



TROILUS

TROILUS GOLD CORP.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

For the three and six months ended
January 31, 2023 and 2022

(expressed in Canadian dollars)

TROILUS GOLD CORP.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

TROILUS GOLD CORP.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian dollars)**

As at		January 31, 2023	July 31, 2022
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,585,215	\$ 9,498,921
Tax credit receivable	13	15,236,625	12,363,000
Amounts receivable		986,503	780,176
Investments	5	41,012,365	488,292
Prepaid expenses		870,495	852,287
Total current assets		59,691,203	23,982,676
Reclamation deposits	6	844,595	844,595
Property and equipment	7	5,646,295	5,893,541
TOTAL ASSETS		\$ 66,182,093	\$ 30,720,812
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 4,436,549	\$ 8,199,947
Current portion of lease liabilities	8	668,222	702,591
Current portion of reclamation provision	6	210,389	144,862
Total current liabilities		5,315,160	9,047,400
Long-term portion of lease liabilities	8	521,920	554,219
Reclamation provision	6	2,943,567	3,189,580
Total liabilities		8,780,647	12,791,199
SHAREHOLDERS' EQUITY			
Share capital	9	183,429,887	169,479,704
Share purchase warrant reserve	10	6,597,944	6,597,944
Share-based payment reserve	11	9,059,112	8,988,801
Accumulated deficit		(141,685,497)	(167,136,836)
Total shareholders' equity		57,401,446	17,929,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 66,182,093	\$ 30,720,812
Nature of operations	1		
Commitments and contingencies	19		
Approved on behalf of the Board of Directors:			
<i>"Tom Olesinski"</i>		<i>"Justin Reid"</i>	
Director		Director	

-- See accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Three months ended January 31,		Six months ended January 31,	
		2023	2022	2023	2022
Expenses					
Exploration and evaluation expenses	13	\$ 3,829,901	\$ 9,053,396	\$ 10,757,261	\$ 16,508,690
Reclamation estimate	6	120,677	16,123	(166,434)	(97,027)
General and administrative expenses	14	2,273,684	1,825,359	3,663,084	3,459,116
Share-based payments	11	2,246,519	2,091,640	4,331,984	3,477,499
Total expenses before other items		(8,470,781)	(12,986,518)	(18,585,895)	(23,348,278)
Other income/(expenses)					
Interest income		41,867	41,989	119,796	107,924
Interest on lease liabilities	8	(36,321)	(33,126)	(69,520)	(64,698)
Flow-through share premium		-	2,018,378	-	3,996,230
Accretion of reclamation provision	6	(22,007)	(18,697)	(49,683)	(36,854)
Sale of mineral claims	5, 13	39,647,299	-	39,647,299	0
Other gains and (losses)	15	4,278,220	(75,763)	4,180,063	(133,923)
Net income/(loss) and comprehensive income/(loss) for the period		\$ 35,438,277	\$ (11,053,737)	\$ 25,242,060	\$ (19,479,599)
Net income/(loss) per share					
Basic		\$ 0.16	\$ (0.06)	\$ 0.12	\$ (0.10)
Diluted		\$ 0.15	\$ (0.06)	\$ 0.11	\$ (0.10)
Weighted average common shares outstanding					
Basic	16	221,068,652	197,124,110	212,243,875	196,698,399
Diluted	16	233,244,880	197,124,110	224,420,103	196,698,399

