



**NIGHTHAWK**  
GOLD CORP

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2021 and 2020

Unaudited

*Presented in Canadian Dollars*



May 17, 2021

## MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Nighthawk Gold Corp. ("**Nighthawk**") are the responsibility of the Board of Directors and executive management. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements and therefore should be read in conjunction with Nighthawk's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2020. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in Nighthawk's most recent audited annual consolidated financial statements, except as described in note 3. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to Nighthawk's circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Nighthawk, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews Nighthawk's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

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

(Signed) "*Keyvan Salehi*"

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Keyvan Salehi  
President & Chief Executive Officer

(Signed) "*Michael Leskovec*"

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Michael Leskovec  
Chief Financial Officer



## NIGHTHAWK GOLD CORP.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

Unaudited

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,037,939	\$ 8,309,832
Amounts receivable	444,283	232,077
Prepaid expenses and supplies	793,934	894,738
	<b>6,276,156</b>	<b>9,436,647</b>
<b>Non-current Assets</b>		
Restricted cash (note 5)	4,669,310	4,669,310
Exploration and evaluation assets (note 6)	11,593,060	11,152,664
	<b>16,262,370</b>	<b>15,821,974</b>
	<b>\$ 22,538,526</b>	<b>\$ 25,258,621</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,118,755	\$ 1,583,569
<b>Non-current Liabilities</b>		
Flow-through share premium liability	527,205	1,128,481
Provision for service obligation (note 7)	3,012,314	3,012,314
Reclamation provision (note 8)	401,150	401,150
	<b>3,940,669</b>	<b>4,541,945</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 9(a))	104,377,121	104,003,121
Warrant reserve (note 9(b))	516,712	516,712
Share-based payment reserve (note 9(c))	18,814,307	18,567,340
Accumulated deficit	(107,229,038)	(103,954,066)
	<b>16,479,102</b>	<b>19,133,107</b>
	<b>\$ 22,538,526</b>	<b>\$ 25,258,621</b>

#### Subsequent Events (note 14)

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



**NIGHTHAWK GOLD CORP.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

Presented in Canadian Dollars

Unaudited

For the three months ended March 31,	2021	2020
		<i>Note 3(b)</i>
<b>Operating Expenses</b>		
<b>General and Administrative Expenses</b>		
Salaries, director and consulting fees	\$ 371,279	\$ 197,111
Shareholder communication and marketing	92,583	133,688
Office and administration	61,382	60,897
Regulatory	59,298	49,846
Professional fees	53,127	66,987
Travel	579	97,679
Stock-based compensation <i>(note 9(c))</i>	246,967	50,111
	885,215	656,319
<b>Exploration and Evaluation Expenses <i>(note 6)</i></b>	<b>3,027,679</b>	<b>2,297,831</b>
<b>Operating Loss</b>	<b>3,912,894</b>	<b>2,954,150</b>
<b>Other Income</b>		
Flow-through share premium	601,276	-
Gain on debt settlement <i>(note 6)</i>	26,000	-
Interest income	10,646	54,260
<b>Total Other Income</b>	<b>637,922</b>	<b>54,260</b>
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (3,274,972)</b>	<b>\$ (2,899,890)</b>
<b>Net Loss Per Share <i>(note 10)</i>:</b>		
<b>Basic and Fully Diluted</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>

