VICTORIA GOLD CORP
TSX | VGCX

Consolidated Financial Statements

As at and for the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of
Victoria Gold Corporation

Opinion

We have audited the consolidated financial statements of **Victoria Gold Corporation** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2021, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements section* of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of in-process inventory

Key audit matter	How our audit addressed the key audit matter
The Group's in-process inventory balance amounted to $115.4 million as at December 31, 2021. In-process inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process which determines the costs that are allocated to the in-process inventories. This matter has been considered a key audit matter due to the significant judgement involved in evaluating management's in-process inventory valuation model, specifically the assumption with respect to the amount of gold-bearing materials in the recovery process. Refer to notes 3(t)(i) and 4 in the consolidated financial statements for the Group's disclosures related to in-process inventory.	To test the Group's valuation of in-process inventory, we performed the following substantive procedures, among others: ► Evaluated the appropriateness of management's model and recalculated the mathematical accuracy thereof. ► Evaluated the work of management's expert who estimated the amount of gold-bearing materials in the recovery process by performing a retrospective analysis and comparing to actual gold recovered throughout the year as well as assay results used in the estimation process. ► We involved our internal mining specialists to assess the appropriateness of the methodology applied by management's expert and the resulting estimate of the amount of gold-bearing materials in the recovery process. ► We assessed management expert's objectivity, professional qualifications, experience, and their use of accepted industry practices.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 23, 2021.

Other information

Management is responsible for the other information. The other information is comprised of Management's Discussion and Analysis for the year ended December 31, 2021.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
March 24, 2022

(signed) "Marty Rendall"
CFO
March 24, 2022

Victoria Gold Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)	*Notes*	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		**$ 31,250,867**	$ 56,136,314
Marketable securities and warrants		**10,670,011**	4,373,319
GST and other receivables	*5*	**956,104**	3,150,503
Inventory	*6*	**137,752,028**	86,697,598
Current portion of derivative instruments	*12*	**70,345**	-
Prepaid expenses		**6,737,332**	2,606,596
		187,436,687	152,964,330
Non-current assets			
Restricted cash	*7*	**519,761**	3,153,196
Deferred taxes	*26*	**27,676,840**	-
Exploration and evaluation assets	*7*	**49,353,477**	41,026,042
Property, plant and equipment	*8*	**626,400,098**	579,617,049
Total assets		**$ 891,386,863**	$ 776,760,617
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*9*	**$ 60,487,577**	$ 52,057,162
Income and mining taxes payable	*26*	**8,056,570**	-
Current portion of lease liability	*10*	**382,130**	751,785
Current portion of derivative instruments	*12*	**-**	19,736,634
Current portion of long-term debt	*11*	**55,702,552**	55,048,331
		124,628,829	127,593,912
Non-current liabilities			
Deferred taxes	*26*	**62,507,626**	9,350,000
Lease liability	*10*	**1,005,818**	1,381,613
Derivative instruments	*12*	**18,873,989**	28,494,371
Long-term debt	*11*	**151,250,785**	209,660,142
Asset retirement obligations ("ARO")	*13*	**39,988,179**	28,213,316
Total liabilities		**398,255,226**	404,693,354
Shareholders' Equity			
Share capital	*15*	**401,217,210**	395,740,554
Contributed surplus		**24,471,505**	22,873,438
Accumulated other comprehensive loss		**(1,996,992)**	(2,017,697)
Retained earnings (deficit)		**59,753,479**	(50,961,993)
Equity attributable to Victoria Gold shareholders		**483,445,202**	365,634,302
Non-controlling interest	*7*	**9,686,435**	6,432,961
Total equity		**493,131,637**	372,067,263
Total liabilities and shareholders' equity		**$ 891,386,863**	$ 776,760,617

See accompanying notes to the consolidated financial statements.

Authorized for issue by the Board of Directors on March 24th, 2022 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Consolidated Statements of Income and Comprehensive Income

(Expressed in Canadian Dollars)	*Notes*	For the years ended December 31, 2021	For the years ended December 31, 2020
Revenue		**$ 356,453,633**	$ 178,747,827
Cost of goods sold	*18*	**145,529,073**	75,304,328
Depreciation and depletion		**59,951,213**	27,128,291
Gross profit		**150,973,347**	76,315,208
Corporate general and administration	*19*	**8,398,622**	9,389,637
Operating earnings		**142,574,725**	66,925,571
Finance income		**44,847**	216,445
Finance costs	*20*	**(13,479,399)**	(13,379,451)
Unrealized gain (loss) on marketable securities		**2,282,842**	2,643,935
Unrealized and realized gain (loss) on derivative instruments	*12*	**12,173,198**	(44,837,302)
Foreign exchange gain (loss)		**232,380**	4,217,047
Other	*23*	**-**	6,721,000
		1,253,868	(44,418,326)
Income (loss) before taxes		**143,828,593**	22,507,245
Current income and mining taxes		**(7,967,779)**	(1,634,488)
Deferred tax (expense) recovery		**(25,492,657)**	(5,980,848)
Net income (loss)		**$ 110,368,157**	$ 14,891,909
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		**38,033**	521,840
Total comprehensive income for the year		**$ 110,406,190**	$ 15,413,749
Total comprehensive income for the year		**$ 110,368,157**	$ 14,891,909
Net income (loss) attributable to:			
Shareholders of the Company		**$ 110,715,472**	$ 15,420,523
Non-controlling interest		**(347,315)**	(528,614)
		$ 110,368,157	$ 14,891,909
Other comprehensive income (loss) attributable to:			
Shareholders of the Company		**$ 20,705**	$ 499,756
Non-controlling interest		**17,328**	22,084
		$ 38,033	$ 521,840
Net income (loss) and comprehensive income (loss) attributable to:			
Shareholders of the Company		**$ 110,736,177**	$ 15,920,279
Non-controlling interest		**(329,987)**	(506,530)
		$ 110,406,190	$ 15,413,749
Earnings (loss) per share	*14*		
Basic		**$ 1.77**	$ 0.25
Diluted		**$ 1.68**	$ 0.23
Weighted average number of shares outstanding	*14*		
Basic		**62,446,317**	60,480,204
Diluted		**65,676,814**	64,294,867