TROILUS GOLD CORP.**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)**

	Notes	Six months ended January 31,	
		2023	2022
CASH FLOWS FROM:			
Operating activities			
Net income/(loss) for the period		\$ 25,242,060	\$ (19,479,599)
Items not involving cash			
Share-based payments	11	4,331,984	3,477,499
Depreciation	7	773,837	670,289
Value of shares received on sale of mineral claims	5, 13	(40,000,000)	-
Value of shares received for option agreements	13	-	(102,500)
Flow-through share premium		-	(3,996,230)
Reclamation estimate adjustment	6	(166,434)	(97,027)
Reclamation costs incurred	6	(63,735)	(55,461)
Other (gains) and losses	15	(4,234,659)	46,411
Accretion of reclamation estimate	6	49,683	36,854
		<u>(14,067,264)</u>	<u>(19,499,764)</u>
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		(224,535)	8,529
Tax credit receivable		(2,873,625)	(490,743)
Accounts payable and accrued liabilities		(3,763,396)	(2,488,404)
		<u>(6,861,556)</u>	<u>(2,970,618)</u>
Cash flows used in operating activities		<u>(20,928,820)</u>	<u>(22,470,382)</u>
Financing activities			
Financing proceeds	9	10,000,000	-
Share issue costs	9	(102,211)	(111,500)
Exercise of warrants		-	221,142
Lease payments	8	(411,788)	(267,925)
Cash flows provided by/(used in) financing activities		<u>9,486,001</u>	<u>(158,283)</u>
Investing activities			
Property and equipment	7	(93,931)	(441,244)
Acquisition of investment	5	(300,000)	-
Proceeds from sale of investment	5	3,923,044	-
Cash flows provided by/(used) in investing activities		<u>3,529,113</u>	<u>(441,244)</u>
Net change in cash and cash equivalents		<u>(7,913,706)</u>	<u>(23,069,909)</u>
Cash and cash equivalents, beginning of the period		<u>9,498,921</u>	<u>53,460,390</u>
Cash and cash equivalents, end of the period		<u>\$ 1,585,215</u>	<u>\$ 30,390,481</u>
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		\$ 1,505,215	\$ 15,310,481
Cash equivalents		80,000	15,080,000
		<u>\$ 1,585,215</u>	<u>\$ 30,390,481</u>
SUPPLEMENTARY INFORMATION			
Equipment purchased through leases	7, 8	\$ 435,212	\$ 230,393

TROILUS GOLD CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Share purchase warrant reserve	Share-based payment reserve	Accumulated Deficit	Total Shareholders' equity
Balance as at July 31, 2022		199,986,685	\$ 169,479,704	\$ 6,597,944	\$ 8,988,801	\$ (167,136,836)	\$ 17,929,613
Private placement	9	20,408,163	10,000,000	-	-	-	10,000,000
Cost of issue	9	-	(102,211)	-	-	-	(102,211)
Share-based payments	11	6,242,929	4,052,394	-	(4,052,394)	-	-
Value of share-based compensation	11	-	-	-	4,331,984	-	4,331,984
Allocation of value on expiry of options	11	-	-	-	(209,279)	209,279	-
Net income for the period		-	-	-	-	25,242,060	25,242,060
Balance as at January 31, 2023		226,637,777	\$ 183,429,887	\$ 6,597,944	\$ 9,059,112	\$ (141,685,497)	\$ 57,401,446
Balance as at July 31, 2021		195,935,173	\$ 166,112,552	\$ 9,892,169	\$ 4,834,969	(133,904,751)	46,934,939
Share-based payments		3,567,825	2,920,016	-	(2,920,016)	-	-
Value of share-based compensation		-	-	-	3,477,499	-	3,477,499
Exercise of warrants		403,180	221,142	-	-	-	221,142
Allocation of value on exercise of warrants		-	234,660	(234,660)	-	-	-
Expiry of warrants		-	-	(11,467)	-	11,467	-
Cost of issue		-	(111,500)	-	-	-	(111,500)
Net loss for the period		-	-	-	-	(19,479,599)	(19,479,599)
Balance as at January 31, 2022		199,906,178	\$ 169,376,870	\$ 9,646,042	\$ 5,392,452	\$ (153,372,883)	\$ 31,042,481

-- See accompanying notes to the consolidated financial statements --

TROILUS GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Troilus Gold Corp. (the “Company”) was continued under the laws of Ontario, Canada. The Company owns a 100% interest in a past-producing gold mine located near Chibougamau, within the Frotêt-Evans Greenstone Belt in Quebec (the “Troilus project”). The Company acquired additional mineral claims adjacent to the Troilus project through various transactions, including the acquisition of UrbanGold Minerals Inc. (“UrbanGold”). Collectively, these properties are referred to as the “Troilus Gold property”. The principal business of the Company is the exploration and future development of the Troilus Gold property. The Company’s head office is located in Montreal at 715 Square Victoria, Suite 705, Montreal, Quebec, H2Y 2H7. The Company’s registered office is located at 36 Lombard Street, 4th Floor, Toronto, Ontario, M5C 2X3. The Company’s shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “TLG” as well as on the OTCQX under the symbol “CHXMF” and on the Frankfurt Stock Exchange under the symbol “CM5R”. All dollar amounts are Canadian dollars unless otherwise noted.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements of the Company for the three and six months ended January 31, 2023 were approved and authorized for issue by the Board of Directors on March 8, 2023.

