Anaconda Mining

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

Anaconda Mining Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Canadian Dollars)

	Notes	**Three months ended March 31, 2022 $**	Three months ended March 31, 2021 $
Gold		**8,015,374**	7,353,288
Silver		**4,929**	6,620
Total revenue		**8,020,303**	7,359,908
Cost of operations			
Operating expenses	2	**8,697,915**	7,920,122
Royalty expense	3	**144,971**	187,494
Depletion and depreciation		**1,230,709**	553,921
		10,073,595	8,661,537
Mine operating loss		**(2,053,292)**	(1,301,629)
Expenses and other income			
Corporate administration		**1,258,909**	951,088
Gain on revaluation of investments	9	**(326,973)**	-
Share of loss from equity accounted investments	9,10	**36,643**	196,518
Share-based compensation expense	15	**142,092**	153,649
Finance expense		**114,320**	44,098
Other income	4	**(39,659)**	(131,477)
		1,185,332	1,213,876
Loss before income taxes		**(3,238,624)**	(2,515,505)
Current income tax expense	17	**-**	30,345
Deferred income tax expense (recovery)	17	**311,000**	(49,000)
		311,000	(18,655)
Net loss and comprehensive loss for the year		**(3,549,624)**	(2,496,850)
Net loss per share - basic and fully diluted	16	**(0.02)**	(0.02)
Weighted average number of shares outstanding - basic and fully diluted		**181,933,850**	164,273,695

Anaconda Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

(Canadian Dollars)

As at	Notes	**March 31, 2022** $	December 31, 2021 $
Assets			
Current assets			
Cash and cash equivalents		**3,580,730**	10,121,724
Trade and other receivables	5	**750,363**	1,287,219
Inventory	6	**4,434,652**	5,641,435
Prepaid expenses and deposits		**969,514**	792,816
		9,735,259	17,843,194
Non-current assets			
Restricted cash		**202,790**	198,790
Property, mill and equipment	8	**14,959,933**	14,397,393
Exploration and evaluation assets	7	**63,374,447**	59,376,373
Investments	9	**2,483,588**	2,156,615
Equity accounted investments	10	**1,541,996**	1,578,639
		92,298,013	95,551,004
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	11	**11,818,413**	9,528,294
Current portion of loans	13	**785,810**	1,363,383
Flow-through premium	15	**252,517**	432,235
Advances	18	**74,833**	122,169
Unearned revenue	12	**3,330,400**	5,000,000
		16,261,973	16,446,081
Non-current liabilities			
Loans	13	**262,870**	235,570
Deferred income tax liability		**4,375,000**	4,064,000
Decommissioning liability	14	**3,693,434**	3,936,423
		24,593,277	24,682,074
Shareholders' equity			
Share capital, warrants and equity reserves	15	**83,892,027**	83,506,597
Accumulated deficit		**(16,187,291)**	(12,637,667)
		67,704,736	70,868,930
		92,298,013	95,551,004

Approved by the Board of Directors on May 2, 2022

"Mary-Lynn Oke"
Director

"Lewis Lawrick"
Director

Nature of operations, basis of presentation, and going concern (Note 1)

Commitments (Note 22)

Anaconda Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Canadian Dollars)

	Notes	**Three months ended March 31, 2022 $**	Three months ended March 31, 2021 $
Operating activities			
Net loss		**(3,549,624)**	(2,496,850)
Adjustments to reconcile net loss to cash flow from operating activities:			
Depletion and depreciation		**1,230,709**	553,921
Write-down of inventory to net realizable value	2	**1,547,000**	2,471,000
Gain on revaluation of investments	9	**(326,973)**	-
Share of loss from equity accounted investments	9,10	**36,643**	196,518
Share-based compensation expense	15	**142,092**	153,649
Current income tax expense	17	**-**	30,345
Deferred income tax expense (recovery)	17	**311,000**	(49,000)
Deferred premium on flow-through shares	15	**(179,718)**	(142,062)
Interest accretion of decommissioning liability	14	**20,960**	2,350
Change in working capital	19	**(346,464)**	(183,832)
Cash flow used in operating activities		**(1,114,375)**	536,039
Investing activities			
Additions of property, mill and equipment	8	**(1,897,487)**	(786,169)
Additions of exploration and evaluation assets	7	**(3,000,256)**	(2,826,542)
(Increase) decrease in restricted cash		**(4,000)**	12,000
Cash flow used in investing activities		**(4,901,743)**	(3,600,711)
Financing activities			
Repayment of loans	13	**(639,464)**	(473,646)
Proceeds from exercise of stock options	15	**114,588**	621,389
Proceeds from exercise of warrants	15	**-**	2,828,737
Cash flow provided from financing activities		**(524,876)**	2,976,480
Net decrease in cash		**(6,540,994)**	(88,192)
Cash at beginning of period		**10,121,724**	14,634,595
Cash at end of period		**3,580,730**	14,546,403

Supplemental cash flow information (Note 19)

Anaconda Mining Inc.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except share information)

		Share capital					
		Number of shares	Issued capital	Equity reserves	Warrants	Accumulated deficit	Total
	Notes		$	$	$	$	$
Balance at December 31, 2020		**153,953,798**	**67,008,392**	**1,793,871**	**1,584,217**	**(5,545,554)**	**64,840,926**
Share-based compensation from issuance of share units	15	-	-	93,131	-	-	93,131
Redemption of share units	15	176,481	37,395	(37,395)	-	-	-
Share-based compensation from issuance of options	15	-	-	62,394	-	-	62,394
Exercise of stock options	15	2,677,750	1,160,508	(539,119)	-	-	621,389
Exercise of warrants	15	6,306,915	3,213,900	-	(385,163)	-	2,828,737
Issuance of shares for property acquisition	7	64,917	45,000	-	-	-	45,000
Net loss for the period		-	-	-	-	(2,496,850)	(2,496,850)
Balance at March 31, 2021		**163,179,861**	**71,465,195**	**1,372,882**	**1,199,054**	**(8,042,404)**	**65,994,727**
Balance at December 31, 2021		**180,306,657**	**81,979,482**	**1,527,115**	**-**	**(12,637,667)**	**70,868,930**
Share-based compensation from issuance of share units	15	-	-	160,366	-	-	160,366
Redemption of share units	15	412,444	217,262	(217,262)	-	-	-
Share-based compensation from issuance of options	15	-	-	40,476	-	-	40,476
Exercise of stock options	15	308,750	182,699	(68,111)	-	-	114,588
Issuance of shares for property acquisition	7	87,983	70,000	-	-	-	70,000
Net loss for the period		-	-	-	-	(3,549,624)	(3,549,624)
Balance at March 31, 2022		**181,115,834**	**82,449,443**	**1,442,584**	**-**	**(16,187,291)**	**67,704,736**

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION, AND GOING CONCERN

Anaconda Mining Inc. (individually, or collectively with its subsidiaries, as applicable, "Anaconda" or the "Company") is a gold mining, development, and exploration company, operating in the top-tier Canadian mining jurisdictions of Newfoundland and Nova Scotia. The Company is advancing the Goldboro Gold Project in Nova Scotia, a significant development project which is now subject to a definitive feasibility study. The Company also operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as approximately 15,000 hectares of highly prospective mineral property, including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project.