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



## NIGHTHAWK GOLD CORP.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

Unaudited

	Share capital	Warrant reserve	Share-based payment reserve	Accumulated deficit <i>Note 3(b)</i>	Total equity
<b>Balance at December 31, 2019</b>	<b>\$ 94,828,475</b>	<b>\$ -</b>	<b>\$ 18,154,940</b>	<b>\$ (91,250,900)</b>	<b>\$ 21,732,515</b>
Stock-based compensation <i>(note 9(c))</i>	-	-	50,111	-	50,111
Net loss for the period	-	-	-	(2,899,890)	(2,899,890)
<b>Balance at March 31, 2020</b>	<b>94,828,475</b>	<b>-</b>	<b>18,205,051</b>	<b>(94,150,790)</b>	<b>18,882,736</b>
Issuance of shares, net of cash share issue costs of \$332,496	11,668,105	-	-	-	11,668,105
Flow-through share premium	(2,641,320)	-	-	-	(2,641,320)
Tax effect of share issue costs	88,112	-	-	-	88,112
Fair value of warrants issued	(516,712)	516,712	-	-	-
Issuance of common shares on repurchase of royalties	282,000	-	-	-	282,000
Issuance of common shares on exercise of stock options	203,250	-	-	-	203,250
Fair value of stock options transferred on exercise	39,961	-	(39,961)	-	-
Vesting of share units	51,250	-	(51,250)	-	-
Stock-based compensation	-	-	453,500	-	453,500
Net loss for the period	-	-	-	(9,803,276)	(9,803,276)
<b>Balance at December 31, 2020</b>	<b>104,003,121</b>	<b>516,712</b>	<b>18,567,340</b>	<b>(103,954,066)</b>	<b>19,133,107</b>
Issuance of common shares for Kim and Cass Option <i>(note 6)</i>	374,000	-	-	-	374,000
Stock-based compensation <i>(note 9(c))</i>	-	-	246,967	-	246,967
Net loss for the period	-	-	-	(3,274,972)	(3,274,972)
<b>Balance at March 31, 2021</b>	<b>\$ 104,377,121</b>	<b>\$ 516,712</b>	<b>\$ 18,814,307</b>	<b>\$ (107,229,038)</b>	<b>\$ 16,479,102</b>

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



**NIGHTHAWK GOLD CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

Presented in Canadian Dollars

Unaudited

For the three months ended March 31,	2021	2020
		<i>Note 3(b)</i>
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Net loss for the period	\$ (3,274,972)	\$ (2,899,890)
Items not involving cash:		
Stock-based compensation	246,967	50,111
Gain on sale of investment	(26,000)	-
Flow-through share premium	(601,276)	-
Change in non-cash working capital:		
Amounts receivable	(212,206)	(79,909)
Prepaid expenses and supplies	100,804	(82,852)
Accounts payable and accrued liabilities	535,186	966,254
	<b>(3,231,497)</b>	<b>(2,046,286)</b>
<b>Investing</b>		
Acquisition costs	(40,396)	(29,696)
<b>Decrease in cash</b>	<b>(3,271,893)</b>	<b>(2,075,982)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>8,309,832</b>	<b>9,662,590</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5,037,939</b>	<b>\$ 7,586,608</b>

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



## **NIGHTHAWK GOLD CORP.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Presented in Canadian Dollars

Unaudited

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For the three months ended March 31, 2021 and 2020

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#### **1. NATURE OF OPERATIONS**

Nighthawk Gold Corp. ("**Nighthawk**" or the "**Company**") was incorporated on January 8, 2004 under the Business Corporations Act (Ontario) and is a publicly listed Canadian junior resource company with exploration and evaluation assets in Canada. Nighthawk is engaged in the identification, acquisition, exploration and evaluation of gold properties, is listed on the Toronto Stock Exchange ("**TSX**"), and trades under the symbol NHK. To date, Nighthawk has not earned any revenue from operations. The Company's registered office is located at Suite 301, 141 Adelaide Street West, Toronto, Ontario, Canada, M5H 3L5.

The condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020 have been approved for issue by the Board of Directors on May 17, 2021.

Nighthawk is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Nighthawk's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic, precious and base metal price volatility; all of which are uncertain.

During the period, there was a continued global outbreak of COVID-19 ("**Coronavirus**"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

In light of the current Coronavirus pandemic, Nighthawk has taken precautions to ensure the safety and well-being of all personnel at site, as well as the surrounding communities. The Company began exploration activities in March 2021. As of the date of this document, the Company is not aware of any site personnel having contracted Coronavirus.