2. BASIS OF PRESENTATION AND COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Account Standard (“IAS”) 34, “Interim Financial Reporting”. The policies set out in the Company’s annual consolidated financial statements for the year ended July 31, 2022 were consistently applied to all periods presented unless otherwise noted below.

The preparation of condensed interim financial statements in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted.

TROILUS GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND COMPLIANCE (continued)

The COVID-19 global pandemic and developments with the war in the Ukraine have impacted the global economy and financial markets and continue to generate significant uncertainty and volatility. The Company continues to carry on with its exploration activities at site, having implemented various measures to protect its employees, contractors and the communities in which it operates, including screening, physical distancing protocols, isolation protocols, rapid testing and increased cleaning and sanitization. These measures are expected to remain in place for the foreseeable future. The impacts to the Company to date have not been material, and while the Company believes the risk for business interruption remains low, future impacts may result in changes to the timing and nature of the Company's operating plans.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These condensed interim consolidated financial statements do not include any adjustments that may result from the inability to continue as a going concern. Such adjustments could be material.

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Signet Minerals Inc. All significant intercompany transactions and balances have been eliminated upon consolidation.

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted.

TROILUS GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, on a prospective basis. The revision may affect current or both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

Mineral resource estimates

The figures for mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company’s financial position and results of operation.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation of decommissioning and reclamation costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Assumptions and judgements for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield and expected risk-free rate of return. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Leases under IFRS 16

Critical judgements are required in the application of IFRS 16, including identifying whether a contract (or part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Valuation of the refundable mining duties credit and the refundable tax credit for resources

The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.

Contingencies

Refer to Note 19.

TROILUS GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

5. INVESTMENTS

In November 2022, the Company sold 1,824 claims to a subsidiary of Sayona Mining Limited ("Sayona") for consideration of 184,331,797 ordinary shares of Sayona issued at a price of \$0.217 per share for an aggregate value of \$40,000,000. The Company incurred costs of \$352,701 in relation to this transaction resulting in a gain from the sale of mineral claims of \$39,647,299. As at January 31, 2023, the Company sold 20,238,400 of these shares for net proceeds of \$3,923,044 and recognized a loss on sale of investments of \$468,688. At January 31, 2023, the balance of shares was remeasured at a fair market value of \$40,108,692 based on the market price on that date, recording an unrealized gain of \$4,500,425.

Also included in Investments at January 31, 2023 are securities that were acquired through property option agreements and private placement participation. During the three and six months ended January 31, 2023, the Company acquired 3,000,000 units, each unit comprising one common share and one-half warrant, of a publicly traded company for consideration of \$300,000. Each warrant is exercisable at a price of \$0.25 until December 15, 2024. The fair market value of the warrants on acquisition was estimated using the Black-Scholes option model with the following assumptions:

	Share price	Strike price	risk-free rate	volatility	time to expiry (yrs)
At acquisition	\$ 0.09	\$ 0.25	3.68%	99%	2.00

The Company's investments, including shares and warrants, were initially measured at Fair Value through Profit and Loss ("FVPL") on the date of the acquisition and were remeasured and recorded at a value of \$903,673 at January 31, 2023, which is the estimated fair market value based on the market price on that date for publicly-traded securities, or based on other valuation techniques for private companies and warrants. An unrealized gain of \$202,846 and \$115,381 was recorded for the three and six months ended January 31, 2023 respectively with respect to these securities (three and six months ended January 31, 2022: loss of \$12,927 and \$42,309 respectively).

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(Expressed in Canadian dollars)

6. RECLAMATION DEPOSITS AND PROVISION

Deposits:

The Company entered into a bonding facility with an insurance company in order to secure a reclamation deposit of \$3,972,976 with the government of Quebec. The reclamation deposit served as security against current and future estimated reclamation obligations at the Troilus site from historical mining activity. To purchase this insurance, the Company deposited \$794,595 into a Guaranteed Investment Certificate secured by a Letter of Credit and pays an annual fee of 2.5% of the insured amount.