Anaconda is incorporated in Canada under the laws of Ontario. The Company's common shares are listed on the Toronto Stock Exchange under the ticker symbol "ANX". The Company's head office and registered office is located at 20 Adelaide St. East, Suite 915, Toronto ON M5C 2T6.

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Since the condensed interim consolidated financial statements do not include all disclosure required by IFRS for annual financial statements, they should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2021. The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

For the three months ended March 31, 2022, the Company had a net loss of $3,549,624 (three months ended March 31, 2021 – $2,496,850), and as at March 31, 2022, had a working capital deficit (current assets less current liabilities) of $6,526,714 (December 31, 2021 – working capital of $1,397,113). The deficit is mainly attributed to the impact of the cessation of mining due to a water management issue in March 2022. As at March 31, 2022, the Company may have insufficient cash to fund its planned operations for the next twelve months. The Company's ability to continue operations in the normal course of business is dependent upon establishing sufficient operating cash flows from the Argyle mine, and to the extent required, through access to equity and debt markets. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company continually reviews operational results, expenditures, and additional financing opportunities in order to ensure adequate liquidity to support its growth strategy while increasing production levels at the Argyle mine. The Company is actively pursuing access to different sources of funding for the Company's current operating requirements, however there is no assurance that this will be successful. 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 settle its obligations in the normal course of business. These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Should the Company be unable to generate sufficient cash flow from operations or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these condensed interim consolidated financial statements should such adverse events impair the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements were approved by the Company's Board of Directors on May 2, 2022.

These condensed interim consolidated financial statements comprise the financial statements of Anaconda Mining Inc. and its wholly-owned subsidiaries Orex Exploration Inc. (Canada), Colorado Minerals Inc. (Canada), Inversiones La Veta Limitada and Inversiones La Veta Holding SpA (jointly "La Veta"), and the Company's equity accounted investment in Magna Terra Minerals Inc. ("Magna Terra"). All inter-company transactions and balances are eliminated on consolidation.

The unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2021.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The significant accounting judgments, estimates, and assumptions in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 3 of the Company's audited consolidated financial statements as at and for the year ended December 31, 2021, except for the following:

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

COVID-19 Pandemic

The 2019 novel coronavirus ("COVID-19") was characterized as a global pandemic by the World Health Organization on March 11, 2020. Point Rousse continues to operate under strict health and safety protocols, which are continually reviewed based on recommendations from medical authorities. The Company has prepared contingency plans in the event that certain scenarios should occur, such as a temporary shutdown.

Given the uncertainty, management exercised significant judgment in determining the impact of COVID-19 on the Company's condensed interim consolidated financial statements, including with respect to financial risks, including liquidity, and the assessment of going concern, life of mine estimates, and the carrying values of the Company's property, mill, and equipment assets and exploration and evaluation assets. Based on management's judgment, as at the date of these condensed interim consolidated financial statements, there has been no impact from COVID-19 on the Company's estimates and assumptions that has resulted in the need to recognize impairment. The Company will continue to assess the impact of COVID-19 on commodity, credit, and equity markets, which may impact management's judgements in the future.

2. OPERATING EXPENSES

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$	$
Mining costs	**3,514,136**	3,086,588
Processing costs (including refining and transport)	**3,168,063**	3,025,460
Mine support costs	**490,512**	452,629
Inventory adjustment	**(21,796)**	(1,115,555)
Write-down of inventory to net realizable value	**1,547,000**	2,471,000
	8,697,915	7,920,122

Mining, processing and mine support costs noted above are prior to the allocation of costs to inventory. The inventory adjustment reflects an allocation of mining, processing and mine support costs to the ore stockpiles, gold-in-circuit and finished goods inventory.

3. ROYALTY EXPENSE

During the three months ended March 31, 2022, a royalty expense of $144,971, reflecting the net smelter return of 3% payable to a third party on gold sold from the Argyle Property was recorded on the condensed interim consolidated statement of comprehensive loss (three months ended March 31, 2021 – $187,494).

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

4. OTHER INCOME

	Notes	**Three months ended March 31, 2022 $**	Three months ended March 31, 2021 $
Deferred premium on flow-through shares		**(179,718)**	(142,062)
Unrealized loss on derivatives	12	**128,338**	-
Research and development		**11,368**	19,156
Foreign exchange loss		**2,673**	1,582
Interest income		**(2,320)**	(10,153)
		(39,659)	(131,477)

5. TRADE AND OTHER RECEIVABLES

	March 31, 2022 $	December 31, 2021 $
HST receivable	**684,924**	641,985
Due from related parties	**57,939**	57,426
Other receivables	**7,500**	75,808
Insurance proceeds receivable	**-**	512,000
	750,363	1,287,219

As at March 31, 2022, included in trade and other receivables is $57,939 (December 31, 2021 - $57,426) of amounts charged under the service level agreement with Magna Terra (note 21).

6. INVENTORY

	March 31, 2022 $	December 31, 2021 $
Gold dore	**1,141,000**	50,000
Gold-in-circuit	**999,000**	3,112,000
Ore in stockpiles	**416,000**	920,000
Supplies and consumables	**1,878,652**	1,559,435
	4,434,652	5,641,435

As at March 31, 2022, inventory balances included a $1,547,000 (December 31, 2021 - $nil) write-down to the net realizable value of gold-in-circuit and gold dore.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

7. EXPLORATION AND EVALUATION ASSETS

Properties	Balance as at December 31, 2021	Payments under option agreements	Expenditures/ acquisition*	Balance as at March 31, 2022
	$	$	$	$
Goldboro Project, Nova Scotia	47,049,148	75,000	2,260,584	49,384,732
Point Rousse Project, Newfoundland	7,804,271	-	682,742	8,487,013
Tilt Cove Project, Newfoundland	4,522,954	75,000	904,748	5,502,702
	59,376,373	**150,000**	**3,848,074**	**63,374,447**

* As at March 31, 2022, $3,723,077 of expenditures were in trade payables and accrued liabilities.