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non-controlling interest	Total equity
Balance at December 31, 2019		57,278,629	$ 359,000,352	$ 24,529,288	$ (2,517,453)	$ (66,382,516)	$ -	$ 314,629,671
Transactions with owners:								
Proceeds from share issue		3,809,072	30,005,369	-	-	-	-	30,005,369
Proceeds from stock options exercised		1,029,339	5,886,253	-	-	-	-	5,886,253
Fair values allocated upon exercise:								
Stock options		-	2,823,036	(2,823,036)	-	-	-	-
Share issuance costs		-	(1,605,304)	-	-	-	-	(1,605,304)
Share-based payments, expensed		-	-	1,152,175	-	-	-	1,152,175
Share-based payments, capitalized		-	-	15,011	-	-	-	15,011
Premium on flow-through shares		-	(369,152)	-	-	-	-	(369,152)
Total transactions with owners:		4,838,411	36,740,202	(1,655,850)	-	-	-	35,084,352
Non-controlling interest							6,939,491	6,939,491
Net loss for the year		-	-	-	-	15,420,523	(528,614)	14,891,909
Other comprehensive income/(loss):								
Currency translation adjustment		-	-	-	499,756	-	22,084	521,840
Balance at December 31, 2020	*15*	62,117,040	$ 395,740,554	$ 22,873,438	$ (2,017,697)	$ (50,961,993)	$ 6,432,961	$ 372,067,263
Balance at December 31, 2020		62,117,040	$ 395,740,554	$ 22,873,438	$ (2,017,697)	$ (50,961,993)	$ 6,432,961	$ 372,067,263
Transactions with owners:								
Proceeds from stock options exercised		**584,167**	**4,409,803**	**-**	**-**	**-**	**-**	**4,409,803**
Fair values allocated upon exercise:								
Stock options		**-**	**1,066,853**	**(1,066,853)**	**-**	**-**	**-**	**-**
Share-based payments, expensed		**-**	**-**	**2,664,920**	**-**	**-**	**-**	**2,664,920**
Total transactions with owners:		**584,167**	**5,476,656**	**1,598,067**	**-**	**-**	**-**	**7,074,723**
Non-controlling interest		**-**	**-**	**-**	**-**	**-**	**3,583,461**	**3,583,461**
Net income (loss) for the year		**-**	**-**	**-**	**-**	**110,715,472**	**(347,315)**	**110,368,157**
Other comprehensive income/(loss):								
Currency translation adjustment		**-**	**-**	**-**	**20,705**	**-**	**17,328**	**38,033**
Balance at December 31, 2021	*15*	**62,701,207**	**$ 401,217,210**	**$ 24,471,505**	**$ (1,996,992)**	**$ 59,753,479**	**$ 9,686,435**	**$ 493,131,637**

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Notes	For the years ended December 31, 2021	December 31, 2020
Operating activities			
Net income for the year		**$ 110,368,157**	$ 14,891,909
Adjustments for:			
Depreciation and depletion		**59,951,213**	27,128,291
Share-based payments	*16*	**2,664,920**	2,633,281
Income and mining taxes		**33,549,227**	6,916,582
Other	*23*	**-**	(6,721,000)
Finance costs		**13,471,986**	13,352,589
Unrealized (gain) loss on marketable securities		**(2,282,842)**	(2,643,935)
Unrealized (gain) loss on derivative instruments	*12*	**(29,427,361)**	22,238,714
Amortization		**107,227**	117,384
Unrealized foreign exchange (gain) loss, net		**(1,153,751)**	(2,644,864)
		187,248,776	75,268,951
Working capital adjustments:			
(Increase) decrease in GST and other receivables		**2,193,538**	2,122,811
(Increase) decrease in inventory		**(51,054,430)**	(4,230,651)
(Increase) decrease in marketable securities		**(4,013,850)**	(858,482)
(Increase) decrease in prepaid expenses and deposits		**(4,025,490)**	(1,458,730)
Increase (decrease) in accounts payables and accrued liabilities		**1,749,418**	41,254,262
		(55,150,814)	36,829,210
Net cash flows from operating activities		**132,097,962**	112,098,161
Investing activities			
Exploration and evaluation assets	*7*	**(8,913,764)**	(5,682,619)
Related party loan		**-**	1,350,950
Restricted cash		**2,740,654**	8,446,958
Purchase of property, plant and equipment		**(89,845,775)**	(74,653,690)
Cash received from prior year sale		**-**	6,721,000
Net cash flows used in investing activities		**(96,018,885)**	(63,817,401)
Financing activities			
Shares issued for cash, net of issuance cost	*15*	**5,062,521**	31,540,613
Exercise of options		**4,409,803**	5,886,253
Interest paid		**(9,275,041)**	(12,015,295)
Credit Facility, net of deferred finance fees	*11*	**3,148,470**	6,831,561
Principal repayment of long-term debt	*11*	**(63,533,574)**	(39,808,740)
Principal repayment of lease liability		**(751,837)**	(731,905)
Net cash flows used in financing activities		**(60,939,658)**	(8,297,513)
Foreign exchange gain (loss) on cash balances		**(24,866)**	(729,062)
Net increase (decrease) in cash and cash equivalents		**(24,885,447)**	39,254,185
Cash and cash equivalents, beginning of the year		**56,136,314**	16,882,129
Cash and cash equivalents, end of the year		**31,250,867**	$ 56,136,314

See accompanying notes to the consolidated financial statements. Supplementary Cash Flow information is provided in Note 22.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Victoria Gold Corp. ("Victoria" or "Company"), a British Columbia company, was incorporated in accordance with the *Business Corporations Act* (British Columbia) on September 21, 1981. The Company's common shares are listed on the Toronto Stock Exchange (TSX).

The Company is engaged in the operation, exploration and acquisition of mineral properties. The Company completed construction of the Eagle Gold Mine in mid 2019 and poured its first gold in September 2019. On July 1, 2020 the Company achieved commercial production at the Eagle Gold Mine. The Company's registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria, its wholly-owned subsidiary, Victoria Gold (Yukon) Corp. and its 54% interest in Lahontan Gold Corp. ("Lahontan").

During the year ended December 31, 2020, the Company dissolved its subsidiary Victoria Resources (U.S.) Inc., (a Nevada corporation).

During the year ended December 31, 2020, the Company sold its Gateway Gold Corp., (a British Columbia corporation) and Gateway Gold (USA) Corp., (a Nevada corporation) subsidiaries (together referred to as "Gateway") as per the transaction details within Note 7.

These consolidated financial statements were approved by the Board of Directors for issue on March 24, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Company are prepared in accordance with IFRS, are presented in Canadian dollars and include the operating results of the Company's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments to fair value.

(c) Consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is acquired by the Company and are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany balances, revenues and expenses and earnings and losses resulting from intercompany transactions are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original business combination plus the non-controlling interests' share of changes in equity since the date of acquisition.

(d) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense or capitalized is adjusted to reflect the actual number of share options that are expected to vest.

(e) Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized through earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property, plant and equipment

Property, plant and equipment (“PPE”) are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of income and comprehensive income. Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for amortization of its PPE at the following annual rates:

Field and Automotive equipment	- straight line over the useful life (ranging 5 to 12 years)
Buildings and structures	- straight line over the useful life (ranging 3 to 12 years)
Leasehold improvements	- straight line over the term of the lease (5 years)
Other assets	- straight line over the useful life (ranging 3 to 4 years)

Assets under construction are capitalized as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not amortized. Amortization commences on the date when the assets are available for use.

Upon commencement of production, mineral property costs are depleted on a unit-of-production basis over the estimated life of the asset to which they relate. The useful life of the mineral property (excluding capitalized stripping costs) is determined with reference to its proven and probable reserves. Capitalized stripping costs are depleted using the unit-of-production method over the estimated proven and probable reserves to which they relate.

Borrowing costs

Interest and financing costs on debt or other liabilities that are directly attributed to the acquisition, construction and development of a qualifying asset are capitalized to the asset. All other borrowing costs are expensed as incurred.

(g) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the income for the year.

Capitalized costs, including certain operating expenses, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are reviewed for impairment at each cash-generating unit ("CGU") level. The Company defines CGU on a property by property basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties within PPE.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial production, or alternatively, sale of the respective areas of interest.

(h) Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company has adopted a policy to (i) allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered and (ii) recognize an income tax provision upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

The allocation of the proceeds is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

(i) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, assets are grouped at the lowest levels for which they are separately identifiable cash flows. An asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately through operating income.

(j) Foreign currencies

Functional and presentation currency

All amounts in these consolidated financial statements are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company is the Canadian Dollar and the functional currency of the significant operating subsidiaries is either the Canadian Dollar or the US Dollar. The functional currency for the Company and its' subsidiaries is determined as the currency of the primary economic environment in which they operate.

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statement of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in income.