The Company has also provided a \$50,000 deposit as security against current and future estimated reclamation obligations on the landfill site on the Troilus Gold property.

Provision:

The Company recognized a provision for future estimated reclamation and water treatment costs of the former Troilus mine. As at January 31, 2023, the estimated future liability of approximately \$3,440,000 (July 31, 2022: \$3,490,000), was adjusted for inflation at an average rate of 2.00% (July 31, 2022: 1.90%), discounted at a rate of 2.98% (July 31, 2022: 2.77%) and recorded as \$3,153,956, \$210,389 as a current liability and \$2,943,567 as a long-term liability (July 31, 2022: \$3,334,442, \$144,862 as a current liability and \$3,189,580 as a long-term liability). This estimate assumes that future mining operations would never resume. As the Company continues its exploration program, works towards a future mining scenario, and carries out reclamation work, the underlying assumptions to the reclamation provision will be adjusted accordingly. As a result of this remeasurement, for the three and six months ended January 31, 2023, a charge of \$120,677 and a credit of \$166,434 respectively were recorded as an adjustment to the reclamation estimate on the consolidated statements of operations (three and six months ended January 31, 2022: a charge of \$16,123 and a credit of \$97,027 respectively). Accretion of \$22,007 and \$49,683 was recognized for the three and six months ended January 31, 2023 respectively on the consolidated statements of operations (three and six months ended January 31, 2022: \$18,697 and \$36,854 respectively).

Balance as at July 31, 2022	\$	3,334,442
Accretion of discount		49,683
Adjustments resulting from remeasurement		(166,434)
Incurred costs applied against liability		(63,735)
Balance as at January 31, 2023	\$	3,153,956
Current portion of liability	\$	210,389
Long-term portion of liability		2,943,567
	\$	3,153,956

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	<u>Computer and office equipment</u>	<u>Leaseholds, improvements and furniture</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Exploration Camp</u>	<u>TOTAL</u>
<i>Cost</i>						
Balance, July 31, 2022	\$ 181,432	\$ 1,745,086	\$ 1,100,804	\$ 1,123,634	\$ 5,353,939	\$ 9,504,895
Additions	-	257,063	110,102	81,875	80,103	529,143
Disposals	-	-	(324,000)	-	-	(324,000)
Balance, January 31, 2023	\$ 181,432	\$ 2,002,149	\$ 886,906	\$ 1,205,509	\$ 5,434,042	\$ 9,710,038
<i>Depreciation</i>						
Balance, July 31, 2022	\$ (129,428)	\$ (1,018,249)	\$ (605,736)	\$ (212,866)	\$ (1,645,075)	\$ (3,611,354)
Expense for the period	(19,456)	(210,003)	(206,534)	(63,731)	(274,113)	(773,837)
Disposals	-	-	321,448	-	-	321,448
Balance, January 31, 2023	\$ (148,884)	\$ (1,228,252)	\$ (490,822)	\$ (276,597)	\$ (1,919,188)	\$ (4,063,743)
Net book value, July 31, 2022	\$ 52,004	\$ 726,837	\$ 495,068	\$ 910,768	\$ 3,708,864	\$ 5,893,541
Net book value, January 31, 2023	\$ 32,548	\$ 773,897	\$ 396,084	\$ 928,912	\$ 3,514,854	\$ 5,646,295

An amount of \$384,285 and \$773,837 was expensed in depreciation for the three and six months ended January 31, 2023, where \$300,168 and \$605,603 was recorded as exploration and evaluation expenses and \$84,117 and \$168,234 was recorded as general and administrative expenses (three and six months ended January 31, 2022: \$348,980 and \$670,289 respectively, where \$272,503 and \$533,360 was allocated to exploration and evaluation expenses and \$76,477 and \$136,929 was allocated to general and administrative expenses).