Properties	Balance as at December 31, 2020	Payments under option agreements	Expenditures/ acquisition*	Balance as at December 31, 2021
	$	$	$	$
Goldboro Project, Nova Scotia	36,948,906	45,000	10,055,242	47,049,148
Point Rousse Project, Newfoundland	4,935,236	-	2,869,035	7,804,271
Tilt Cove Project, Newfoundland	2,920,138	157,500	1,445,316	4,522,954
	44,804,280	**202,500**	**14,369,593**	**59,376,373**

* As at December 31, 2021, $2,795,259 of expenditures were in trade payables and accrued liabilities.

As at March 31, 2022, the Company had met all required property option commitments and accordingly the properties were in good standing. Royalty obligations on the Company's various mineral properties are outlined in note 22.

The Goldboro Project – The Goldboro Project is located in Nova Scotia. The Goldboro deposit comprises the Boston Richardson Zone, the East Goldbrook Zone, and the West Goldbrook Zone.

- On February 27, 2019, the Company entered into an option agreement with Crosby Gold Ltd. ("Crosby") to acquire a 100%-undivided interest in the Lower Seal Harbour Property, which is located 5 kilometres southeast of the Company's Goldboro deposit. To earn a 100%-undivided interest, the Company was required to make aggregate payments to Crosby of $95,000 (all of which has been paid) in cash and $85,000 in common shares of Anaconda (of which $85,000 in common shares has been issued) over a three-year period. The Company was also required to spend a total of $150,000 in qualified exploration expenditures on the Lower Seal Harbour Property during the option period.

Point Rousse Project – The Point Rousse Project, located in Newfoundland, contains five mining leases and seven mineral licenses.

Tilt Cove Project – The Tilt Cove Project is comprised of exploration stage assets including highly prospective geology for gold deposits.

- During the year ended December 31, 2020, the Company entered into an option agreement with local prospectors to acquire a 100%-undivided interest in a total of 76 claims, collectively the "Nippers Harbour Property", which are adjacent to the Tilt Cove Property. To earn a 100%-undivided interest, the Company is required to make aggregate payments to the prospectors of $135,000 (of which $30,000 has been paid) in cash and $85,000 in common shares of Anaconda (of which $15,000 in common shares have been issued) over a four-year period.
- During the year ended December 31, 2020, the Company entered into an option agreement with a local prospector to acquire a 100%-undivided interest in a total of 10 claims, which are adjacent to the Tilt Cove Property. To earn a 100%-undivided interest, the Company is required to make aggregate payments to the prospector of $30,000 (of which $10,000 has been paid) in cash and $45,000 in common shares of Anaconda (of which $25,000 in common shares have been issued) over a two-year period.
- During the year ended December 31, 2019, the Company entered into option agreements with local prospectors to acquire a 100%-undivided interest in a total of 93 claims, which are adjacent to the Tilt Cove Property. To earn a 100%-undivided interest, the Company is required to make aggregate payments to the prospectors of $271,000 (of which

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$166,000 has been paid) in cash and $169,500 in common shares of Anaconda (of which $102,000 in common shares have been issued) over a four-year period.

8. PROPERTY, MILL AND EQUIPMENT

For the period ended March 31, 2022

Cost	Property	Mill and Infrastructure	Equipment	Work in Progress	Total
Beginning of year	42,773,419	13,242,504	4,019,745	546,280	60,581,948
Additions*	1,493,556	12,905	107,636	173,990	1,788,087
	44,266,975	**13,255,409**	**4,127,381**	**720,270**	**62,370,035**
Accumulated depreciation					
Beginning of year	33,471,432	10,218,847	2,494,276	-	46,184,555
Depreciation/depletion	931,227	200,278	94,042	-	1,225,547
	34,402,659	**10,419,125**	**2,588,318**	**-**	**47,410,102**
Net book value	**9,864,316**	**2,836,284**	**1,539,063**	**720,270**	**14,959,933**

* As at March 31, 2022, $399,062 of additions were in trade payables and accrued liabilities. During the three months ended March 31, 2022, $89,191 of PME additions were financed through leases.

For the year ended December 31, 2021

Cost	Property	Mill and Infrastructure	Equipment	Work in Progress	Total
Beginning of year	36,130,956	12,569,927	3,550,735	368,205	52,619,823
Additions*	6,714,856	493,745	253,338	609,698	8,071,637
Transfers	-	178,832	252,791	(431,623)	-
Disposals	(72,393)	-	(37,119)	-	(109,512)
	42,773,419	**13,242,504**	**4,019,745**	**546,280**	**60,581,948**
Accumulated depreciation					
Beginning of year	30,658,313	9,395,783	2,167,673	-	42,221,769
Depreciation/depletion	2,872,053	823,064	363,722	-	4,058,839
Disposals	(58,934)	-	(37,119)	-	(96,053)
	33,471,432	**10,218,847**	**2,494,276**	**-**	**46,184,555**
Net book value	**9,301,987**	**3,023,657**	**1,525,469**	**546,280**	**14,397,393**

* As at December 31, 2021, $334,352 of additions were in trade payables and accrued liabilities. During the year ended December 31, 2021, $386,099 of PME additions were financed through leases.

Indicators of impairment

When an impairment indicator of property, mill, and equipment exists, an impairment assessment is conducted at the level of the cash generating unit ("CGU") (a group of assets that generate independent cash inflows). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount.

During the three months ended March 31, 2021, management identified impairment indicators due to a decrease in mined grade in comparison to the mine plan due to higher mining dilution, which resulted in a downward adjustment to the top-cut parameter to better reflect the actual results from mining at the Argyle mine and the resulting mill reconciliation. As a result, management performed an impairment assessment on the Point Rousse CGU, including the Argyle mine, as at March 31, 2021. The recoverable amount of the CGU was based on a value in use method using the discounted cash flow model. The determination of the recoverable amounts included the following significant assumptions: quantities of recoverable reserves and resources, future metal prices, capital and operating costs and discount rates. No impairment charge was required for the Point Rousse CGU because its recoverable amount exceeded the carrying amount.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

The model was most sensitive to the estimated short and long-term gold prices. Using the 7.5% discount rate, as disclosed below, a 1.9% decrease in estimated future gold prices would result in a break-even point.