#### **2. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting on the basis of International Financial Reporting Standards ("**IFRS**") and interpretations as approved by the International Accounting Standards Board ("**IASB**") and are presented in Canadian dollars.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information.

The unaudited condensed interim consolidated statement of cash flows shows the changes in cash arising during the period from operating activities, investing activities and financing activities.



## **NIGHTHAWK GOLD CORP.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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For the three months ended March 31, 2021 and 2020

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#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited consolidated financial statements for the fiscal year ended December 31, 2020.

##### **(a) Adoption of Accounting Policies**

The Company adopted the following amendment to its accounting policies during the three months ended March 31, 2021:

##### **Amendments to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use**

Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognised in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

##### **(b) Changes in Accounting Policies**

During the year ended December 31, 2020, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. It is more relevant and reliable because this policy eliminates the use of estimates and judgments regarding the valuation of exploration and evaluation expenditures and aligns the analysis to when the mineral property is considered economically and commercially viable. Costs of acquiring exploration and evaluation assets are capitalized and are subsequently measured at cost less accumulated impairment. Exploration and evaluation expenditures are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these exploration and evaluation expenditure amounts. The unaudited interim consolidated statement of loss and comprehensive loss for the three months ended March 31, 2020 has been restated to reflect adjustments made as a result of this change in accounting policy.



## NIGHTHAWK GOLD CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

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For the three months ended March 31, 2021 and 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Changes in Accounting Policies (continued)

	For the three months ended		
	March 31, 2020	Adjustment	March 31, 2020
<b>Statement of Loss and Comprehensive Loss</b>	as previously reported		as restated
<b>Operating Expenses</b>			
<b>General and Administrative Expenses</b>			
Salaries, director and consulting fees	\$ 197,111	\$ -	\$ 197,111
Shareholder communication and marketing	133,688	-	133,688
Travel	97,679	-	97,679
Professional fees	66,987	-	66,987
Office and administration	60,897	-	60,897
Regulatory	49,846	-	49,846
Stock-based compensation	50,111	-	50,111
	656,319	-	656,319
<b>Exploration and Evaluation Expenses</b>	-	2,297,831	2,297,831
<b>Operating Loss</b>	656,319	2,297,831	2,954,150
<b>Other income (expense)</b>			
Interest income	54,260	-	54,260
<b>Total Other Income</b>	54,260	-	54,260
<b>Loss Before Income Taxes</b>	(602,059)	(2,297,831)	(2,899,890)
<b>Deferred tax provision</b>	(450,355)	450,355	-
<b>Net Loss and Comprehensive Loss</b>	\$ (1,052,414)	\$ (1,847,476)	\$ (2,899,890)
<b>Net loss per share:</b>			
Basic and diluted	\$ (0.02)		\$ (0.06)
<b>Weighted average number of shares outstanding during the year:</b>			
Basic and diluted	44,672,192		44,672,192

Note: A revised Statement of Equity has not been included as the only change would be in retained earnings due to the change from the income statement.



## NIGHTHAWK GOLD CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

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For the three months ended March 31, 2021 and 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Changes in Accounting Policies (continued)

Statement of Cash Flows	For the three months ended		
	March 31, 2020 as previously reported	Adjustment	March 31, 2020 as restated
<b>Cash provided by (used in)</b>			
<b>Operations</b>			
Net loss for the period	\$ (1,052,414)	\$ (1,847,476)	\$ (2,899,890)
Items not involving cash:			
Deferred tax provision	450,355	(450,355)	-
Stock-based compensation	50,111	-	50,111
Change in non-cash working capital:			
Amounts receivable	(79,909)	-	(79,909)
Prepaid expenses and supplies	(82,852)	-	(82,852)
Accounts payable and accrued liabilities	966,254	-	966,254
	251,545	(2,297,831)	(2,046,286)
<b>Investing</b>			
Exploration and evaluation costs	(2,297,831)	2,297,831	-
Acquisition costs	(29,696)	-	(29,696)
	(2,327,527)	2,297,831	(29,696)
<b>Decrease in cash</b>	(2,075,982)	-	(2,075,982)
<b>Cash and cash equivalents, beginning of period</b>	9,662,590	-	9,662,590
<b>Cash and cash equivalents, end of period</b>	\$ 7,586,608	\$ -	\$ 7,586,608