The Company recognized \$184,408 and \$435,212 in assets acquired through leases (Note 8) during the three and six months ended January 31, 2023 respectively (three and six months ended January 31, 2022: \$42,109 and \$230,393). The Company acquired a new vehicle on lease, some equipment, and renegotiated its site office lease during the six months ended January 31, 2023. The termination of the former site office lease was recognized as a disposal. As well, the Company traded in vehicles on lease, resulting in a gain on disposal of \$67,570 and \$87,541 for the three and six months ended January 31, 2023 respectively. During the comparative three and six months ended January 31, 2022, the Company traded in equipment applying \$6,000 against the lease of a newer model, resulting in a loss on disposal of \$nil and \$4,102 respectively.

TROILUS GOLD CORP.

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8. LEASE LIABILITIES

Balance as at July 31, 2022	\$	1,256,810
Assets acquired from leases and financing arrangements		435,212
Lease extinguishment		(90,092)
Payments made during the period		(411,788)
Balance as at January 31, 2023	\$	1,190,142
Current portion of lease liabilities	\$	668,222
Long-term portion of lease liabilities		521,920
	\$	1,190,142

During the six months ended January 31, 2023, the Company's lease additions included the renegotiated site office lease with an assessed term of 4 years, some short-term equipment as well as a vehicle lease with a term of 3 years. The Company's other right-of-use leases include office leases and leases for certain infrastructure and vehicles, with terms of up to 1.9 years. Interest expense recognized on these leases for the three and six months ended January 31, 2023 was \$36,321 and \$69,520 respectively (three and six months ended January 31, 2022: \$33,126 and \$64,698).

During the three and six months ended January 31, 2023, the Company incurred \$290,480 and \$559,814 respectively for short-term rental equipment (three and six months ended January 31, 2022: \$279,669 and \$597,930 respectively which was recorded in exploration and evaluation expenses on the consolidated statement of operations).

9. SHARE CAPITAL

	No. of Shares	Balance
Balance as at July 31, 2022	199,986,685	\$ 169,479,704
Private placement	20,408,163	10,000,000
Cost of issue	-	(102,211)
Share-based payments (Note 11)	6,242,929	4,052,394
Balance as at January 31, 2023	226,637,777	\$ 183,429,887

On October 3, 2022, the Company completed the first tranche of a non-brokered private placement for 10,525,000 common shares of the Company at a price of \$0.49 per share for gross proceeds of \$5,157,250. On November 16, 2022 completed a second tranche of the private placement issuing 9,983,163 common shares of the Company at a price of \$0.49 for gross proceeds of \$4,842,750. The Company paid legal and listing fees associated with this private placement of \$102,211.

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10. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants	Weighted Average Exercise Price	Value
Balance as at July 31, 2021	37,534,557	\$1.43	\$ 9,892,169
Exercised	(483,687)	\$0.57	(283,894)
Expired unexercised	(12,092,346)	\$1.50	(3,010,331)
Balance as at July 31, 2022 and January 31, 2023	24,958,524	\$1.41	\$ 6,597,944

The following table summarizes the warrants outstanding as at January 31, 2023:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Value (\$)	Weighted Average Remaining Contractual Life (years)	Assumptions				
						Share price	Expected Dividend Yield	Expected Volatility	Risk-free Interest rate	Expected Average Life (years)
\$0.67	June 3, 2023	2,177,599	2,177,599	1,331,700	0.34	\$1.13	0%	67.66%	0.32%	2.04
\$1.50	June 30, 2023	16,461,080	16,461,080	3,561,672	0.41	\$0.98	0%	67.36%	0.45%	2.00
\$1.50	July 15, 2023	5,068,180	5,068,180	1,164,606	0.45	\$0.98	0%	67.36%	0.44%	2.00
\$1.20	September 10, 2023	1,251,666	1,251,666	539,966	0.61	\$1.13	0%	68.40%	0.32%	2.32
		24,958,524	24,958,524	\$6,597,944	0.42					

11. SHARE-BASED PAYMENT RESERVE

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants of the Company options to purchase shares of the Company. Options granted under the plan will be for a term not to exceed five years.

The Company's Incentive Share Unit Plan ("ISU Plan") authorizes the grant of restricted Share Units ("RSU's") under the plan to directors, officers and employees or Deferred Share Units ("DSU's") under the plan to directors alone. A vested RSU represents the right to receive one common share of the Company. A vested DSU represents the right to receive one common share of the Company upon the date the participant director ceases to be a director of the Company. All Share Units, that is RSU's and DSU's, shall be settled through the issuance of common shares from treasury by the Company, and as such, the value of outstanding RSU's and DSU's is included in share-based payment reserve within equity. As at January 31, 2023, no DSU's have been granted.