Key assumptions

The Company's key assumptions used in determining the recoverable amount of the Point Rousse CGU, including the Argyle mine, are metal prices, operating costs, capital costs, reserves and resources, and discount rates.

The gold price used to calculate recoverable amounts as at March 31, 2021 was based on analysts' consensus prices and were a short-term gold price of C$2,100 and a long-term gold price of C$2,000. Operating costs and sustaining capital expenditures were based on life-of-mine plans and forecasts using management's best estimates as at March 31, 2021. Future mineral production was included in projected cash flows based on mineral reserve and resources estimates and exploration and evaluation work, undertaken by qualified persons. Discount rates used for the present value of the life of mine cash flow were based on weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company used a 7.5% discount rate for the period ended March 31, 2021.

At March 31, 2022, the Company assessed that there were no indicators of impairment that would require the Company to perform an impairment test. Accordingly, no impairment was recorded as at March 31, 2022.

Right-of-use assets

The Company leases various assets including buildings, machinery, and equipment, and vehicles. The following table summarizes the changes in right-of-use assets within property, mill and equipment:

	Property	Mill and Infrastructure	Equipment	Total
	$	$	$	$
As at January 1, 2021	22,116	206,225	496,618	724,959
Additions	348,099	-	38,000	386,099
Depreciation	(90,799)	(76,513)	(120,881)	(288,193)
As at December 31, 2021	279,416	129,712	413,737	822,865
Additions	-	-	89,191	89,191
Depreciation	(31,724)	(14,021)	(28,355)	(74,100)
Net book value as at March 31, 2022	**247,692**	**115,691**	**474,573**	**837,956**

9. INVESTMENTS

	March 31, 2022	December 31, 2021
	$	$
Novamera Inc.	**2,483,588**	2,156,615
	2,483,588	2,156,615

In June 2017, the Company commenced a research and development project to develop a new technology to mine steeply-dipping narrow gold veins that cannot be mined cost-effectively with existing technologies (the "Narrow Vein Mining Project" or the "Project"). The Company secured funding of over $2,000,000 for the Project, including $1,500,000 from the Atlantic Innovation Fund ("AIF"), more than $520,000 through the Research & Development Corporation ("RDC"), and up to $50,000 from the Industrial Research Assistance Program ("IRAP").

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

On April 9, 2020, the Company completed a $2.0 million financing with a venture capital firm to further the advancement of the Project through its subsidiary Novamera. As part of the funding arrangement, the technology and the Company's related agreements with the AIF, RDC, and IRAP were transferred to Novamera. In exchange for a $2.0 million investment in Novamera, the venture capital firm received a 41% interest in Novamera, in the form of preferred shares. The Company retained a 34% interest in Novamera on closing, with the balance being held by employees of Novamera. Novamera has indemnified the Company for any potential repayments related to the AIF and RDC drawn down by the Company up to the date of the transaction.

On July 21, 2021, Novamera completed a $5,000,017 equity financing in which the Company did not participate. As a result of the financing, the Company's investment was diluted to a 19% interest and the Company relinquished its seat on the Board of Directors. Consequently, the Company discontinued the use of the equity method based on a determination that the Company's influence over Novamera was no longer demonstrable as significant.

On July 21, 2021, the Company classified its equity investment in Novamera as fair value through profit or loss. As a result, based on the share price of the equity financing, the Company recorded $1,020,432 as a gain, which represents the excess of the fair value of the investment on that date ($2,156,615) as compared to the investment's carrying value under the equity method ($1,136,183).

Prior to the completion of the financing, the Company had significant influence over Novamera from an accounting perspective and recorded a loss of $184,293 for the Company's share of Novamera's net loss for the three months ended March 31, 2021.

On March 9, 2022, Novamera completed a $128,210 equity financing in which the Company did not participate. Based on the share price of the equity financing, the Company recorded $326,973 as a gain on the revaluation of the investment for the three months ended March 31, 2022.

10. EQUITY ACCOUNTED INVESTMENTS

	March 31, 2022	December 31, 2021
	$	$
Magna Terra Minerals Inc.	**1,541,996**	1,578,639
	1,541,996	1,578,639

On October 15, 2019, the Company announced that it had entered into a definitive Share Purchase Agreement (the "SPA") with Magna Terra, whereby Magna Terra proposed to acquire all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, 2647102 Ontario Inc ("ExploreCo"), which held the Company's interests in the Great Northern Project in Newfoundland and the Cape Spencer Project in New Brunswick. On July 30, 2020, the Transaction was completed with the Company acquiring a total of 12,493,482 common shares of Magna Terra, representing a 27% interest in Magna Terra upon closing.

As of March 31, 2022, the Company had significant influence over Magna Terra from an accounting perspective and recorded a loss of $36,643 for the Company's share of Magna Terra's net loss for the three months ended March 31, 2022 (three months ended March 31, 2021 – $12,225).

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

11. TRADE PAYABLES AND ACCRUED LIABILITIES

	Notes	**March 31, 2022** $	December 31, 2021 $
Trade payables		**7,991,675**	6,732,898
Accrued liabilities		**2,700,030**	2,040,845
Accrued payroll costs		**844,248**	600,429
Derivative liability	12	**282,460**	154,122
		11,818,413	9,528,294

Trade and other payables generally arise from the Company's ongoing operations and capital projects, and are subject to materially standard vendor trade terms and are typically due within 30 days.