Translation from functional to presentational currency

The results and financial position of all of the Company's subsidiaries that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the

rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

- All resulting exchange differences are recognized in other comprehensive income and as a separate component of equity.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at the time of acquisition.

(l) Restricted cash

Restricted cash includes reclamation bonds held by the Government of Yukon and the Nevada Bureau of Land Management in the United States. The cash will be returned to the Company upon successful completion of reclamation at the Company's properties Yukon, Canada and in Nevada, USA.

(m) Asset retirement obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the consolidated financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration are created on an ongoing basis as the site is disturbed during production are provided for at their net present values and accretion is charged against profits as extraction progresses.

(n) Earnings per share

Basic earnings per common share is calculated by dividing the earnings attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted earnings per share is calculated by dividing the earnings attributed to shareholders for the period by the weighted average number of common shares outstanding adjusted to include the effects of dilutive common share equivalents such as stock options and warrants.

(o) Right-of-use asset and Lease liabilities

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use) with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets. For short-term leases and leases of low-value assets, the Company recognizes the lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for PPE, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the consolidated statements of financial position, the Company presents right-of-use assets in the PPE line item and lease liabilities in the lease liability line item.

(p) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (operating segments), and/or by its geographical location (geographical segments), which is subject to risks and rewards that are different from those of other segments. The Company reports separately four operating segments, corporate segment, mineral production and exploration and evaluation in two geographical segments, Canada and the United States.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which consists of review of total assets and net income. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

(q) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial instruments in the following categories:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. Changes in fair values of FVTPL assets are recorded in the consolidated statements of income and comprehensive income in the period in which they arise.

The Company currently has marketable securities classified as FVTPL.

Financial assets at amortized cost

Financial assets classified as amortized cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets, which are not provisionally priced, are comprised of cash, due from related parties, other receivables and interest receivable with fixed or determined cash flows related solely to principal and interest amounts. Financial assets at amortized cost are initially recognized at the amount expected to be received, net of any transaction costs incurred. Subsequently, financial assets are measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost when applicable.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Corporation has opted to measure them at FVTPL. Accounts payable and accrued liabilities and credit facilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method. Transaction costs incurred on the establishment of the debt facilities are recognized as deferred finance charge and transferred as a reduction to debt in proportion to the drawdown of the debt facility. Deferred finance charges classified as a reduction to debt are amortized over the life of the debt facility using the effective interest rate method. When it is determined that it is probable that some or all of the debt facility will not be drawn-down, the related transaction costs are amortized over the remaining debt facility period

Financial liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost. Financial liabilities at FVTPL are initially recognized at fair value with any changes to fair value recognized in the consolidated statements of income and comprehensive income in the period in which they arise.

(r) Derivatives

The Company uses derivative financial instruments to manage exposure to fluctuations in gold prices and may use derivatives to manage exposure to interest rates, foreign currency exchange rates and input costs.

The Company initially recognizes all derivative financial instruments at fair value and on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are classified as current or non-current based on contractual maturity.

(s) Inventory

Inventory classifications include "stockpiled ore," "in-process inventory," "finished goods inventory" and "materials and supplies." The stated value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for corporate offices are not included in any inventories.

Stockpiled ore represents unprocessed ore that has been extracted from the mine and is stored for future processing. Stockpiled ore and recoverable gold ounces therein is measured by estimating the number of ore tonnes (via truck counts or by physical surveys) added to, or removed from the stockpile, the number of contained gold ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation and depletion) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

In-process inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process. The in-process inventory is valued at the average of the beginning inventory and the cost of material fed into the processing stream plus in-process conversion costs including applicable mine-site overheads, depreciation and depletion related to the processing facilities.

Finished goods inventory is saleable gold in the form of doré bars that have been poured and have been or are ready to be, shipped to the refiner. Included in the costs are the direct costs of the mining and processing operations as well as direct mine-site overheads, depreciation and depletion.

Materials and supplies inventories consist primarily of equipment parts and other consumables required in the mining and ore processing activities.

All inventories are valued at the lower of average cost or net realizable value.

(t) Revenue recognition

Revenue is generated from the sale of refined gold and silver. The Company produces doré bars which contain both gold and silver. These products are further processed to produce refined metals for sale. Revenue from refined sales are recognized net of treatment and refining charges. The Company's performance obligations relate primarily to the delivery of mine production in refined form to its customers.

Revenue is recognized when control is transferred to the customer. Control is achieved when a product is delivered to the customer, the customer has full discretion over the product and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Control over the refined gold or silver is transferred to the customer and revenue is recognized upon delivery to the customer.

Sales of refined gold are recorded on the date of delivery to the customer's bullion account with payment typically received on the same day. Sales of silver are recorded on the date of sale.

Prior to achieving commercial production, income from precious metal sales were included in mineral properties.

(u) Mineral properties

Development costs recorded at the Eagle Gold Mine are capitalized to mineral property within property, plant and equipment. Mineral property assets, including property acquisition, mine-site development, commissioning that will only be processed at the end of the mine life and certain waste stripping that provide a future benefit, are recorded at cost.

Mineral properties are depleted over the life of the proven and probable reserves to which they relate, using a units-of-production method. At the open pit mine, the costs of removing overburden in order to expose ore during its initial development period are capitalized.

Mineral properties include stripping costs. Stripping costs are the costs incurred to remove mine waste materials to gain access to mineral ore deposits during production. Stripping costs incurred during the development of a mine are capitalized to mineral properties. Stripping costs incurred subsequent to commencement of commercial production are variable production costs that are included in the cost of inventory produced during the period in which they are incurred, unless the stripping activity can be shown to give rise to future benefits from the mineral property, in which case the stripping cost are deferred and included in mineral properties. Future benefits arise when stripping activity increases the future output of the mine by providing access to an extension of an ore body or to a new ore body. Deferred stripping costs are depreciated based on the units-of-production method using the related proven and probable mineral reserves as the depreciation base.

(v) Accounting Pronouncements

New accounting standards, amendments and interpretations not yet adopted

In October 2020, the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. This new requirement may change how companies classify their debt. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognised as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company is currently assessing the effect of the amendments on its consolidated financial statements and the possibility of early adoption.

In May 2021, the IASB published amendments to IAS 12 - Income Taxes. The amendments will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company is currently assessing the effect of the amendments on its consolidated financial statements and the possibility of early adoption.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The 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 and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

COVID-19

The Company continues to manage and respond to the COVID-19 pandemic within the framework of its Pandemic Response Plan, along with recommendations of health authorities and local and national requirements. The Company has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders.

Asset Retirement Obligation ("ARO")

The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company's evaluation and exploration activities requires the use of estimates and management judgment. Future reclamation costs in relation to changes in estimates are accrued based on management's best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for reclamation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value for money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral resources.

Actual reclamation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company, therefore increasing future costs.

Inventory valuation

All inventory is valued at the lower of average cost or net realizable value. Management is required to make various estimates and assumptions to determine the value of stockpiled ore, in-process inventory and finished goods inventory. The estimates and assumptions included surveyed quantities of stockpiled ore, in-process volumes, contained metal content, recoverable metal content, costs to recover saleable metal and metal prices. Changes in these estimates can result in changes to the carrying amounts of inventories and mine operating costs in future periods.

Mineral reserves and resources

Determining mineral reserves and resources is a complex process involving numerous variables and is based on a professional evaluation using accepted international standards for the assessment of mineral reserves. Estimation is a subjective process, and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions made and judgement used in engineering and geological interpretation. Mineral reserve estimation may vary as a result of changes in the price of gold and silver, production costs, and with additional knowledge of the ore deposits and mining conditions.

