TDG GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended January 31, 2022

(Unaudited – Expressed in Canadian dollars)

Notice to Reader

These condensed interim consolidated financial statements of TDG Gold Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to the financial statements or the related Management's Discussion and Analysis.

TDG GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian dollars)

	Note		January 31, 2022		July 31, 2021
ASSETS					
Current					
Cash	4	$	2,174,915	$	4,810,269
Receivables	5		323,749		125,362
Prepaid expenses	6		164,600		273,099
			2,663,264		5,208,730
Equipment	7		213,414		238,521
Exploration and evaluation assets	8		6,874,572		6,874,572
Reclamation deposits	9		562,300		-
		$	10,313,550	$	12,321,823
LIABILITIES					
Current					
Trade and other payables	10	$	1,295,841	$	1,179,798
Flow-through premium liability	12		83,226		259,159
			1,379,067		1,438,957
Asset retirement obligation	11		976,154		974,287
			2,355,221		2,413,244
EQUITY					
Share capital	12		33,820,557		27,315,938
Obligation to issue shares	12		-		425,000
Reserve	12		935,088		823,534
Deficit			(26,797,316)		(18,655,893)
			7,958,329		9,908,579
		$	10,313,550	$	12,321,823
Nature of operations and going concern	1				

These condensed interim consolidated financial statements are approved for issue by the Board of Directors of the Company on March 29, 2022.

On behalf of the Board:

/s/ Fletcher Morgan Director /s/ Andrew French Director

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

TDG GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian dollars)

		Three months ended January 31,		Six months ended January 31,	
	Note	**2022**	**2021**	**2022**	**2021**
Expenses					
Accretion	*11*	$ 934	$ -	$ 1,867	$ -
Consulting fees	*13*	90,000	107,850	180,000	175,300
Depreciation	*7*	12,554	-	25,107	-
Exploration and evaluation expenditures	*8*	2,509,074	63,384	6,813,338	551,563
Investor relations		59,300	-	135,149	-
Office expenses		44,192	18,466	74,485	30,249
Professional fees		94,573	711	148,076	12,141
Project investigation costs	*16*	1,756,813	-	1,926,926	-
Share-based compensation	*12*	2,475	-	12,535	-
Transfer agent and filing fees		42,384	6,507	69,482	8,053
		(4,612,299)	(196,918)	(9,386,965)	(777,306)
Flow-through premium recovery	*12*	205,633	15,621	1,242,570	15,621
Interest income		357	733	2,972	733
Listing expense		-	(782,442)	-	(849,561)
Loss and comprehensive loss for the period		$ (4,406,309)	$ (963,006)	$ (8,141,423)	$ (1,610,513)
Basic and diluted loss per share		$ (0.06)	$ (0.02)	$ (0.11)	$ (0.05)
Weighted average number of shares outstanding		74,345,917	43,013,886	72,151,596	34,005,273

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

TDG GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian dollars)

	Six months ended January 31,	
	2022	**2021**
Cash flows to operating activities		
Loss for the period	$ (8,141,423)	$ (1,610,513)
Items not affecting cash:		
Accretion	1,867	-
Depreciation	25,107	-
Share-based compensation	12,535	-
Flow-through premium recovery	(1,242,570)	(15,621)
Listing expense	-	849,561
Change in non-cash working capital items:		
Receivables	(198,387)	(59,303)
Prepaid expenses	108,499	38,883
Trade and other payables	116,043	(129,547)
	(9,318,329)	(926,540)
Cash flows to investing activities		
Exploration and evaluation assets	-	(15,000)
Cash incurred on reverse take-over, net of cash acquired	-	(215,965)
Reclamation deposits	(562,300)	-
	(562,300)	(230,965)
Cash flows from financing activities		
Proceeds from private placement	7,610,450	4,033,610
Share issue costs	(365,175)	-
Exercise of options	-	13,333
	7,245,275	4,046,943
Change in cash for the period	(2,635,354)	2,889,438
Cash, beginning of period	4,810,269	1,822,505
Cash, end of period	$ 2,174,915	$ 4,711,943
Non-cash investing and financing activities		
Shares issued for exploration and evaluation assets	$ -	$ 5,872,431
Finders' units	-	146,141
Allocation of flow-through premium	1,066,637	864,738
Supplementary information		
Interest paid	$ -	$ -
Income taxes paid	-	-