## **NIGHTHAWK GOLD CORP.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Presented in Canadian Dollars

Unaudited

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For the three months ended March 31, 2021 and 2020

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#### **4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS**

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company has identified the following areas where estimates, assumptions and judgments are made and where actual results may differ from the estimates under different assumptions and conditions and may materially affect financial results of the Company's consolidated statements of financial position reported in future periods.

##### **Significant Accounting Estimates**

###### **(a) Share-Based Payments**

The determination of the fair value of stock options or warrants using the Black-Scholes option pricing model, requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

###### **(b) Reclamation Provision**

The Company assesses its reclamation and remediation provisions at each reporting period or when new material information is available. The amounts recorded for reclamation and remediation provisions are based on estimates prepared by third party environmental specialists, if available, or by persons within the Company who have the relevant skills and experience. These estimates are based on remediation activities required by environmental laws, the expected timing of cash flows, and the pre-tax risk-free interest rates on which the estimated cash flows have been discounted. These estimates also include an assumption of the rate at which costs may inflate in future periods. Actual results could differ from these estimates. The estimates are related to the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

##### **Significant Accounting Judgments**

###### **(a) Going Concern**

These condensed interim consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management has applied judgment in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Given the judgment involved, actual results may lead to a materially different outcome.



## NIGHTHAWK GOLD CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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For the three months ended March 31, 2021 and 2020

#### 4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

##### Significant Accounting Judgments (continued)

##### (b) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

##### (c) Current and Deferred Taxes

Tax regulations are very complex and changing regularly. As a result, the Company is required to make judgments about the tax applications, the timing of temporary difference reversals, and the estimated realization of tax assets. Also, all tax returns are subject to further government's reviews, with the potential reassessments. All those facts can impact current and deferred tax provisions, deferred tax assets and liabilities, and operation results.

#### 5. RESTRICTED CASH

During fiscal 2011, Nighthawk posted two irrevocable standby letters of credit with a Canadian chartered bank in the amount of \$401,000 (collectively, the "**Permit LOC's**") to provide security under its land use permit and water access licence for the existing reclamation work associated with the Damoti Reclamation Obligation (*notes 6 and 8*) as well as with its exploration activities relating to the Indin Lake Gold Property in the Northwest Territories, Canada. In March 2012, Nighthawk posted additional security of \$78,000 (the "**Additional Security**") upon receiving approval on its updated land use permit, which was submitted to support its expanded exploration activities on its Indin Lake Gold Property. During fiscal 2019, Nighthawk received its renewed land use permit and water access licence, thereby approving its exploration activities over the next 5 years, expiring in February 2024, and which are extendible up to February 2026. The Permit LOC's are secured by guaranteed investment certificates (the "**Permit GIC's**") at a Canadian chartered bank for the same amount. The Permit GIC's and the Additional Security may be recovered by Nighthawk at expiration of the land use permit and water access licence in absence of any environmental disturbances provided Nighthawk carries out activities to satisfy the Damoti Reclamation Obligation.

On January 26, 2012, under the terms of its agreement to acquire 100% ownership of the mineral claims and leases of the former producing Colomac Gold Mine (the "**Colomac Gold Project**") (*note 6*), Nighthawk entered into three letters of credit totaling \$5,000,000 at a Canadian chartered bank in favour of Aboriginal Affairs and Northern Development Canada ("**AANDC**") to secure Nighthawk's service obligation to perform reclamation services on three other sites as follows: \$3,000,000 for the Diversified site, \$1,000,000 for the Spider Lake site and \$1,000,000 for the Chalco Lake site (collectively, the "**Colomac LOC's**") (*note 7*). The Colomac LOC's are secured by guaranteed investment certificates (the "**Colomac GIC's**") at a Canadian chartered bank for the same amounts. Upon completion of the service obligation with respect to each reclamation site to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.