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 results and financial position, particularly a change in the rate of depreciation and depletion of the related mining asset.

Income taxes and recovery of deferred tax assets

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on income in the period that the changes occur.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market prices, production costs, quantities of proven and probable reserves, and interest rates.

(Expressed in Canadian Dollars)

5. GST AND OTHER RECEIVABLES

GST and other receivables includes the following components:

	December 31, 2021	December 31, 2020
GST receivable	**$ 312,677**	$ 3,123,021
Trade and other receivables	**643,427**	27,482
Total	**$ 956,104**	$ 3,150,503

6. INVENTORY

Inventory includes the following components:

	December 31, 2021	December 31, 2020
Stockpiled ore	**$ 1,735,813**	$ 1,543,486
In-process inventory	**115,430,127**	68,987,297
Finished goods inventory	**2,769,614**	7,211,775
Total mineral inventory	**119,935,554**	77,742,558
Materials and supplies	**17,816,474**	8,955,040
Total	**$ 137,752,028**	$ 86,697,598

As at December 31, 2021, $27.1 million (December 31, 2020 – $16.8 million) of non-cash costs such as depreciation, depletion and site share-based compensation were included in inventory.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2020	$ 10,419,030	$ 29,040,083	$ 1,566,929	$ 41,026,042
Sale of property interest	-	-	(131,250)	(131,250)
Salaries and benefits	725,708	837,088	-	1,562,796
Land claims and royalties	676,158	115,800	64,845	856,803
Drilling and indirects	859,128	4,136,413	4,500	5,000,041
Other exploration	538,132	1,614,012	78,148	2,230,292
Exploration and evaluation costs for the year	2,799,126	6,703,313	147,493	9,649,932
Currency translation	(1,191,247)	-	-	(1,191,247)
Balance December 31 2021	$ 12,026,909	$ 35,743,396	$ 1,583,172	$ 49,353,477

** Other properties include interests in Donjek, Aurex, CanAlask and Clear Creek in Yukon Territory.

During the year ended December 31, 2020, the Company entered into a transaction with a third-party company, Lahontan under which the Company agreed to sell its 100% interest in the Santa Fe property. As consideration, Victoria received shares in Lahontan which provide it with a controlling ownership position of a 54% interest in Lahontan. The main asset of Lahontan is the Santa Fe property.

As of December 31, 2021, restricted cash consists of $0.1 million for Dublin Gulch (December 31, 2020 - $2.8 million) and $0.4 million relating to interest in other properties, primarily Santa Fe (December 31, 2020 - $0.3 million).

	Santa Fe (Nevada)	Other property interest (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2019	$ 6,585,828	$ -	$ 24,642,125	$ 1,681,929	$ 32,909,882
Sale of property interest	(7,028,892)	-	-	(172,500)	(7,201,392)
Salaries and benefits	75,026	-	828,518	-	903,544
Amortization	-	-	-	-	-
Consulting and administration	107,115	-	-	-	107,115
Land claims and royalties	68,681	-	15,000	57,500	141,181
Environmental and permitting	15,264	-	-	-	15,264
Government and community relations	-	-	22,800	-	22,800
Drilling and indirects	-	-	1,339,306	-	1,339,306
Other exploration	-	-	2,192,334	-	2,192,334
Exploration and evaluation costs for the year	266,086	-	4,397,958	57,500	4,721,544
Interest in other properties	-	10,419,030	-	-	10,419,030
Currency translation	176,978	-	-	-	176,978
Balance December 31, 2020	$ -	$ 10,419,030	$ 29,040,083	$ 1,566,929	$ 41,026,042

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

(Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Mineral Properties	Total
Cost							
December 31, 2019	$1,215,683	$ 1,896,769	$ 589,149	$ 236,265,379	$ 128,346,964	$ 266,465,217	$634,779,161
Reallocation of inventory costs	-	-	-	-	-	(82,466,947)	(82,466,947)
Net Capitalized Gold Sales	-	-	-	-	-	(70,225,189)	(70,225,189)
Additions	204,075	1,457,331	-	10,726,567	15,142,873	134,218,577	161,749,423
Disposals	(52,384)	-	-	-	-	-	(52,384)
December 31, 2020	1,367,374	3,354,100	589,149	246,991,946	143,489,837	247,991,658	643,784,064
Additions	**-**	**9,068**	**-**	**7,696,533**	**27,726,571**	**72,153,176**	**107,585,348**
Disposals	**-**	**(23,285)**	**-**	**-**	**-**	**-**	**(23,285)**
December 31, 2021	**$1,367,374**	**$ 3,339,883**	**$ 589,149**	**$ 254,688,479**	**$ 171,216,408**	**$ 320,144,834**	**$751,346,127**
Accumulated amortization							
December 31, 2019	$ 915,617	$ 518,489	$ 129,194	$ 9,700,619	$ 6,603,982	$ -	$ 17,867,901
Charge	115,623	886,275	156,269	20,361,329	17,028,082	7,803,920	46,351,498
Disposals	(52,384)	-	-	-	-	-	(52,384)
December 31, 2020	978,856	1,404,764	285,463	30,061,948	23,632,064	7,803,920	64,167,015
Charge	**104,820**	**851,086**	**156,268**	**21,065,270**	**19,004,127**	**19,620,728**	**60,802,299**
Disposals	**-**	**(23,285)**	**-**	**-**	**-**	**-**	**(23,285)**
December 31, 2021	**$1,083,676**	**$ 2,232,565**	**$ 441,731**	**$ 51,127,218**	**$ 42,636,191**	**$ 27,424,648**	**$124,946,029**
Net book value							
December 31, 2019	$ 300,066	$ 1,378,280	$ 459,955	$ 226,564,760	$ 121,742,982	$ 266,465,217	$616,911,260
December 31, 2020	$ 388,518	$ 1,949,336	$ 303,686	$ 216,929,998	$ 119,857,773	$ 240,187,738	$579,617,049
December 31, 2021	**$ 283,698**	**$ 1,107,318**	**$ 147,418**	**$ 203,561,261**	**$ 128,580,217**	**$ 292,720,186**	**$626,400,098**

During the year ended December 31, 2021, the Company capitalized $31.0 million (December 30, 2020 - $24.8 million) of deferred stripping costs to mineral properties. The depletion expense related to deferred stripping for the year ended December 31, 2021 was $2.3 million (December 31, 2020 - $0.2 million). Included in the mineral properties balance at December 31, 2021 is $44.2 million (December 31, 2020 - $15.6 million) related to deferred stripping costs.

The carrying value of equipment pledged as security for the related Equipment Financing Facility at December 31, 2021 was $32.4 million ($44.6 million – December 31, 2020) (*Note 11*).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At December 31, 2021, the Company's royalty arrangements based on production were as follows:

Royalty arrangements:	
Franco-Nevada Corp.	1% Cash NSR – Settled via cash payment royalty expense after production
Osisko Gold Royalties Ltd.	5% Metal NSR – Settled via delivery of metal ounces after production

The royalty arrangements listed above have an impact on the Company's financial statement presentation of Revenue and Royalty expense. Revenue herein is based on 95% of the production from the Eagle Mine after the delivery of the 5% metal NSR attributable to Osisko Gold Royalties Ltd. As a result, this 5% NSR is not recorded in Revenue or as a Royalty expense. The 1% cash NSR held by Franco-Nevada Corp. included in Revenue as it does not impact ounces available for sale, and a Royalty expense recorded is associated with the cash payment.