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

TDG GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserve	Deficit	Total
Balance, July 31, 2021	64,423,459	$ 27,315,938	$ 425,000	$ 823,534	$ (18,655,893)	$ 9,908,579
Private placements	13,937,626	8,035,450	(425,000)	-	-	7,610,450
Share issue costs - cash	-	(365,175)	-	-	-	(365,175)
Share issue costs - warrants	-	(99,019)	-	99,019	-	-
Allocation of flow-through premium	-	(1,066,637)	-	-	-	(1,066,637)
Share-based compensation	-	-	-	12,535	-	12,535
Loss and comprehensive loss for the period	-	-	-	-	(8,141,423)	(8,141,423)
Balance, January 31, 2022	78,361,085	$ 33,820,557	$ -	$ 935,088	$ (26,797,316)	$ 7,958,329

	Number of shares	Share capital	Obligation to issue shares	Reserve	Deficit	Total
Balance, July 31, 2020	24,042,787	$ 15,592,011	$ -	$ -	$ (13,824,077)	$ 1,767,934
Issuance of shares for exploration and evaluation assets	1,202,141	180,321	-	-	-	180,321
Kismet shares retained	2,000,000	600,000	-	-	-	600,000
Kismet options retained	-	-	34,195	-	-	34,195
Private placement	10,562,907	4,033,610	-	-	-	4,033,610
Allocation of flow-through premium	-	(864,738)	-	-	-	(864,738)
Issuance of finders' units	487,135	146,141	-	-	-	146,141
Share issues costs - finder's units	-	(146,141)	-	-	-	(146,141)
Exercise of options	66,666	23,532	(10,199)	-	-	13,333
Issuance of shares for exploration and evaluation assets	18,973,699	5,692,110	-	-	-	5,692,110
Loss and comprehensive loss for the period	-	-	-	-	(1,610,513)	(1,610,513)
Balance, January 31, 2021	57,335,335	$ 25,256,846	$ 23,996	$ -	$ (15,434,590)	$ 9,846,252

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

1. NATURE OF OPERATIONS AND GOING CONCERN

TDG Gold Corp. (the “Company”) is a publicly traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 14, 2018. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol TDG. The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

The Company is engaged in the identification, acquisition, exploration and, if warranted, development of mineral resource projects in British Columbia.

These condensed interim consolidated financial statements have been prepared 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 in the foreseeable future. As at January 31, 2022, the Company had working capital of $1,284,197. Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Although it is not possible for the Company to fully predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business operations. To date, the Company has been able to raise equity and explore its exploration projects in British Columbia.

2. BASIS OF PRESENTATION

Statement of compliance

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

These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2021.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent company's functional currency as well as being the functional currency for the Company's Canadian subsidiary.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

<u>The carrying value and the recoverability of exploration and evaluation assets</u> - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

<u>Asset retirement obligations</u>

The Company's asset retirement obligations represent management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs on the Company's exploration projects. The provision reflects estimates of future costs, inflation and assumptions of risks associated with the future cash outflows, and the applicable interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the asset retirement obligations are recorded with a corresponding change to the carrying amounts of related exploration and evaluation assets. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Going concern – In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern (Note 1).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended July 31, 2021.