12. GOLD PREPAYMENT AGREEMENT

On December 23, 2021, the Company executed a prepayment agreement with Auramet International LLC ("Auramet"), whereby the Company received $5,000,000, less fees, for 2,273 ounces of gold ($2,315 per ounce; finance expense of $262,000), to be delivered in 9 monthly deliveries from January 2022 to September 2022. As part of the agreement, the Company also granted Auramet European style call options to purchase 4,000 ounces of gold, with the following expiry dates: 1,300 ounces on July 29, 2022, 1,300 ounces on August 31, 2022, and 1,400 ounces on September 30, 2022. As of March 31, 2022, the Company recognized a derivative liability of $282,460 (December 31, 2021 – $154,122) associated with the outstanding call options, and recorded an unrealized loss on derivatives of $128,338 in other income in the condensed interim consolidated statement of comprehensive loss for the three months ended March 31, 2022 (three months ended March 31, 2021 – $nil). The agreement is subject to a minimum liquidity covenant whereby the Company shall maintain a minimum of $3,000,000 in cash, cash equivalents, and undrawn lines of credit at all times while the prepayment is outstanding. Subsequent to period end, the Company and Auramet mutually agreed to defer the April 2022 monthly delivery of 253 ounces to May 16, 2022.

13. LOANS AND REVOLVING CREDIT FACILITY

The following table provides the details of the current and non-current components of loans:

	March 31, 2022 $	December 31, 2021 $
RBC loan	**127,504**	505,688
Provincial government loan	**42,778**	63,912
Federal government loan	**21,200**	46,400
Lease liabilities	**460,411**	419,472
Other loans	**396,787**	563,481
	1,048,680	1,598,953
Current portion		
RBC loan	**127,504**	505,688
Provincial government loan	**42,778**	63,912
Federal government loan	**21,200**	46,400
Lease liabilities	**197,541**	183,902
Other loans	**396,787**	563,481
	785,810	1,363,383

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

	March 31, 2022	December 31, 2021
	$	$
Non-current portion		
Lease liabilities	**262,870**	235,570
	262,870	235,570

In March 2019, the Company entered into a $5 million term loan (the "Facility") from the Royal Bank of Canada ("RBC"). The Facility was initially repayable monthly over a 24-month term with certain prepayment options. It is subject to an existing general security agreement with RBC, which includes a specific security interest in the Company's ball mill and cone crushers, and a debt service coverage ratio covenant to be measured on an annual basis, based on a ratio of a measure of earnings to interest expense and scheduled principal payments. The Facility was arranged with the support of Export Development Canada ("EDC"), to whom the Company pays a guarantee fee with respect to a guarantee issued over half the principal amount. The Facility carries a fixed interest rate of 4.6% and a performance guarantee fee by EDC of 1.85%, payable quarterly based on the proportional amount outstanding. The full $5 million was drawn down in March 2019, and the initial monthly payment was made in April 2019. In December 2019, the Company extended the amortization period on the term loan to April 2022.

The Company has financed the acquisition of certain equipment through the assumption of lease obligations. These obligations are secured by the acquired equipment, which has a net book value of $833,568 as at March 31, 2022 (December 31, 2021 – $822,865). The leases bear interest at rates ranging from 0.0% and 7.7% per annum with maturity dates between October 31, 2023 and January 1, 2028. The net book value of the leased equipment is pledged as security for any leases and loans outstanding.

The Company has financed insurance premiums through a loan, which bears interest at a rate of 4.8% per annum with a maturity date of October 31, 2022. As at March 31, 2022, $396,787 (December 31, 2021 – $563,481) was outstanding in relation to this financing arrangement.

On June 1, 2016, the Company entered into an agreement with the provincial government of Newfoundland and Labrador to receive a loan of $400,000. The loan, which was obtained to finance the automation of parts of the mill, bears interest at 3% and is repayable in 60 monthly payments of $7,187.

On April 7, 2015, the Company entered into an agreement with the federal government to receive a loan of $500,000, also related to the mill automation project. The loan is non-interest bearing and is repayable in 60 equal installments.

Revolving Credit Facility, Revolving Demand Facility, and Revolving Equipment Lease Line of Credit

In June 2016, the Company obtained a Line of Credit Agreement with the RBC for a $1,000,000 revolving credit facility as well as a $500,000 revolving equipment lease line of credit (together the "Agreement"). In November 2018, the revolving equipment lease line of credit was increased to $750,000. In March 2020, the revolving credit facility was amended to $275,000 and a $725,000 revolving demand facility was included in the Agreement. In August 2020, the revolving credit facility was removed from the Agreement and the revolving demand facility was increased to $1,000,000. Under the terms of the Agreement, RBC maintains a first-ranking general security agreement including a specific security interest in the Company's ball mill and cone crushers. As at March 31, 2022, an irrevocable letter of credit in the amount of $908,119 as collateral for the Company's surety bonds (note 14) has been issued under the revolving demand facility (December 31, 2021 – $908,119). In July 2021, the Company obtained an additional $3,000,000 revolving demand facility with RBC (the "Facility"). The Facility is subject to the existing general security agreement with RBC and a debt service coverage ratio covenant to be measured on an annual basis. The Facility was arranged with the support of EDC, which has provided a performance guarantee over 75% of the Facility limit. The interest rate is calculated as the Royal Bank Prime rate plus 1.50% inclusive of EDC guarantee fees. As at March 31, 2022, the Facility was undrawn. As at March 31, 2022, there was an outstanding balance of $nil on the revolving equipment lease line of credit (December 31, 2021 - $nil).

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

The following summary sets out the movement in loans over the period ended March 31, 2022 and the year ended December 31, 2021:

	RBC Loan	Provincial Government Loan	Federal Government Loan	Lease Liabilities	Other Loans	Total
	$	$	$	$	$	$
As at December 31, 2021	**505,688**	**63,912**	**46,400**	**419,472**	**563,481**	**1,598,953**
Changes from financing cash flows:						
Repayments of loans/leases	(378,184)	(21,134)	(25,200)	(48,252)	(166,694)	(639,464)
Interest paid	(5,088)	(427)	-	(5,315)	(6,084)	(16,914)
	122,416	42,351	21,200	365,905	390,703	942,575
Other changes:						
Property, mill, and equipment acquired through leases	-	-	-	89,191	-	89,191
Interest expense	5,088	427	-	5,315	6,084	16,914
As at March 31, 2022	**127,504**	**42,778**	**21,200**	**460,411**	**396,787**	**1,048,680**