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	December 31, 2021	December 31, 2020
Trade payables	**$ 24,319,607**	$ 21,049,863
Accrued liabilities	**31,317,279**	27,485,205
Payroll related liabilities	**4,850,691**	3,522,094
Total	**$ 60,487,577**	$ 52,057,162

10. LEASE LIABILITY

	Total
As at December 31, 2020	**$ 2,133,398**
Additions	**9,068**
Disposals	**(2,680)**
Interest expense	**150,794**
Lease payments	**(902,632)**
Lease liabilities at December 31, 2021	**$ 1,387,948**
Current lease liability	**382,130**
Non-current lease liability	**1,005,818**

The Company has lease liabilities for contracts related to equipment, vehicles, and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	December 31, 2021	December 31, 2020
MATURITY ANALYSIS		
< 1 year	**$ 382,130**	$ 751,785
1 to 3 years	**215,779**	359,302
3 to 5 years	**790,039**	1,017,439
> 5 years	**-**	4,872
Total	**$ 1,387,948**	$ 2,133,398

11. DEBT

On December 18, 2020 the Company announced it had entered into a credit agreement with a syndicate of banks, comprised of Bank of Montreal, CIBC and BNP Paribas, in connection with a secured US$200 million debt facility (the “Loan Facility”). The Loan Facility is comprised of a US$100 million term loan (the “Term Facility”) and a US$100 million revolving facility (the “Revolving Credit Facility”).

The funding from the Loan Facility was used to repay the previously outstanding project finance facility, which included senior and subordinated debt that was used for the construction of the Eagle Gold Mine. The Revolving Credit Facility is available for general corporate purposes subject to customary terms and conditions.

On December 20, 2021 the Company amended the terms of both the revolving and term loan facilities. Under the amended agreement, interest rate would be reduce by 0.50%. Amounts drawn on the facilities are subject to interest at LIBOR plus 2.50% to 3.50% per annum, with the undrawn portion subject to a standby fee of 0.56% to 0.79% per annum. The maturity date of the revolving facility has also been extended to December 2024 from December 2023.

The Loan Facility is available by way of US dollar LIBOR loans, with an interest rate ranging from 2.50% to 3.50% over LIBOR (currently one month LIBOR is approximately 0.15%), based on the Company's leverage ratio and other customary terms and conditions.

The Loan Facility includes certain financial covenants that are calculated and reported each fiscal quarter, which commenced on December 31, 2020. As at December 31, 2021, the Company is in compliance with all covenants.

Loan Facilities

Term Facility

US$100 million loan facility with the following commercial terms:

- Interest rate of LIBOR plus 2.75%;
- Principal and interest are repayable in 12 equal quarterly installments which began on March 31, 2021.

As at December 31, 2021, principal of US$66.7 million was outstanding on the Term Facility. Deferred financing charges in the amount of $2.6 million are being amortized over the term using the effective interest rate method.

Revolving Credit Facility

US$100 million loan facility with the following commercial terms:

- Interest rate of LIBOR plus 2.75%;
- Accrued interest is repayable quarterly and began on March 31, 2021;
- Principal and accrued interest are due at maturity, on December 31, 2024, and may be repaid early without penalty.

As at December 31, 2021, principal of US$67.9 million was outstanding on the Revolving Credit Facility. Deferred financing charges in the amount of $2.6 million are being amortized using the full amount of the facility, including any undrawn amount, over the full term of the facility using the effective interest rate method.

Equipment Finance Facility

US$50 million facility with Caterpillar Financial Services Limited ("Cat Financial") with the following commercial terms:

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rates of LIBOR plus 2.50-3.50%;
- 4-6 year, amortizing facility, maturing between November 29, 2022 and July 1, 2025 (the "Term") and;
- Secured by Cat mining equipment.

As at December 31, 2021, principal of US$31.1 million was outstanding on the Equipment Finance Facility. Deferred financing charges in the amount of $2.7 million are being amortized over the Term using the effective interest rate method.

(Expressed in Canadian Dollars)

	December 31, 2021	December 31, 2020
Equipment Finance Facility, principal	**$ 38,883,671**	$ 47,477,488
Equipment Finance Facility, interest	**339,794**	638,859
Equipment Finance Facility, ending balance	**$ 39,223,465**	$ 48,116,347
Term Debt Facility, principal	**$ 83,100,854**	$ 124,143,234
Term Debt Facility, interest	**1,419**	172,734
Term Debt Facility, ending balance	**$ 83,102,273**	$ 124,315,968
Revolver Facility, principal	**$ 84,625,557**	$ 92,146,833
Revolver Facility, interest	**2,042**	129,325
Revolver Facility, ending balance	**$ 84,627,599**	$ 92,276,158
Total Debt	**$ 206,953,337**	$ 264,708,473
Less: Current portion	**(55,702,552)**	(55,048,331)
Long-term Debt	**$ 151,250,785**	$ 209,660,142

During the year ended December 31, 2021 the Company incurred interest expense of $9.3 million (December 31, 2020 - $9.9 million) and amortized deferred financing charges of $3.3 million (December 31, 2020 - $2.9 million) in the consolidated statements of income and comprehensive income.

The Equipment Finance Facility with Cat Financial is secured by leased equipment with a carrying value of $32.4 million as of December 31, 2021 ($44.6 million – December 31, 2020).

The Company's scheduled debt principal repayments as at December 31, 2021 are summarized in the table, below:

	2022	2023	2024	2025	2026 and thereafter	Total
Term Debt Facility	$ 42,260,000	$ 42,260,000	$ -	$ -	$ -	$ 84,520,000
Revolving Loan Facility	-	-	86,044,705	-	-	86,044,705
Equipment Finance Facility	15,491,911	15,649,027	14,469,749	-	-	45,610,687
	$ 57,751,911	$ 57,909,027	$ 100,514,454	$ -	$ -	$ 216,175,392

(Expressed in Canadian Dollars)

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price	Fair value - asset (liability)(1) (C$)	
Current Insturments					
Gold put options					
Gold put options - purchased	15,000 oz	January 2022 - March 2022	US$1,700	$	70,345
				$	**70,345**
Long-term Insturments					
Gold call options					
Gold call options - sold	20,000 oz	April 13, 2023	US$1,485	$	(9,312,821)
Warrants					
Warrants	1,666,667	April 13, 2023	C$9.375		(9,561,168)
					(18,873,989)
Total Instruments				**$**	**(18,803,644)**

1. The Company presents the fair value of its derivative instruments on a net basis on the consolidated statements of financial position.

Gold Put Options

In September 2021, the Company purchased gold put options on 15,000 ounces of gold at a price of US$1,700 per ounce with monthly expiry dates of January 31 through March 31, 2022. In November 2020, the Company purchased gold put options on 60,000 ounces of gold at a price of US$1,700 per ounce with monthly expiry dates of January 31 through December 31, 2021. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment loss of $2.7 million, based on US$1,829 per ounce of gold and a foreign exchange rate of 1.2678 US$ to C$, in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2021.

Zero Cost Collars

In May 2018, the Company entered into gold price zero cost collars using option contracts that the Company has elected not to designate as cash flow hedges for hedge accounting under IFRS 9. The purchase of gold put options was financed through selling gold call options at a higher level such that the net premium payable by the Company at the time of entering into the contracts was $nil. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment gain of $12.8 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2021 following the settlement of all remaining zero cost collars that the Company previously had in place.