New standards, interpretations, and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

4. CASH

		January 31, 2022		July 31, 2021
Cash	$	1,259,430	$	4,253,301
Cash allocated for flow-through expenditures		915,485		556,968
Total	$	2,174,915	$	4,810,269

(Unaudited – Expressed in Canadian dollars)

5. RECEIVABLES

		January 31, 2022		July 31, 2021
Amounts due from the Government of Canada pursuant to goods and services input tax credits	$	258,749	$	125,362
Other		65,000		-
Total	$	323,749	$	125,362

6. PREPAID EXPENSES

		January 31, 2022		July 31, 2021
Prepaid exploration and evaluation expenditures	$	140,000	$	201,500
Prepaid insurance		3,500		8,750
Prepaid investor relations		21,100		62,849
Total	$	164,600	$	273,099

7. EQUIPMENT

		Exploration equipment		Total
Cost				
At July 31, 2021	$	251,075	$	251,075
Additions		-		-
At January 31, 2022	$	251,075	$	251,075
Accumulated depreciation				
At July 31, 2021	$	12,554	$	12,554
Depreciation		25,107		25,107
At January 31, 2022	$	37,661	$	37,661
Carrying amounts				
At July 31, 2021	$	238,521	$	238,521
At January 31, 2022	$	213,414	$	213,414

(Unaudited – Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

	Baker-Shasta	Oxide Peak	Total
As at July 31, 2021	$ 6,664,251	$ 210,321	$ 6,874,572
Additions	-	-	-
As at January 31, 2022	$ 6,664,251	$ 210,321	$ 6,874,572

Baker-Shasta Projects

On July 7, 2020, the Company entered into an asset purchase agreement with Talisker Resources Ltd. ("Talisker") to acquire a 100% interest in the Baker-Shasta, Mets, and Bot projects (collectively the "Baker-Shasta Projects") located in the Toodoggone region of British Columbia. The Company completed the acquisition on December 11, 2020 through the issuance to Talisker of 18,973,699 common shares valued at $5,692,110.

Certain of the Baker-Shasta Projects are subject to net smelter return ("NSR") royalties that range from 0.5% to 2.5%.

Oxide Peak Property

On December 22, 2019, the Company entered into an option and joint venture agreement with ArcWest Exploration Inc. ("ArcWest") pursuant to which the Company can earn up to an 80% interest in the Oxide Peak property located in the Toodoggone region of British Columbia. Pursuant to the agreement, the Company issued ArcWest 1,202,141 common shares valued at $180,321 on August 19, 2020.

The Company can earn an initial 60% interest in the Oxide Peak property (the "First Option") by fulfilling the following terms:

1. Cash payments as follows:
    - $15,000 on signing (paid);
    - $15,000 on or before December 31, 2020 (paid); and
    - $25,000 on exercise of the First Option.
2. Incurring $2,400,000 of exploration expenditures as follows:
    - $400,000 by December 31, 2020 (incurred);
    - An additional $500,000 by December 31, 2021 (incurred); and
    - An additional $1,500,000 by December 31, 2022.

Upon exercise of the First Option, the Company can earn an additional 20% interest for a total 80% interest (the "Second Option") by electing to complete a preliminary economic assessment within two years of exercising the Second Option.

Following the exercise or lapse of the Second Option, the parties will form a joint venture to hold and operate the Oxide Peak property, and each party will fund the costs associated with the Oxide Peak property proportionate to their respective interest. If a party does not contribute its share of the costs, the other party may contribute the shortfall, in which case, the interest of each party in the Oxide Peak property will be adjusted in accordance with a dilution formula. Should the Company's or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% NSR royalty, of which 1% of the NSR royalty can be bought back for a $2,000,000 cash payment at any time.

(Unaudited – Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures incurred during the six months ended January 31, 2022 and 2021 are as follows:

	Three months ended January 31, 2022	Three months ended January 31, 2021	Six months ended January 31, 2022	Six months ended January 31, 2021
Baker-Shasta Projects				
Community engagement	$ 174,439	$ -	$ 382,462	$ -
Compliance and monitoring	3,783	-	23,044	-
Consulting	249,191	37,186	631,471	247,586
Drilling	619,614	-	1,958,414	-
Field supplies and other	214,203	-	1,027,702	-
Geophysics	38,338	-	196,034	-
Salaries	74,219	-	170,833	-
Site preparation and maintenance	525,278	-	1,467,320	-
Travel	(56,082)	-	82,114	21,242
	$ 1,842,983	$ 37,186	5,939,394	268,828
Oxide Peak Property				
Consulting	47,031	26,198	91,895	272,712
Drilling	315,149	-	315,149	-
Field supplies and other	105,598	-	105,598	-
Geophysics	44,149	-	44,149	-
Site preparation and maintenance	143,527	-	306,516	-
Travel	10,637	-	10,637	10,023
	666,091	26,198	873,944	282,735
Total	$ 2,509,074	$ 63,384	$ 6,813,338	$ 551,563