For the year ended December 31, 2021

	RBC Loan	Provincial Government Loan	Federal Government Loan	Lease Liabilities	Other Loans	Total
	$	$	$	$	$	$
As at December 31, 2020	**1,981,519**	**140,064**	**147,200**	**373,972**	**-**	**2,642,755**
Changes from financing cash flows:						
Proceeds	-	-	-	-	-	-
Repayments of loans/leases	(1,475,831)	(76,152)	(100,800)	(340,599)	(55,123)	(2,048,505)
Interest paid	(70,147)	(2,905)	-	(21,735)	(2,469)	(97,256)
	435,541	61,007	46,400	11,638	(57,592)	496,994
Other changes:						
Insurance premiums financed through loans	-	-	-	-	618,604	618,604
Property, mill, and equipment acquired through leases	-	-	-	386,099	-	386,099
Interest expense	70,147	2,905	-	21,735	2,469	97,256
As at December 31, 2021	**505,688**	**63,912**	**46,400**	**419,472**	**563,481**	**1,598,953**

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

14. DECOMMISSIONING LIABILITY

The provision for asset retirement obligations is as follows:

	March 31, 2022	December 31, 2021
	$	$
Opening balance	**3,936,423**	3,484,072
Interest accretion	**20,960**	19,651
Additions/change in estimates	**(33,284)**	357,343
Change in inflation/discount rates	**(230,665)**	75,357
Closing balance	**3,693,434**	3,936,423
Current portion	**-**	-
Non-current portion	**3,693,434**	3,936,423

The provisions for reclamation are provided against the Company's operations at the Point Rousse Project in Newfoundland and the Goldboro Project in Nova Scotia, and are based on the project plan submitted to the Newfoundland and Labrador government and the Goldboro bulk sample program plan submitted to the Nova Scotia government, respectively. The Company expects to incur the majority of its reclamation costs between 2022 and 2030, based on existing life of mine assumptions. During the year ended December 31, 2021, the Company recognized $357,343 of additions to the provision for asset retirement obligations in relation to the commencement of Argyle development as well as updated cost estimates.

As at March 31, 2022, the Company had entered an agreement with an insurance company to provide a surety bond for $3,481,243 (December 31, 2021 – $3,481,243) to the Newfoundland and Labrador government in compliance with its requirements under the approved site development plan, as submitted and reviewed by the government of Newfoundland and Labrador. As additional work and reclamation is completed on the property, the Company will increase or decrease this bond as required by the Newfoundland and Labrador government.

During the year ended December 31, 2018, the Company obtained a permit from the Nova Scotia government to complete a bulk sample program at the Goldboro Project which requires the Company to maintain total reclamation security of $225,000 to cover related rehabilitation and closure costs. During the year ended December 31, 2020, the Nova Scotia government required the Company to increase the total reclamation security by $25,000 to $250,000. The reclamation security for the bulk sample program is maintained through a combination of security held by the Nova Scotia government and a surety bond.

As at March 31, 2022, the Company was required to provide collateral of $908,119 (December 31, 2021 – $908,119) under the terms of the surety bonds, equivalent to 25% of the value of the bonds, which was provided in the form of an irrevocable letter of credit from the Royal Bank of Canada.

15. ISSUED CAPITAL AND EQUITY-BASED INSTRUMENTS

Issued Capital and Recent Issuances

The Company's authorized share capital consists of an unlimited number of common shares. As at March 31, 2022, the Company had 181,115,834 (December 31, 2021 – 180,306,657) common shares outstanding.

On May 28, 2021, the Company completed a non-brokered private placement for aggregate gross proceeds of $8,500,030, whereby it issued 10,241,000 flow-through common shares of the Company at a price of $0.83 per flow-through common share. An amount equal to the gross proceeds from the flow-through common shares ($8,500,030) was renounced by the Company in favour of the purchasers of the flow-through common shares with an effective date of December 31, 2021. As at March 31, 2022, $5,641,641 of the flow-through funds were spent on eligible exploration expenses, with $2,858,389 remaining to be spent. A flow-through liability of $750,913 was recorded upon closing, representing the difference between the market price of the Company's shares on May 28, 2021 and the cash consideration received in exchange for the flow-through common shares, less the proportion of the transaction costs associated with the flow-through portion of the private placement. As at March 31, 2022, the Company derecognized a cumulative amount of $498,396 of the flow-through liability and recognized a corresponding income amount (for the three months ended March 31, 2022 - $179,718), representing the portion of the liability that had been fulfilled by incurring qualifying exploration expenditures.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

On July 31, 2020, the Company completed a non-brokered private placement for aggregate gross proceeds of $5,510,000, whereby it issued 9,500,000 flow-through common shares of the Company at a price of $0.58 per flow-through common share. An amount equal to the gross proceeds from the flow-through common shares ($5,510,000) was renounced by the Company in favour of the purchasers of the flow-through common shares with an effective date of December 31, 2020. All of the flow-through funds were spent on eligible exploration expenses. A flow-through liability of $376,811 was recorded upon closing, representing the difference between the market price of the Company's shares on July 31, 2020 and the cash consideration received in exchange for the flow-through common shares, less the proportion of the transaction costs associated with the flow-through portion of the private placement. During the year ended December 31, 2021, the Company derecognized the flow-through liability and recognized a corresponding income amount as the liability had been fulfilled by incurring qualifying exploration expenditures.

Warrants

A summary of the Company's warrant activities for the three months ended March 31, 2022 and the year ended December 31, 2021 is presented below:

	Warrants	Weighted average exercise price
	#	$
Outstanding, December 31, 2020	**11,810,665**	**0.37**
Exercised	(11,725,665)	0.37
Expired/forfeited	(85,000)	0.28
Outstanding, December 31, 2021 and March 31, 2022	**-**	**-**

During the three months ended March 31, 2021, 6,306,915 warrants were exercised. The corresponding grant date fair value of $385,163 was reclassified from warrants to issued capital.

Incentive Plans

The Company has adopted a stock option plan (the "Stock Option Plan") and a share unit plan (the "Share Unit Plan" and together with the Stock Option Plan, the "Incentive Plans"). The Incentive Plans are each a "rolling evergreen" plan and provide that the number of common shares of the Company available for issuance from treasury under the Incentive Plans shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant. Any increase in the issued and outstanding common shares of the Company will result in an increase in the available number of common shares issuable under the Incentive Plans. Any issuance of common shares from treasury pursuant to the settlement of stock options or share units granted pursuant to the Incentive Plans shall automatically replenish the number of common shares issuable under the Incentive Plans. When each stock option or share unit is exercised, cancelled, or terminated, a common share shall automatically be made available for the grant of a stock option or share unit under the Incentive Plans.

