023 |
| 325,000 | 325,000 | 2.00 | August 23, 2023 |
| 170,455 | 170,455 | 0.10 | January 25, 2024 |
| 200,000 | 200,000 | 2.00 | October 15, 2024 |
| 1,684,000 | 1,684,000 | 0.25 | February 1, 2025 |
| 314,141 | 314,141 | 0.25 | July 30, 2025 |
| 972,500 | 972,500 | 0.90 | January 14, 2026 |
| 185,000 | 185,000 | 1.20 | April 9, 2026 |
| 1,030,000 | 257,500 | 1.25 | April 30, 2027 |
| **4,931,096** | **4,158,596** | | |

The weighted average contractual life remaining on the stock options is 2.83 years as at October 31, 2022.

During the nine-month period ended October 31, 2022, the Company granted 1,080,000 stock options (nine-month period ended October 31, 2021 – 1,025,000). The fair value of options granted was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

| | October 31, 2022 | October 31, 2021 |
|---|---|---|
| Exercise price | $1.25 | $1.79 |
| Risk-free interest rate | 2.62% | 0.70% |
| Expected life | 5 years | 3.22 years |
| Estimated volatility | 78.53% | 100.02% |
| Dividend rate | N/A | N/A |
| Fair value per option | $0.57 | $0.94 |

During the three and nine-month periods ended October 31, 2022, the Company recorded share-based payment expense of $99,183 and $385,235 related to the stock options granted and vested during the period (three and nine-month periods ended October 31, 2021 – $391,120 and $1,335,022).

During the nine-month period ended October 31, 2022, 196,000 stock options were exercised for gross proceeds of $144,000. The weighted average trading price of the Company's shares on the date of exercise was $1.46.

(Unaudited - Expressed in Canadian Dollars)

## NOTE 11 - SHARE CAPITAL AND SHARE-BASED PAYMENTS (continued)

### *(ii) Restricted Share Units (RSUs) and Performance Share Units (PSUs)*

The Company intends to settle RSUs and PSUs in equity and each may be granted to directors, consultants, officers and employees of the Company. Share-based payment amounts for RSUs are recognized based on the share price of the Company's common shares on the grant date multiplied by the number of RSUs expected to vest and recognized ratably over the vesting period, with a corresponding credit to the contributed surplus. Share-based payment amounts for PSUs are determined by calculating the fair value of the PSUs using the Black-Scholes option pricing model and recognized ratably over the vesting period, with a corresponding credit to the contributed surplus. Adjustments to the number of RSUs and PSUs expected to vest are recognized in the current period.

The continuity of RSUs and PSUs for the nine-month period ended October 31, 2022 is as follows:

| | Number of RSUs | Number of PSUs |
|---|---|---|
| Balance, January 31, 2022 | 377,500 | 675,000 |
| Issued | 805,500 | - |
| Cancelled | (18,750) | (40,000) |
| Converted | (685,250) | (540,000) |
| **Balance, October 31, 2022** | **479,000** | **95,000** |

Share-based payments were recorded for vested RSUs and PSUs as follows:

| | Three months ended October 31, 2022 | Three months ended October 31, 2021 | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|---|---|
| Share-based payment expense | $ 75,920 | $ 790,970 | $ 859,880 | $ 3,605,463 |
| Cost of sales | 12,936 | - | 51,070 | - |
| Mineral property | - | 77,673 | (43,611) | 618,550 |
| Exploration and evaluation asset | 9,220 | 18,936 | 37,523 | 18,936 |
| | **$ 98,076** | $ 887,579 | **$ 904,862** | $ 4,242,949 |

## NOTE 12 - REVENUE

The Company's primary source of revenue is the sale of crushed ore from its Elk Gold Property. The Company has a contract with one customer for its crushed ore. All of the Company's sales are considered to occur in one demographic market, Canada.

## NOTE 13 – COST OF SALES

| | Three months ended October 31, 2022 | Three months ended October 31, 2021 | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|---|---|
| Site operating costs | $ 2,786,489 | $ - | $ 7,467,319 | $ - |
| Depletion and amortization | 135,191 | - | 344,125 | - |
| Share-based payments | 12,936 | - | 51,070 | - |
| | **$ 2,934,616** | **$ -** | **$ 7,862,514** | **$ -** |

(Unaudited - Expressed in Canadian Dollars)

## NOTE 14 - RELATED PARTY TRANSACTIONS

***Transactions***

The Company has identified the CEO and President (Mr. Kevin Smith), Vice President Permitting (Mr. Ronald Woo), CFO (Mr. Braydon Hobbs), COO (Mr. Grant Carlson) and General Counsel and Corporate Secretary (Mr. Alex Bayer) and the Company's directors as its key management personnel. During the three and nine-month periods ended October 31, 2022 and 2021, the following amounts were incurred for key management personnel of the Company:

| | Three months ended October 31, 2022 | Three months ended October 31, 2021 | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|---|---|
| Management, director and consulting fees | $ 467,875 | $ 405,010 | $ 868,125 | $ 913,476 |
| Share-based payments | 197,259 | 1,212,269 | 709,422 | 2,401,049 |
| | **$ 665,134** | **$ 1,617,279** | **$ 1,577,547** | **$ 3,314,525** |

Included in the management, director and consulting fees for the nine-month period ended October 31, 2021 was 230,000 bonus shares issued to officers of the Company with a fair value of $289,800.

During the nine-month period ended October 31, 2022, the Company converted 540,000 of vested PSUs and 163,750 of vested RSUs (nine-month period ended October 31, 2021 – 865,500 of vested PSUs and 155,000 of vested RSUs) into common shares and issued them to the directors and officers of the Company (Note 11).