9. RECLAMATION DEPOSITS

	January 31, 2022	July 31, 2021
Baker-Shasta Projects	$ 522,000	$ -
Oxide Peak Property	40,300	-
Total	$ 562,300	$ -

(Unaudited – Expressed in Canadian dollars)

10. TRADE AND OTHER PAYABLES

		January 31, 2022		July 31, 2021
Trade and other payables in Canada	$	1,235,871	$	1,156,026
Amounts due to related parties (Note 13)		59,970		23,772
Total	$	1,295,841	$	1,179,798

11. ASSET RETIREMENT OBLIGATION

		January 31, 2022		July 31, 2021
As at July 31, 2021	$	974,287	$	-
Asset retirement obligation		-		972,141
Accretion		1,867		2,146
As at January 31, 2022	$	976,154	$	974,287

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

The Company acquired the Baker-Shasta Projects in December 2020 (Note 8). The Company estimated the present value of the environmental disturbance to be $972,141 based on an undiscounted obligation of $1,027,515, which is expected to be incurred in 2035. The provision was calculated using a weighted average risk-free interest rate of 0.37%, adjusted for inflation.

12. SHARE CAPITAL

a) Authorized share capital

The authorized share capital is comprised of an unlimited number of common shares without par value.

b) Issued share capital

During the six months ended January 31, 2022, the Company completed the following:

- On August 13, 2021, the Company completed a private placement through the issuance of 2,000,000 non-flow-through shares at a price of $0.50 per non-flow-through share for gross proceeds of $1,000,000 ($425,000 of which was received during the year ended July 31, 2021), and 4,444,444 flow-through shares at a price of $0.675 per flow-through share for gross proceeds of $3,000,000. The Company paid $160,275 in cash finder's fees.

  The Company recorded a flow-through premium liability of $777,778 on issuance of the flow-through shares. The Company was committed to spend the $3,000,000 flow-through funds by December 31, 2022. During the six months ended January 31, 2022, the Company spent all of these flow-through funds, as well as previously raised flow-through funds of $556,968, and accordingly recorded a flow-through premium recovery of $1,036,937 on the statement of loss and comprehensive loss.

- In December 2021, the Company completed, in three tranches, a private placement through the issuance of 1,716,000 non-flow-through units at a price of $0.50 per non-flow-through unit for gross proceeds of $858,000, and 5,777,182 flow-through units at a price of $0.55 per flow-through unit for gross proceeds of $3,177,450. Each flow-through and non-flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.75 per share for a period of two years.

  The Company paid cash finder's fees of $204,900 and issued 361,090 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.55 per share for a period of two years. The broker warrants were valued at $99,019 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.96%; an expected volatility of 100%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero.

  The Company recorded a flow-through premium liability of $288,859 on issuance of the flow-through shares. The Company is committed to spend $3,177,450 of flow-through funds by December 31, 2022. During the six months ended January 31, 2022, the Company spent $2,261,965 of these flow-through funds, and accordingly recorded a flow-through premium recovery of $205,633 on the statement of loss and comprehensive loss.

c) Escrow shares

As at January 31, 2022, the Company has 13,743,277 common shares held in escrow, to be released 15% every six months.