Gold Call Options

On April 13, 2018, the Company sold a gold call option on 20,000 ounces of gold at a price of US$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at December 31, 2021 the gold call option fair value was $9.3 million, based on US$1,829 per ounce of gold and a foreign exchange rate of 1.2678 US$ to C$. The Company recognized the mark-to-market adjustment gain of $2.7 million in net income (loss) of the consolidated statements of income and comprehensive income for the year ended December 31, 2021.

Warrants

On April 13, 2018, the Company granted 1,666,667 warrants with a strike price of $9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at December 31, 2021, the warrant fair value was $9.6 million based on the December 31, 2021 closing share price of $14.25. The Company recognized the mark-to-market adjustment loss of $0.7 million in net income of the consolidated statements of income and comprehensive income for the year ended December 31, 2021.

13. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company’s interpretation of current regulatory requirements and measured with the most reliable information available. Management’s estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into exploration and evaluation assets or mineral properties depending on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company’s reclamation performance obligations can be found within *Note 7.*

The Company’s asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Dublin Gulch property. The Company prepared the Dublin Gulch reclamation obligation using prescribed third-party contractor rates with a 10% contingency. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date use the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs at December 31, 2021 was determined to be $49.7 million for Dublin Gulch (December 31, 2020 - $32.1 million) and $0.4 million for its interest in other properties, primarily Santa Fe (December 31, 2020 - $0.4 million);
b) weighted average risk-free interest rate at 1.8% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2034 for Dublin Gulch.

(Expressed in Canadian Dollars)

The following is an analysis of the Company's asset retirement obligation:

	December 31, 2021	December 31, 2020
Balance, beginning of the year	**$ 27,855,642**	$ 25,351,318
Accretion on reclamation provision	**725,951**	347,064
Currency translation	**-**	(362,005)
ARO change due to increased footprint	**11,046,017**	2,519,265
	$ 39,627,610	$ 27,855,642
Interest in other properties	**360,569**	357,674
Balance, end of the year	**$ 39,988,179**	$ 28,213,316

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	For the years ended December 31, 2021	For the years ended December 31, 2020
Net income	**$ 110,368,157**	$ 14,891,909
Weighted average number of common shares issued	**62,446,317**	60,480,204
Basic earnings per share	**$ 1.77**	$ 0.25

(b) Diluted

	For the years ended December 31, 2021	For the years ended December 31, 2020
Net income attributable to common shareholders	**$ 110,368,157**	$ 14,891,909
Weighted average number of common shares issued	**62,446,317**	60,480,204
Adjustment for:		
Warrants	**1,666,667**	1,666,667
Stock options	**1,563,829**	2,147,996
Weighted average number of ordinary shares for diluted earnings per share	**65,676,814**	64,294,867
Diluted earnings per share	**$ 1.68**	$ 0.23

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 62,701,207 (December 30, 2020 - 62,117,040) for the year ended December 31, 2021.

On May 8, 2020, the Company closed a financing of 3,007,250 common shares of the Corporation at a price of $7.65 per share for gross proceeds of $23,005,463. Broker fees of 5% and other issuance costs were paid in connection with this offering.

On February 27, 2020, the Company closed a flow-through financing of 572,659 common shares of the Corporation that qualifies as "Canadian development expenses ("CDE") flow-through shares" at a price of $8.73 per share for gross proceeds of $4,999,313. The Company also closed an over-allotment of 229,163 CDE flow-through common shares of the Corporation at a price of $8.73 per share for gross proceeds of $2,000,593. No finders' fees were paid in connection with this transaction. The shares were subject to a four-month hold period.

16. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

The omnibus incentive plan of the Company (the "**Omnibus Plan**") was approved by the shareholders of the Company on August 19, 2020. The Omnibus Plan has been established to attract and retain key talent who are necessary or essential to Victoria's success, reputation and activities and allows Victoria to reward key talent for their performance and greater align their interest with those of Victoria's shareholders. The Omnibus Plan is an "evergreen" plan and the Common Shares available for issuance pursuant to awards granted under the Omnibus Plan may not exceed 10% of the total number of issued and outstanding Common Shares. At December 31, 2021, 4,049,458 (3,991,042 as at December 31, 2020) additional stock options, or other equity based awards were available for grant under the Company's Omnibus Plan.

A summary of the status of the Omnibus Plan as at December 31, 2021 and as at December 31, 2020, and changes during the periods ended on those dates is presented below:

	December 31, 2021			December 31, 2020		
	Number of stock options	Weighted average exercise price	Fair Value Assigned	Number of stock options	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the year	**2,147,996**	**$ 9.43**	**$6,888,537**	2,364,334	$ 6.86	$6,087,224
Granted	**-**	**$ -**	**-**	847,000	$ 12.10	3,786,683
Exercised	**(584,167)**	**$ 7.55**	**(1,066,853)**	(1,029,339)	$ 5.72	(2,829,579)
Expired	**-**	**$ -**	**-**	(29,999)	$ 7.50	(149,947)
Forfeited	**-**	**$ -**	**-**	(4,000)	$ 7.50	(5,844)
Outstanding, end of the year	**1,563,829**	**$ 10.13**	**$5,821,684**	2,147,996	$ 9.43	$6,888,537

As at December 31, 2021, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

(Expressed in Canadian Dollars)

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
January 25, 2019	309,334	309,334	$ 7.50	January 25, 2022 *
December 9, 2019	409,995	409,995	$ 8.05	December 9, 2022
December 14, 2020	844,500	844,500	$ 12.10	December 14, 2023
	1,563,829	1,563,829		

* The expiry of this tranche of options was extended as the Company was on blackout at expiry and up to the date of these statements.

The fair value of each option is accounted for in the consolidated statements of income and comprehensive income or capitalized to exploration and evaluation assets over the vesting period of the options, and the related credit is included in contributed surplus.

On December 14, 2020, the Company granted 847,000 incentive stock options with an exercise price of $12.10 per option to directors, officers and employees of the Company. The stock options have a term of three years and expire on December 14, 2023. The fair value of these options, totaling $3,786,683, has been fully recognized (expensed) as at December 31, 2021. The fair value of these options was calculated based on a risk-free annual interest rate of 0.3%, an expected life of 3.0 years, an expected volatility of 55% and a dividend yield rate of nil. This results in an estimated fair value of $4.47 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate of 9.4%.

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	December 31, 2021			December 31, 2020		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the year	**1,666,667**	**$ 9.375**	**$ 4,359,345**	1,666,667	$ 9.375	$ 4,359,345
Outstanding, end of the year	**1,666,667**	**$ 9.375**	**$ 4,359,345**	1,666,667	$ 9.375	4,359,345

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	1,666,667	$ 9.375	April 13, 2023
	1,666,667		

The fair value of the warrants expiring on April 13, 2023 were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 2.1%, an expected life of 5 years, an expected volatility of 76% and a dividend yield rate of nil.

(Expressed in Canadian Dollars)

These April 13, 2023 warrants are considered financial instruments at fair value through profit or loss. The holder of the warrants may exercise the warrants for the Company's common shares. The warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 12*).