The number of common shares reserved for issuance pursuant to the stock-option plan and the ISU Plan and all other security-based compensation arrangements shall, in aggregate, not exceed 10% of the Company's issued and outstanding capital.

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11. SHARE-BASED PAYMENT RESERVE (continued)

	Stock option Value	RSU Value	TOTAL
Balance as at July 31, 2022	\$ 209,279	\$ 8,779,522	\$ 8,988,801
RSU expense accrued	-	4,331,984	4,331,984
Value of RSUs vested and settled	-	(4,052,394)	(4,052,394)
Expiry of options	(209,279)	-	(209,279)
Balance as at January 31, 2023	\$ -	\$ 9,059,112	\$ 9,059,112

The Company does not intend to issue any new stock options under the Company's stock option plan in favour of granting RSU's and DSU's.

Outstanding RSU's:

	Number of RSU's
Balance as at July 31, 2022	14,276,657
Granted	7,150,000
Vested, settled in common shares	(6,242,929)
Forfeited	(660,000)
Balance as at January 31, 2023	14,523,728

During the three and six months ended January 31, 2023, the Company granted 7,090,000 and 7,150,000 RSU's respectively to employees of the Company, vesting in tranches over a period of three years. The weighted average fair value of these RSU's was estimated to be \$0.51 per unit based on the quoted market price of the Company's shares on the date of grant.

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12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities were classified as follows:

	Assets at amortized cost	Assets at fair value through profit or loss	Liabilities at amortized cost	Total
As at January 31, 2023				
Cash and cash equivalents	\$ 1,505,215	\$ 80,000	\$ -	\$ 1,585,215
Amounts receivable	283,866	-	-	283,866
Investments	-	41,012,365	-	41,012,365
Reclamation deposit	50,000	794,595	-	844,595
Accounts payable and accrued liabilities	-	-	4,436,549	4,436,549
Lease liabilities	-	-	1,190,142	1,190,142

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments. The carrying value of investments is recorded at an estimated fair value based on a valuation technique using both observable and unobservable inputs. The carrying value of reclamation deposit approximates fair value as it is represented by a GIC. Management believes the carrying value of lease liabilities approximates fair value.

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at January 31, 2023:

	Level 1	Level 2	Level 3	TOTAL
As at January 31, 2023				
Cash equivalents	\$ 80,000	-	\$ -	\$ 80,000
Investments	40,705,910	-	306,455	41,012,365
Reclamation deposit	794,595	-	-	794,595

Some of the Company's investments are not publicly traded. Other valuation factors were used to estimate the fair value at January 31, 2023, such as recent financings of the publicly traded entity. The fair value of warrants was estimated using the Black-Scholes option pricing model.

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12. FINANCIAL INSTRUMENTS (continued)

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the six months ended January 31, 2023 and 2022.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, and reclamation deposit. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable primarily represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at January 31, 2023, the Company had current assets of \$59,691,203 (July 31, 2022: \$23,982,676) to settle current liabilities of \$5,315,160 (July 31, 2022: \$9,047,400). Approximately \$3,800,000 of the Company's financial liabilities as at January 31, 2023 have contractual maturities of less than 30 days and are subject to normal trade terms.

Liability	Total	Payments due by period			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 4,436,549	\$ 4,436,549	\$ -	\$ -	\$ -
Lease liabilities	1,190,142	668,222	469,093	52,827	-
Reclamation provision	3,153,956	210,389	437,225	422,340	2,084,002

Market risk - Price risk and currency risk

A large portion of the Company's current assets consist of shares acquired from the sale of mineral claims (Note 5), which the Company intends to sell to fund operations. The Company is exposed to price risk as unfavourable market conditions could result in disposition of investments at less than favourable prices. As well, the shares are denominated in Australian dollars, which subjects the Company to foreign currency risk.

Based on the investments held at January 31, 2023, a change in the fair value of investments by 5%, all other factors held constant, could result in a corresponding change in net income of approximately \$8,400,000. A 2% change in the foreign exchange rate between the Australian and Canadian dollars could result in a corresponding change in net income of approximately \$850,000.