***Balances***

The following amounts due to related parties are unpaid director and management fees and expense reimbursements included in trade payables and accrued liabilities (Note 7). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

| | October 31, 2022 | January 31, 2022 |
|---|---|---|
| Related party liabilities: | | |
| CEO and President [(1)] | $ 116,449 | $ 156,570 |
| VP - Permitting [(3)] | 76,857 | 67,333 |
| COO [(2)] | 97,055 | 76,570 |
| CFO [(3)] | - | 44,000 |
| General Counsel and Corporate Secretary [(4)] | - | 157,725 |
| Directors [(5)] | 22,200 | 9,000 |
| Former director of subsidiary [(5)] | 15,217 | 6,217 |
| | **$ 327,778** | **$ 517,415** |

*(1) Related party liabilities include management fees and expense reimbursements.*
*(2) Related party liabilities include management and director fees and expense reimbursements.*
*(3) Related party liabilities for management fees and director fees.*
*(4) Related party liabilities for management fees.*
*(5) Related party liabilities include director fees.*

(Unaudited - Expressed in Canadian Dollars)

## NOTE 15 - SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions that occurred during the nine-month periods ended October 31, 2022 and 2021 are as follows:

| | Nine months ended October 31, 2022 | Nine months ended October 31, 2021 |
|---|---|---|
| **Supplemental cash flow information:** | | |
| Non-cash transactions: | | |
| Broker warrants | $ 224,855 | $ 527,127 |
| Vested PSUs and RSUs | 2,013,275 | 2,886,751 |
| Reclamation provision | 578,061 | 53,143 |
| Fair value of leased asset | - | 45,550 |
| Exploration tax credit and adjustment | (453,849) | - |
| Exploration and evaluation expenditures reclass from prepaid expenses and deposits | 50,000 | - |
| Mineral property expenditures reclass from prepaid expenses and deposits | 91,380 | - |
| Building and equipment expenditures reclass from prepaid expenses and deposits | 40,000 | - |
| Exploration and evaluation expenditures in accounts payable and accrued liabilities | 97,874 | 903,049 |
| Mineral property expenditures in accounts payable and accrued liabilities | 112,194 | 1,789,955 |
| Share-based payment adjustment against mineral property expenditures | (43,610) | 618,550 |
| Share-based payment capitalized to exploration and evaluation asset | 37,523 | 18,936 |
| Depreciation capitalized to exploration and evaluation asset | 31,899 | 18,960 |

## NOTE 16 - CAPITAL MANAGEMENT

The Company defines its capital as both debt and shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, development and operation of mineral properties.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. As such, the Company expects to rely on cash flows from operations at its Elk Gold Property and the equity/debt markets to fund its activities.

In order to carry out planned exploration, development and operational activities and pay for administrative costs, the Company will need to generate sufficient cash flows from the Elk Gold Property and/or will need to raise additional funds. The Company will also continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

## NOTE 17 - FINANCIAL INSTRUMENTS

The carrying values of cash, trade and other receivables, excluding GST receivables, accounts payable and accrued liabilities and short-term loans approximate their fair value because of the relatively short-term nature of the instruments and are measured and reported at amortized cost. The promissory note and reclamation deposits are measured and reported at amortized cost using the effective interest rate method. Lease liabilities are measured and reported at amortized cost using the incremental borrowing rate. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

<u>There are three levels of the fair value hierarchy as follows:</u>

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The Company risk management objectives and policies are consistent with those disclosed by the Company for the year ended January 31, 2022, with the exception of credit risk pertaining to trade receivables. In the current period the Company has recognized revenue from the sale of crushed ore and the Company has a significant credit risk related to its trade receivables as all of them are owed by one customer. To date, all outstanding amounts have been collected.

The type of risk exposure and the way in which such exposure is managed is summarized as follows:

***Credit risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one major bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company also has a significant credit risk related to its trade receivables as all of them are owed by one customer. To date, all outstanding trade receivable amounts have been collected.

***Liquidity risk***
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its ability to raise equity capital or borrow debt and its holdings of cash. Refer to Note 1 for the Company's statement on going concern.

Historically, the Company's principal source of funding has been the issuance of common shares for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to the necessary levels of funding.

## NOTE 17 - FINANCIAL INSTRUMENTS (continued)

***Liquidity risk*** (continued)

The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

| | Total carrying amount $ | Contractual cash flows $ | Less than 1 year $ | 1 to 5 years $ | More than 5 years $ |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | 2,794,063 | 2,794,063 | 2,794,063 | - | - |
| Short-term loans | 83,578 | 84,440 | 84,440 | - | - |
| Promissory note | 2,744,880 | 3,000,000 | 3,000,000 | - | - |
| **Total** | **5,622,521** | **5,878,503** | **5,878,503** | **-** | **-** |

***Interest rate risk***
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

***Foreign exchange risk***
The Company and its subsidiaries' functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

## NOTE 18 – COMMITMENTS

On January 26, 2021, Elk Mining entered into an Ore Purchase Agreement ("OPA") with New Gold Inc. ("New Gold") for a three-year term. Under the terms of the OPA, GMTN will deliver up to 70,000 tonnes of ore per annum, or approximately 200 tonnes per day, to the mill located at New Gold's New Afton Mine situated 130km from the Elk Gold Property, in Kamloops British Columbia.

The OPA is effective upon the first delivery of ore to the New Afton Mine.