17. RELATED PARTIES

Related parties include key management personnel, Orion Mine Finance, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the years ended December 31, 2021 and December 31, 2020 was as follows:

	December 31, 2021	December 31, 2020
Salaries and other short term employment benefits	**$ 3,360,782**	$ 3,139,640
Share-based compensation	**$ 2,664,920**	$ 1,164,519

18. COST OF GOODS SOLD

Cost of goods sold include the following components:

	For the years ended December 31, 2021	December 31, 2020
Operating costs:		
Mining	**$ 74,832,566**	$ 31,727,221
Processing	**92,185,105**	39,585,226
Site services	**20,680,252**	7,790,863
Site general and administration costs	**27,071,015**	12,655,983
Royalty (*Note 8*)	**3,928,977**	1,998,794
Production costs	**218,697,915**	93,758,087
Change in inventory	**(73,168,842)**	(18,453,759)
Total	**$ 145,529,073**	$ 75,304,328

(Expressed in Canadian Dollars)

19. CORPORATE GENERAL AND ADMINISTRATION

Corporate general and administration costs include the following components:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Salaries and benefits	**$ 3,483,812**	$ 3,311,185
Office and administrative	**1,267,255**	1,259,733
Share-based payments (*Note 16*)	**1,793,393**	2,251,423
Marketing	**1,005,100**	860,373
Professional fees	**741,835**	1,589,539
Amortization	**107,227**	117,384
Total	**$ 8,398,622**	$ 9,389,637

20. FINANCE COSTS

Finance costs include the following components:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Interest on debt facilities (*Note 11*)	**$ 9,330,991**	$ 9,872,958
Amortization of deferred financing charges (*Note 11*)	**3,259,769**	2,919,341
Interest and bank charges	**11,894**	32,909
Interest expense on leases (*Note 10*)	**150,794**	207,179
Accretion on reclamation provision *(Note 13)*	**725,951**	347,064
Total	**$ 13,479,399**	$ 13,379,451

(Expressed in Canadian Dollars)

21. SEGMENTED INFORMATION

The Company manages its reportable operating segments by operating mines and development projects. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7.* The results from operations of these reportable operating segments are summarized in the following tables:

	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
For the year ended December 31, 2021					
Revenue	$ 356,453,633	$ -	$ -	$ -	$ 356,453,633
Cost of goods sold	145,529,073	-	-	-	145,529,073
Depreciation and depletion	59,951,213	-	-	-	59,951,213
Mine operating earnings	150,973,347	-	-	-	150,973,347
Corporate general & administration	1,211,757	-	(6,940)	7,193,805	8,398,622
Operating earnings (loss)	$ 149,761,590	$ -	$ 6,940	$ (7,193,805)	$ 142,574,725
Friday, December 31, 2021					
Property, plant and equipment	$ 626,255,145	$ -	$ -	$ 144,953	$ 626,400,098
Exploration and evaluation assets	$ -	$ 35,743,396	$ 12,026,909	$ 1,583,172	$ 49,353,477
Total assets	$ 776,853,562	$ 35,743,396	$ 12,026,909	$ 66,762,996	$ 891,386,863

	Eagle Mine	Dublin Gulch	Nevada	Corporate and other	Total
For the year ended December 31, 2020					
Revenue	$ 178,747,827	$ -	$ -	$ -	$ 178,747,827
Cost of goods sold	75,304,328	-	-	-	75,304,328
Depreciation and depletion	27,128,291	-	-	-	27,128,291
Mine operating earnings	76,315,208	-	-	-	76,315,208
Corporate general & administration	1,308,824	-	1,570,717	6,510,096	9,389,637
Operating earnings (loss)	$ 75,006,384	$ -	$ (1,570,717)	$ (6,510,096)	$ 66,925,571
Thursday, December 31, 2020					
Property, plant and equipment	$ 579,364,869	$ -	$ -	$ 252,180	$ 579,617,049
Exploration and evaluation assets	$ -	$ 29,040,083	$ 10,419,030	$ 1,566,929	$ 41,026,042
Total assets	$ 684,949,058	$ 29,040,083	$ 10,419,030	$ 52,352,446	$ 776,760,617

22. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 2021	December 31, 2020
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	**$ 11,962,377**	$ 5,280,108
Stock-based compensation, capitalized to property, plant and equipment	**$ -**	$ 15,011
Income taxes paid	**$ -**	$ 837,102
Interest paid	**$ 9,275,041**	$ 12,015,295

Reconciliation of movements in liabilities to cash flows arising from financing activities:

(Expressed in Canadian Dollars)

	Long term debt (*Note 11*)	Lease liability (*Note 10)*	Total
Balance December 31, 2020	$ 264,708,473	$ 2,133,398	$ 266,841,871
Changes from financing activities:			
Net proceeds from Credit Facility draws	56,607,170	-	56,607,170
Principal paid	(116,992,274)	(751,837)	(117,744,111)
Interest paid	(9,124,246)	(150,795)	(9,275,041)
	195,199,123	1,230,766	196,429,889
Non-cash changes:			
Lease additions	-	9,068	9,068
Lease disposals	-	(2,680)	(2,680)
Interest expense	8,985,270	150,794	9,136,064
Amortization of deferred financing charges	3,259,769	-	3,259,769
Foreign exchange loss (gain)	(490,825)	-	(490,825)
Balance December 31, 2021	$ 206,953,337	$ 1,387,948	$ 208,341,285

23. OTHER

During the year ended December 31, 2020, the Company received a cash payment from Barrick Gold Corporation in the amount of US$5 million, as a result of the sale of Mill Canyon, which closed on June 1, 2012. The proceeds were received by the Company upon the occurrence of a specified event, which took place during the period.

24. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development, construction and operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to engage in the operation, exploration and evaluation of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through management of its cash resources and by utilizing bank indebtedness, project or equipment financing, royalty or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2021. The Company is in compliance with all financial covenants attached to its debt facilities as at December 31, 2021.

25. FINANCIAL RISK MANAGEMENT

(a) Credit risk management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to manage credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable include GST, HST and trade receivables. Restricted cash is comprised of reclamation bonds. Reclamation bonds are supported by non-interest bearing cash deposits held with governmental agencies representing the state of Nevada, and interest bearing certificates of deposit held by Wells Fargo and Bank of Nova Scotia. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents, restricted cash, receivables and due from related parties. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(Expressed in Canadian Dollars)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities associated with operations and exploration activities. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity or debt funding. The Company's liquidity may be adversely affected if its access to the capital and debt markets are hindered, whether as a result of a downturn in market conditions generally, or as a result of conditions specific to the company.

Maturities of financial liabilities

The contractual maturities, based on contractual undiscounted cash flows, for the Company's financial liabilities are as follows:

As at December 31, 2021	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
Non-derivatives:						
Accounts payable and accrued liabilites (*Note 9*)	$ 60,487,577	$ -	$ -	$ -	$ 60,487,577	$ 60,487,577
Lease liability (*Note 10*)	382,130	215,779	790,040	-	1,387,948	1,387,948
Debt (*Note 11*)	55,702,552	158,423,481	-	-	214,126,033	206,953,337
Total	$ 116,572,259	$ 158,639,260	$ 790,040	$ -	$ 276,001,558	$ 268,828,862
Derivatives:						
Derivative instruments (*Note 12*)	-	-	18,873,989	-	18,873,989	18,873,989
Total	$ -	$ -	$ 18,873,989	$ -	$ 18,873,989	$ 18,873,989

As at December 31, 2020	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
Non-derivatives:						
Accounts payable and accrued liabilites	$ 52,057,162	$ -	$ -	$ -	$ 52,057,162	$ 52,057,162
Lease liability	751,785	359,302	1,017,439	4,872	2,133,398	2,133,398
Debt	55,048,331	208,641,920	13,113,752	-	276,804,003	264,708,473
Total	$ 107,857,278	$ 209,001,222	$ 14,131,191	$ 4,872	$ 330,994,563	$ 318,899,033
Derivatives:						
Derivative instruments	19,736,634	7,594,811	20,899,560	-	48,231,005	48,231,005
Total	$ 19,736,634	$ 7,594,811	$ 20,899,560	$ -	$ 48,231,005	$ 48,231,005

Undiscounted cash flows for loans payable represent total draws received, net of repayments, from the Credit Facilities, capitalized interest to July 1, 2020 and contractual interest payable over future periods based on the LIBOR rate in effect. See *Note 11* for amounts recognized in the consolidated financial statements.