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13. EXPLORATION AND EVALUATION EXPENSES

The Company owns the Troilus Gold property, consisting of mineral claims and a past-producing mine property located near Chibougamau, within the Frotêt-Evans Greenstone Belt in Quebec, Canada. During the last two years, the Company acquired various claims extending its land package, including the Bullseye and Pallador claims acquired through the acquisition of UrbanGold. The Bullseye claims comprise a 50-50 joint arrangement with a third party, accounted for as a joint operation. As a result, the Company recognizes its proportionate share of any expenses related to this joint arrangement.

Of the claims initially acquired from First Quantum Minerals Inc. ("First Quantum"), a royalty of 1% remains on these claims, held by Sandstorm Gold Royalties.

In November 2022, the company sold 1,824 claims, representing 985 square kilometres to a subsidiary of Sayona for 184,331,797 ordinary shares of Sayona. The shares were valued at \$40,000,000, with costs of \$352,701 incurred related to the transaction, resulting in a gain on the sale of mineral claims of \$39,647,299. As well, the Company was granted a 2% net smelter returns royalty on all the mineral products from the transferred claims. The transferred claims do not include any of the claims on which the Company has a current National Instrument 43-101 gold and copper resource estimate, nor do the transferred claims include ground where the majority of the recent exploration activities were undertaken by the Company.

As of the date of this report, the Company is subject to the following underlying royalties:

The claims acquired from Emgold in December 2018 are subject to underlying NSR royalties of 1% to Emgold, that the Company has the right to repurchase for \$1,000,000. The claims acquired from O3 in November 2019 are subject to royalties of 2% NSR to O3, half of which can be repurchased for \$1,000,000, and 2% NSR to an individual, half of which can be repurchased for \$1,000,000. The claims acquired from O3 in April 2020 are subject to royalties of 2% NSR to O3, of which half can be repurchased at any time for \$1,000,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona. Certain of the O3 claims acquired in April 2020 are subject to underlying royalties of 2% to Vale S.A. One-half of the royalty to Vale S.A. can be repurchased. The claims acquired from Globex Mining Enterprises Inc. ("Globex") are subject to a 2% Gross Metal Sales royalty ("GMR") to Globex, of which half can be repurchased at any time for \$1,000,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona. The claims acquired from Canadian Mining House ("CMH") are subject to a 1% NSR, of which half can be repurchased for \$500,000 and half can be repurchased for \$1,500,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona.

As well, the Company is subject to royalties on certain of the claims acquired through the UrbanGold acquisition, including a 2% NSR to O3 on certain Bullseye claims, of which half can be purchased at any time for \$500,000; a 1% NSR to Soquem on 71 Pallador claims, of which half can be purchased at any time for \$500,000 subject to the terms of the Buy Back agreement entered into between the Company and Sayona; and a 1% NSR to Geotest Corporation and Wayne Holmstead (0.5% each) on 55 Pallador claims.

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13. EXPLORATION AND EVALUATION EXPENSES (continued)

	Three months ended		Six months ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Exploration and evaluation expenses:				
Drilling, assaying and geology	\$ 2,659,771	\$ 4,551,976	\$ 9,100,901	\$ 9,828,242
Salaries, payroll costs and consultants	2,379,606	2,417,268	4,396,604	4,067,239
Site and camp costs	603,532	615,063	1,303,746	1,281,926
Support and other costs	184,434	191,546	329,544	322,751
Studies	460,122	585,788	1,245,534	1,175,546
Government and community relations	30,312	61,689	102,544	78,515
Travel	202,081	144,063	412,983	288,675
Depreciation	300,168	272,503	605,603	533,360
Property acquisition	-	(102,500)	-	(102,500)
Tax credits	(2,990,125)	316,000	(6,740,198)	(965,064)
	\$ 3,829,901	\$ 9,053,396	\$ 10,757,261	\$ 16,508,690

The Company has recorded \$2,990,125 and \$6,740,198 in expected tax credits against exploration activity for the three and six months ended January 31, 2023 respectively (three and six months ended January 31, 2022: an adjustment of \$316,000 and \$965,064 respectively). As at January 31, 2023, the Company is carrying a tax credit receivable balance of \$15,236,625 (July 31, 2022: \$12,363,000) having received \$3,866,573 during the six months ended January 31, 2023.