As at March 31, 2022, 18,111,583 common shares were available for the grant of stock options or share units to directors, officers, employees and service providers in connection with the Incentive Plans.

Stock Option Plan

As at March 31, 2022, 2,650,834 options under the Company's Stock Option Plan were outstanding with 2,004,167 exercisable.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

The following summary sets out the activity in the Stock Option Plan, for the three months ended March 31, 2022 and the year ended December 31, 2021:

	Options #	Weighted average exercise price $
Outstanding, December 31, 2020	**5,930,834**	**0.30**
Granted	545,000	0.72
Exercised	(3,766,250)	0.25
Expired/forfeited	(220,000)	0.61
Outstanding, December 31, 2021	**2,489,584**	**0.43**
Granted	470,000	0.71
Exercised	(308,750)	0.37
Outstanding, March 31, 2022	**2,650,834**	**0.49**
Options exercisable, March 31, 2022	**2,004,167**	**0.42**

During the three months ended March 31, 2022, 470,000 options (year ended December 31, 2021 – 545,000) were granted to employees and consultants of the Company at a weighted average exercise price of $0.71 (year ended December 31, 2021 – $0.72). The vesting terms of the options were as follows: 370,000 of the options vest over a three year period in three equal instalments and 100,000 of the options vest over a six month period in two equal instalments.

During the three months ended March 31, 2022, 308,750 options were exercised (year ended December 31, 2021 – 3,766,250). The corresponding grant date fair value of $68,111 (year ended December 31, 2021 – $793,362) was reclassified from equity reserves to issued capital.

During the three months ended March 31, 2022, nil options expired unexercised or were forfeited (year ended December 31, 2021 – 220,000). The corresponding grant date fair value of $nil (year ended December 31, 2021 – $26,372) was reclassified from equity reserves to accumulated deficit.

The options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and on the assumptions below.

The following table sets out the details of the stock options granted and outstanding as at March 31, 2022. The weighted average exercise price for the outstanding stock options was $0.49 as at March 31, 2022.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
125,000	125,000	0.15 years	$0.28	May 23, 2022
345,000	345,000	0.23 years	$0.24	June 21, 2022
62,500	62,500	0.52 years	$0.28	October 5, 2022
12,500	12,500	0.62 years	$0.26	November 13, 2022
50,000	50,000	0.73 years	$0.32	December 22, 2022
875,000	875,000	0.81 years	$0.46	January 19, 2023
100,000	-	0.81 years	$0.63	January 20, 2023
180,834	180,834	2.93 years	$0.21	March 3, 2025
125,000	125,000	3.47 years	$0.58	September 14, 2025
20,000	13,333	3.62 years	$0.61	November 6, 2025
260,000	173,333	3.92 years	$0.77	February 26, 2026
125,000	41,667	4.11 years	$0.67	May 6, 2026
270,000	-	4.92 years	$0.74	February 24, 2027
100,000	-	4.99 years	$0.71	March 22, 2027
2,650,834	**2,004,167**	**2.02 years**	**$0.49**	

The expected volatility is based on the historical volatility (based on the remaining life of the options) adjusted for any expected changes in future volatility due to publicly available information.

The following table sets out the details of the valuation of stock option grants for the three months ended March 31, 2022 and the year ended December 31, 2021:

Date of grant	Number of options	Risk-free interest rate	Expected dividend yield	Expected volatility	Expected life
February 10, 2021	100,000	0.19%	Nil	108.3%	1 year
February 26, 2021	320,000	0.88%	Nil	84.2%	5 years
May 6, 2021	125,000	0.91%	Nil	83.3%	5 years
January 20, 2022	100,000	1.25%	Nil	56.0%	1 year
February 24, 2022	270,000	1.74%	Nil	75.9%	5 years
March 22, 2022	100,000	2.26%	Nil	75.5%	5 years

The fair value of the stock options granted for the three months ended March 31, 2022 was $182,538 (three months ended March 31, 2021 – $187,546). Share-based compensation expense recognized in relation to stock options during the three months ended March 31, 2022 was $40,476 (three months ended March 31, 2021 – $62,394).

Share Unit Plan

The Company's Share Unit Plan provides for the issuance of share units to directors, officers, employees, and consultants of the Company. Share units are units representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. The number of share units granted and any applicable vesting conditions are determined at the discretion of the Board of Directors on the date of grant. In granting share units, the Board of Directors may include other terms, conditions, and/or vesting criteria which are not inconsistent with the Share Unit Plan. Share units are settled by way of issuance of common shares from treasury as soon as practicable following the maturity date in accordance with the Share Unit Plan.

As at March 31, 2022, 2,690,746 share units were outstanding. The following summary sets out the activity in the Share Unit Plan over the three months ended March 31, 2022 and the year ended December 31, 2021:

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

	Share units #	Weighted average fair value $
Outstanding, December 31, 2020	**1,466,567**	**0.27**
Granted	803,435	0.76
Redeemed	(495,870)	0.38
Forfeited	(23,334)	0.77
Outstanding, December 31, 2021	**1,750,798**	**0.46**
Granted	1,362,392	0.74
Redeemed	(412,444)	0.52
Forfeited	(10,000)	0.77
Outstanding, March 31, 2022	**2,690,746**	**0.59**

During the three months ended March 31, 2022, 1,362,392 share units (year ended December 31, 2021 – 803,435) were granted to directors, officers, employees, and consultants of the Company at an average fair value of $0.74 (year ended December 31, 2021 – $0.76). The vesting terms of these share units were as follows: 79,392 share units issued as compensation for board of director fees vest upon the retirement or resignation of recipients, or on a change of control, and 1,283,000 share units vest over a three year period in three equal instalments.

During the three months ended March 31, 2022, 412,444 share units were redeemed (year ended December 31, 2021 – 495,870). The corresponding grant date fair value of $217,262 (year ended December 31, 2021 – $186,178) was reclassified from equity reserves to issued capital.

During the three months ended March 31, 2021, 10,000 share units were forfeited (year ended December 31, 2021 – 23,334).

The share units, when granted, are accounted for at their fair value determined by the share price upon the grant of the share units. The fair value of the share units granted for the three months ended March 31, 2022 was $1,008,170 (three months ended March 31, 2021 – $538,980). Share-based compensation expense recognized in relation to share units during the three months ended March 31, 2022 was $101,616 (three months ended March 31, 2021 – $91,256).