In Fiscal 2013, the reclamation activities at the Chalco Lake site were completed and the approval of the third party engineer was obtained. As a result, the Colomac LOC with respect to the Chalco Lake site was released and the hold restriction on \$1,000,000 was eliminated at that time (*note 7*).

	Permit security	Colomac GIC's	Total restricted cash
<b>Balance - December 31, 2020 and March 31, 2021</b>	<b>\$ 669,310</b>	<b>\$ 4,000,000</b>	<b>\$ 4,669,310</b>



## NIGHTHAWK GOLD CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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#### 6. EXPLORATION AND EVALUATION EXPENDITURES

##### Indin Lake Gold Property

In August 2008, Nighthawk acquired 6 mining leases and 6 mining claims (the "**Damoti Lake Property**") which lie within Nighthawk's Indin Lake Gold Property in the Indin Lake Greenstone Belt located approximately 200 kilometres north of Yellowknife, Northwest Territories. The Damoti Lake Property is subject to an existing 2% net smelter return royalty. Nighthawk has carried out environmental assessments using a third party specialist and has estimated the cost of the Damoti Reclamation Obligation to be \$401,150 (*note 8*).

Upon acquisition, a reclamation obligation existed at the Damoti Lake Property (the "**Damoti Reclamation Obligation**"). At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has capitalized the Damoti Reclamation Obligation, and related assessment costs, as acquisition costs related to the Damoti Lake Property as the liability was assumed at acquisition. During the three months ended March 31, 2021, Nighthawk incurred \$19,846 of assessment costs which have been capitalized as acquisition costs (2020 - \$9,090).

Under agreements dated January 7, 2011, and as amended on April 4, 2013, Nighthawk acquired 100% interest in 15 mining leases and 3 mining claims (the "**Indin Lake Properties**") within the Indin Lake Greenstone Belt, subject to existing net smelter royalties on certain claims ranging from 2% to 5%, by making payments of cash and shares totalling \$725,000. In January and April 2011, Nighthawk staked 107 additional mining claims in the Northwest Territories which link the Indin Lake Properties and the Damoti Lake Property, thereby consolidating much of the Indin Lake Gold Property's ground. During the current period, the Company paid an aggregate of \$280,000 in cash and issued 200,000 common shares (valued at \$282,000) to purchase certain net smelter return and net profit interest royalties on the Indin Lake Properties (*note 9(a)*).

In January 2012, Nighthawk completed an agreement to acquire 100% ownership of the mineral claims and leases of the Colomac Gold Project, located within the Indin Lake Greenstone Belt and contiguous to and surrounded by Nighthawk's existing Indin Lake Gold Property in the Northwest Territories, from AANDC. As consideration for the Colomac Gold Project, Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC: the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the services is to be carried out on behalf of AANDC to a maximum of \$5,000,000. See note 7 for further details on the provision for service obligation remaining at March 31, 2021. The Company did not assume the reclamation liabilities of these three sites and is not responsible for any historical environmental liabilities associated with the Colomac Gold Project. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.



## NIGHTHAWK GOLD CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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#### 6. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Under an agreement dated February 17, 2021, the Company was granted an option to acquire a 100% interest in 4 contiguous mining leases adjacent to Nighthawk's existing Indin Lake Gold Property. As part of the terms of the option agreement, the Company has agreed to pay aggregate consideration of \$1.1 million (pursuant to the schedule below) and grant a 2.5% net smelter return ("**NSR**") royalty. In addition, the Company shall have the right, at any time, to purchase up to 100% of the NSR for up to \$2.5 million, thereby reducing the NSR to zero if the full 100% is purchased.