(Unaudited – Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

d) Warrants

The continuity of share purchase warrants for the six months ended January 31, 2022, is as follows:

Expiry date	Exercise price	Balance, July 31, 2021	Granted	Exercised	Expired	Balance, January 31, 2022
September 19, 2023	$ 0.45	3,510,729	-	-	-	3,510,729
December 11, 2023	$ 0.45	5,525,021	-	-	-	5,525,021
December 16, 2023	$ 0.75	-	1,987,499	-	-	1,987,499
December 16, 2023	$ 0.55	-	163,636	-	-	163,636
December 22, 2023	$ 0.75	-	1,534,091	-	-	1,534,091
December 22, 2023	$ 0.55	-	197,454	-	-	197,454
December 30, 2023	$ 0.75	-	225,000	-	-	225,000
		9,035,750	4,107,680	-	-	13,143,430
Weighted average exercise price		$ 0.45	$ 0.73	$ -	$ -	$ 0.54

e) Stock options

The Company has a stock option plan (the "Plan") to be administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. Options vest at the discretion of the Board for directors, officers, employees and consultants, and in equal quarterly intervals over a term of 12 months for investor relations. The Plan further provides that at any such time the TSX-V rules differ from specific terms of the Plan, then the rules of the TSX-V shall apply.

The continuity of stock options for the six months ended January 31, 2022, is as follows:

Expiry date	Exercise price	Balance, July 31, 2021	Granted	Exercised	Expired	Balance, January 31, 2022
September 19, 2023	$ 0.20	66,668	-	-	-	66,668
February 1, 2026	$ 0.35	3,487,500	-	-	(400,000)	3,087,500
April 19, 2026	$ 0.50	100,000	-	-	-	100,000
		3,654,168	-	-	(400,000)	3,254,168
Weighted average exercise price		$ 0.35	$ -	$ -	$ 0.35	$ 0.35

As at January 31, 2022, all stock options were exercisable.

f) Share-based compensation

During the six months ended January 31, 2022, the Company recorded $12,535 (2020 - $Nil) of share-based compensation in relation to stock options that vested during the period.

(Unaudited – Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the three and six months ended January 31, 2022 and 2021 were as follows:

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
Consulting fees				
Chief Executive Officer	$ 60,000	$ 60,000	$ 120,000	$ 90,000
Golden Oak *	30,000	16,000	60,000	45,000
Total	$ 90,000	$ 76,000	$ 180,000	$ 135,000

* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

Amounts due to related parties

As at January 31, 2022, the Company owed $59,970 (July 31, 2021 – $23,772) to related parties as follows: $21,000 to the Chief Executive Officer for fees; $10,052 to the Chief Executive Officer for the reimbursement of expenses; and $28,918 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

14. SEGMENTED INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation.

All of the Company's capital assets are located in Canada as at January 31, 2022 and July 31, 2021.

(Unaudited – Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss; fair value through other comprehensive income; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		January 31, 2022	July 31, 2021
Cash	FVTPL	$ 2,174,915	$ 4,810,269
Receivables	Amortized cost	323,749	125,362
Trade and other payables	Amortized cost	(1,295,841)	(1,179,798)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy.

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended July 31, 2021.

16. PROPOSED TRANSACTION

On October 13, 2021, the Company entered into an agreement, as amended, with Kingsgate Consolidated Limited ("Kingsgate") to acquire the Nueva Esperanza silver-gold project in Chile. Under the terms of the agreement, in exchange for 100% ownership of Kingsgate's Chilean subsidiary that holds the Nueva Esperanza project, the Company would pay to Kingsgate:

- $25,000,000 cash on closing.
- Issue 14% of the Company's outstanding common shares.
- Up to $25,000,000 in future milestone payments.

As a condition to the closing of the transaction, the Company was to raise a minimum of $35,000,000 in an equity financing. The proposed acquisition was subject to TSX-V review and approval as well as other conditions precedent.

Kingsgate and the Company agreed to an extension of the dates for which the Company paid Kingsgate a non-refundable deposit of $1,500,000.

On January 17, 2022, the Company notified Kingsgate that it anticipated certain conditions precedent would not be fulfilled, and accordingly the transaction was terminated on January 31, 2022.

During the six months ended January 31, 2022, the Company recorded $1,926,926 of project investigation costs consisting of costs directly related to this transaction, which amount includes the $1,500,000 described above.