16. BASIC AND DILUTED EARNINGS PER SHARE

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net loss for the period	**$ (3,549,624)**	$ (2,496,850)
Weighted average basic and diluted number of shares outstanding	**181,933,850**	164,273,695
Net loss per share:		
Basic and diluted	**$ (0.02)**	$ (0.02)

The following table lists the equity securities excluded from the computation of diluted earnings per share. The securities were excluded as the inclusion of the equity securities had an anti-dilutive effect on net income; or the exercise prices relating to the particular security exceed the weighted average market price of the Company's common shares.

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Stock options	**2,650,834**	3,673,084
Share units	**1,481,004**	896,226
Warrants	**-**	5,503,750
	4,131,838	10,073,060

17. INCOME TAXES

During the three months ended March 31, 2022, a current income tax expense of $nil relating to provincial mining tax was recorded in the condensed interim consolidated statement of comprehensive loss (three months ended March 31, 2021 – $30,345).

During the three months ended March 31, 2022, a deferred income tax expense of $311,000 (three months ended March 31, 2021 – recovery of $49,000) was recognized in the condensed interim consolidated statement of comprehensive loss.

18. ADVANCES

In March 2020, the Company secured funding of $949,850 from the Government of Canada's Future Skills Centre (the "Centre") for a project entitled "Creating a Microlearning Model for the Canadian Mining Industry". Funding through the Centre is a non-repayable grant and will be credited against eligible costs incurred. During the three months ended March 31, 2022, the Company received $nil as an advance from the Centre and $47,336 was credited against eligible costs incurred in relation to advances received from the Centre (year ended December 31, 2021 – $320,015 and $387,696, respectively). As at March 31, 2022, $74,833 related to amounts received from the Centre for future project expenditures was included as an advance in the condensed interim consolidated statement of financial position.

19. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information to the statements of cash flows is as follows:

	Three months ended March 31, 2022 $	Three months ended March 31, 2021 $
Change in non-cash working capital:		
Trade and other receivables	**536,856**	(2,010)
Prepaid expenses and deposits	**(176,698)**	107,157
Inventory	**(346,217)**	(1,237,356)
Unearned revenue	**(1,669,600)**	-
Advances	**(47,336)**	(25,000)
Trade payables and accrued liabilities	**1,356,531**	973,377
	(346,464)	(183,832)
Supplemental cash flow information:		
Interest paid	**16,914**	28,046
Property, mill and equipment acquired through leases	**89,191**	-

(Expressed in Canadian Dollars, except per share amounts, unless otherwise noted)

20. FINANCIAL INSTRUMENTS

The Company's financial instruments as at March 31, 2022 and December 31, 2021 are cash, restricted cash, investments, accounts payable, accrued liabilities, and certain current and non-current loans. The carrying amount of the Company's other financial instruments approximates fair value due to their short-term nature.

The contractual cash flow obligations of the Company as at March 31, 2022 are as follows:

	1 year	1 - 3 years	More than 3 years	**Total**
	$	$	$	**$**
Trade payables and accrued liabilities	11,818,413	-	-	**11,818,413**
RBC loan	127,757	-	-	**127,757**
Provincial government loan	43,122	-	-	**43,122**
Federal government loan	21,200	-	-	**21,200**
Lease liabilities	213,434	231,078	41,190	**485,702**
Other loans	403,148	-	-	**403,148**
	12,627,074	231,078	41,190	**12,899,342**

21. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

Key management personnel include the members of the Board of Directors, the President and Chief Executive Officer, and the Chief Financial Officer. Compensation of key management personnel (including directors) was as follows for the three months ended March 31, 2022 and March 31, 2021:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$	$
Salaries, bonuses, fees and short term benefits	**205,326**	151,591
Share based compensation	**63,206**	60,664
	268,532	212,255

As at March 31, 2022, included in trade and other payables is $148,750 (December 31, 2021 – $112,250) of amounts due for directors' fees and bonuses.

Magna Terra Minerals Inc.

The Company and Magna Terra have certain key management personnel in common. As described in note 10, the Company completed a transaction with Magna Terra on July 30, 2020, whereby Magna Terra acquired all of the issued and outstanding common shares of the Company's wholly-owned subsidiary, ExploreCo. The Company and Magna Terra have entered into a service level agreement whereby the Company provides certain services to Magna Terra, including technical geology services and exploration program management, corporate services, and finance and accounting support. As at March 31, 2022, included in trade and other receivables in note 5 is $57,939 (December 31, 2021 - $57,426) of amounts charged under the service level agreement.

22. COMMITMENTS

As at March 31, 2022, the Company has a commitment to spend a total of $2,858,389 of flow-through funds on eligible exploration expenses, related to the private placement completed in May 2021 (note 15).

In the first quarter of 2022, the Company locked into forward sales on a delivery basis for a total of 2,665 ounces of its production for the second quarter of 2022. The gold price for the orders was locked in at an average of $2,358 per ounce with delivery in the second quarter of 2022.

As at March 31, 2022, the Company has a commitment to deliver a total of 1,514 ounces of gold in 6 monthly deliveries to Auramet in relation to a gold prepayment agreement (note 12). Subsequent to period end, the Company and Auramet mutually agreed to defer the April 2022 monthly delivery of 253 ounces to May 16, 2022.

The Company has royalty obligations on its various mineral properties as follows:

- A net smelter return (“NSR”) of 3% is payable to a third-party on gold sold from the Stog’er Tight Property.
- A $3,000,000 capped NSR on 4 mineral exploration licenses in the Point Rousse Project, which forms part of the Argyle property, is calculated at 3% when the average price of gold is less than US$2,000 per ounce for the calendar quarter and is 4% when the average price of gold is more than US$2,000 per ounce for the calendar quarter.
- A $3,000,000 capped NSR of 3% on a property that forms part of the Argyle Property. Once the aggregate limit has been met and 200,000 ounces of gold has been sold from the property, the NSR decreases to 1%.
- A net profits interest (“NPI”) agreement over the Point Rousse Mining Leases with Royal Gold Inc. whereby the Company is required to pay Royal Gold Inc. 7.5% of net profits, calculated as the gross receipts generated from the claims less all cumulative development and operating expenses. At March 31, 2022, the Company has determined it has approximately $18 million in expenditures deductible against future receipts.

The Company also has royalties payable to various vendors of mineral leases located outside the currently anticipated mining areas.