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended	
	January 31,	
	2023	2022
General and administrative expenses :		
Salaries, payroll costs and consultants	\$ 1,976,921	\$ 1,771,697
Professional costs	277,168	208,963
Shareholder communications	807,357	823,813
Office and general	305,438	296,416
Travel	127,966	221,298
Depreciation	168,234	136,929
	\$ 3,663,084	\$ 3,459,116

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15. OTHER GAINS AND (LOSSES)

	Three months ended		Six months ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Other expenses:				
Fee for reclamation bond	\$ (26,301)	\$ (28,603)	\$ (52,634)	\$ (52,958)
Gain/(loss) on disposal of assets (Note 7)	67,570	-	87,541	(4,102)
Unrealized gain/(loss) on investments held (Note 5)	4,703,271	(12,927)	4,615,806	(42,309)
Realized loss on sale of investments (Note 5)	(468,688)	-	(468,688)	-
Miscellaneous	2,368	(34,233)	(1,962)	(34,554)
	<u>\$ 4,278,220</u>	<u>\$ (75,763)</u>	<u>\$ 4,180,063</u>	<u>\$ (133,923)</u>

16. NET INCOME/(LOSS) PER SHARE

For the three and six months ended January 31, 2023, the diluted net income per share was calculated using the basic weighted average number of shares outstanding adjusted by the potential dilutive instruments of each warrant where the exercise price was lower than the average market price of the Company's shares, as well as each RSU for which there were no conditions of vesting. Warrants and RSUs were anti-dilutive during the comparative three and six months ended January 31, 2022.

	Three months ended		Six months ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Weighted average number of shares outstanding, basic	221,068,652	197,124,110	212,243,875	196,698,399
potentially dilutive warrants	-	-	-	-
potentially dilutive RSUs	12,176,228	-	12,176,228	-
Weighted average number of shares outstanding, diluted	<u>233,244,880</u>	<u>197,124,110</u>	<u>224,420,103</u>	<u>196,698,399</u>

17. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of its mineral properties. The capital of the Company consists of share capital, share purchase warrants, RSU's and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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17. CAPITAL MANAGEMENT (continued)

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the six months ended January 31, 2023 and 2022.

18. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances and transactions

During the three and six months ended January 31, 2023, the Company paid \$20,940 and \$41,116 respectively (three and six months ended January 31, 2022: \$19,793 and \$45,447) to a private company from which it rents its office space in Chibougamau. The Company's VP of Operations, Mr. Daniel Bergeron, owns 50% of this private company.

During the three and six months ended January 31, 2023, the Company received \$10,000 and \$10,000 respectively in fees related to shared office space from Lithium Ionic Corp. The Company's President, Mr. Blake Hylands, is an officer and director of Lithium Ionic Corp. One of the Company's directors, Mr. Tom Olesinski, is an officer of Lithium Ionic Corp.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
Management salaries and fees	\$ 1,236,406	\$ 1,369,340	\$ 1,708,886	\$ 2,050,349
Directors fees	89,865	88,333	179,731	180,833
Share-based payments	2,091,076	1,693,210	3,871,043	2,821,288
	<u>\$ 3,417,347</u>	<u>\$ 3,150,883</u>	<u>\$ 5,759,660</u>	<u>\$ 5,052,470</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

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19. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. As at the date of this report, these contracts contain minimum commitments of approximately \$2,080,000 and additional contingent payments of approximately \$5,000,000 upon the occurrence of a change of control. As well, the Company currently has 14,523,728 RSU's outstanding to directors, officers and employees of the Company which will vest as follows:

<u>Vesting Date</u>	<u>Number of RSU's</u>
August 4, 2023	6,365,000
January 15, 2024	3,327,902
October 3, 2024	2,467,500
January 15, 2025	2,363,326
	<u>14,523,728</u>

Upon a change of control, unvested RSU's would vest immediately. As a triggering effect for a change of control has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is obligated to make lease payments over the next 3 years. See Notes 8 and 12.

Underlying royalties on the Troilus Gold property are described in Note 13.

The Company has met all of its expenditure commitments with respect to past flow-through financings. In connection with the flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.