As of December 31, 2021, the Company had a cash balance of $31.3 million (December 31, 2020 - $56.1 million) to settle current accounts payable, accrued liabilities, current taxes payable and current portion of long-term debt of $124.6 million (December 31, 2020 - $127.6 million).

The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing and internal liquidity targets.

(c) Price risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investments. The price risk on equity investments is limited due to the nature and low balance of the Company's holdings. Commodity price risk refers to the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company entered into gold put and call options (*Note 12*) under the Company's hedging policy that was adopted by the Board and continues to monitor prices of precious minerals to determine the appropriate course of action to be taken.

(d) Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars being utilized. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

(e) Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's investments and liabilities. The Company's cash balances are not subject to significant interest rate risk as balances are current. The Credit Facilities are subject to a variable LIBOR rate. Significant changes in the LIBOR rate could have a significant impact on the Company's loans payable balance in the consolidated statements of financial position and interest expense on debt facilities in the consolidated statements of income and comprehensive income

(Expressed in Canadian Dollars)

Sensitivity analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the year ended December 31, 2021:

	Carrying Amount	Interest rate change (1)		Foreign currency change (2)	
		+ 1%	- 1%	+ 10%	- 10%
Cash and cash equivalents (Cdn$)					
Cash - Cdn$ denominated	12,339,453	123,395	(123,395)	-	-
Cash - US$ denominated	18,720,295	187,203	(187,203)	1,872,030	(1,872,030)
Treasury funds – Canadian denominated	191,119	1,911	(1,911)	-	-
Total cash and cash equivalents	31,250,867	312,509	(312,509)	1,872,030	(1,872,030)
Reclamation bonds - US$ denominated (interest bearing)	420,761	4,208	(4,208)	42,076	(42,076)
Reclamation bonds - Cdn$ denominated (interest bearing)	99,000	990	(990)	-	-
Total amount or impact - cash and deposits	**31,770,628**	**317,707**	**(317,707)**	**1,914,106**	**(1,914,106)**
Total debt – US$ denominated	**206,953,337**	**(3,076,303)**	**3,076,303**	**(20,695,334)**	**20,695,334**
Total impact – cash, deposits and debt		**(2,758,597)**	**2,758,597**	**(18,781,228)**	**18,781,228**

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Interest expense on the Company's interest bearing debt is at prevailing rates that fluctuate with changes in banking interest rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds, US dollar based certificates of deposit and US dollar debt balances are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

(a) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

		December 31, 2021		December 31, 2020	
	Classification	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	*Level 1*	**$ 31,250,867**	**$ 31,250,867**	$ 56,136,314	$ 56,136,314
Restricted cash	*Level 1*	**519,761**	**519,761**	3,153,196	3,153,196
Marketable securities	*Level 1*	**10,670,011**	**10,670,011**	4,373,319	4,373,319
Other receivables	*Amortized Cost*	**956,104**	**956,104**	3,150,503	3,150,503
Accounts payable and accrued liabilities	*Amortized Cost*	**(60,487,577)**	**(60,487,577)**	(52,057,162)	(52,057,162)
Lease liability	*Amortized Cost*	**(1,387,948)**	**(1,387,948)**	(2,133,398)	(2,133,398)
Debt	*Amortized Cost*	**(206,953,337)**	**(206,953,337)**	(264,708,473)	(264,708,473)
Fair value of derivative instruments	*Level 2*	**18,873,989**	**18,873,989**	48,231,005	48,231,005

The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Restricted cash / Securities in listed entities (financial assets at fair value through profit or loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables / payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Derivative instruments
The fair value of these derivatives is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, risk-free interest rate and expiry date.

(c) Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars being utilized. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

(Expressed in Canadian Dollars)

26. INCOME TAXES

		For the years ended		
		December 31, 2021		**December 31, 2020**
Current income tax:				
Based on taxable income for the year	**$**	**(7,967,779)**	**$**	**(1,634,488)**
		(7,967,779)		**(1,634,488)**
Deferred income tax:				
Origination/reversal of temporary differences	**$**	**(25,492,657)**	**$**	**(6,350,000)**
Deferred flow-through share premium		**-**		**369,152**
		(25,492,657)		**(5,980,848)**
Income tax recovery/(expense)	**$**	**(33,460,436)**	**$**	**(7,615,336)**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net income for the periods ended is as follows:

		For the years ended		
		December 31, 2021		**December 31, 2020**
Net (income) loss before recovery of income taxes	**$**	**(143,828,593)**	**$**	(22,507,245)
Expected income tax (expense) recovery		(38,114,577)		(5,964,420)
Increase (decrease) resulting from:				
Change in tax benefits not recognized		18,307,959		(11,985,914)
Under (over) provided in prior periods		-		(3,569,104)
Yukon mining tax		(12,023,269)		-
Effect of flow-through renunciation		-		-
Tax effect on sale of resource properties		-		-
Other		(180,736)		(132,490)
Non-deductible (non-taxable) permanent items		(1,449,812)		14,036,592
Income tax recovery/(expense)	**$**	**(33,460,436)**	**$**	(7,615,336)

The Company's income tax is allocated as follows:

Current tax recovery / (expense)		(7,967,779)		(1,634,488)
Deferred tax recovery / (expense)		(25,492,657)		(5,980,848)
	$	**(33,460,436)**	**$**	(7,615,336)

The December 31, 2021 statutory tax rate of 26.5% did not change from the December 31, 2020 statutory tax rate.

(Expressed in Canadian Dollars)

The deferred income tax continuity summary is as follows:

	2021	2020
Opening balance	$ (9,350,000)	$ (3,000,000)
Foreign exchange impact	11,870	-
Recognized in net income (loss)	(25,492,656)	(6,350,000)
Ending Balance	$ **(34,830,786)**	$ (9,350,000)

The following table summarizes the components of deferred income tax:

	2021	2020
Deferred income tax assets:		
Non-capital losses	27,676,840	9,798,762
Other	15,091,080	42,679,003
Set-off against deferred income tax liabilities	(15,091,080)	(52,477,765)
Deferred income tax assets-per statement of financial position	27,676,840	-
Deferred income tax liabilities:		
Fixed Assets	(74,581,528)	(56,861,950)
Other	(3,017,178)	(4,965,816)
	(77,598,706)	(61,827,766)
Set-off against deferred income tax assets	15,091,080	52,477,765
Deferred income tax liabilities-per statement of financial position	(62,507,626)	(9,350,000)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the deferred tax assets arising from the following deductible temporary differences to be utilized:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Non-capital losses	**$ -**	**$ 109,688,063**
Capital loss - Canada	**$ 7,355,817**	**$ 244,191**
Resource related deductions	**$ 337,557**	**$ 337,557**
Share issue costs	**$ 3,535,004**	**$ 5,955,529**
Intangible assets	**$ -**	**$ 1,736,838**
Property plant and equipment	**$ -**	**$ (217,709)**
Marketable Securities	**$ -**	**$ (2,415,631)**
Yukon Mining Tax	**$ -**	**$ 2,479,737**