##### Payment Schedule:

- Upon execution of the option agreement - \$400,000 (satisfied by the issuance of 340,000 common shares of the Company valued at \$374,000; a gain on debt settlement of \$26,000 was recorded during the three months ended March 31, 2021);
- On or before February 17, 2022 - \$350,000 in any proportion of common shares or cash, at Nighthawk's full discretion; and
- On or before February 17, 2023 - \$350,000 in any proportion of common shares or cash, at Nighthawk's full discretion.

	December 31, 2020			March 31, 2021		
	Option & Acquisition Costs Capitalized	Exploration Costs Expensed	Cumulative Total	Option & Acquisition Costs Capitalized	Exploration Costs Expensed	Cumulative Total
<b>Mineral Property</b>						
Indin Lake Gold Property	\$ 11,152,664	\$ 83,469,738	\$ 94,622,402	\$ 11,593,060	\$ 86,497,417	\$ <b>98,090,477</b>
						Option & Acquisition Costs
Balance - December 31, 2020						\$ 11,152,664
Option payments						400,000
Acquisition costs						40,396
<b>Balance - March 31, 2021</b>						<b>\$ 11,593,060</b>
						Exploration and Evaluation Expenses
For the three months ended March 31,						2021 2020
Camp				\$ 1,168,019	\$ 510,689	
Transportation				558,957	568,308	
Geological & consultant fees				441,256	402,185	
Drilling				361,570	559,288	
Assaying & analytical				313,765	86,089	
Licenses & permits				165,626	67,038	
Prospecting				12,495	2,720	
Administrative & other				5,991	10,700	
Metallurgy				-	90,814	
<b>Total Exploration and Evaluation Expenses</b>				<b>\$ 3,027,679</b>	<b>\$ 2,297,831</b>	



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#### 7. PROVISION FOR SERVICE OBLIGATION

As consideration for the Colomac Gold Project (*note 6*), Nighthawk agreed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC: Diversified, Chalco Lake, and Spider Lake. The obligation for the reclamation services is to be carried out on behalf of AANDC to a maximum of \$5,000,000. Upon closing, Nighthawk entered into the Colomac LOC's totaling \$5,000,000 in favour of AANDC to secure Nighthawk's obligation to perform the services for each site. The Colomac LOC's are secured by the Colomac GIC's at a Canadian chartered bank for the same amounts (*note 5*).

Nighthawk did not assume the reclamation liabilities of these three sites. Upon completion of the service obligation with respect to each site to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time. In March 2013, the reclamation activities at the Chalco Lake site were completed upon approvals of the third party engineer.

	Service Obligation
<b>Balance - December 31, 2020 and March 31, 2021</b>	<b>\$ 3,012,314</b>

#### 8. RECLAMATION PROVISION

Upon acquisition of the Damoti Lake Property (*note 6*), the Damoti Reclamation Obligation existed at the Damoti Lake Property. At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has since carried out environmental assessments using a third party specialist and estimated the cost of the Damoti Reclamation Obligation to be \$401,150. Nighthawk has posted the Permit GIC's and the additional security for an amount of \$669,310 (*note 5*) to provide security under its land use permit and water access licence for the Damoti Reclamation Obligation as well as for exploration activities relating to the Indin Lake Gold Property.

	Amount
<b>Balance - December 31, 2020 and March 31, 2021</b>	<b>\$ 401,150</b>

#### 9. SHARE CAPITAL

##### (a) Common Shares

**Authorized Capital** - Unlimited common shares

**Issued**

	Number of shares	Consideration
Balance - December 31, 2020	51,051,500	\$ 104,003,121
Issuance of common shares on Kim and Cass Option ( <i>note 6</i> )	340,000	374,000
<b>Balance - March 31, 2021</b>	<b>51,391,500</b>	<b>\$ 104,377,121</b>



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#### 9. SHARE CAPITAL (continued)

##### (b) Warrants

	Warrants	Allocated value
<b>Balance - December 31, 2020 and March 31, 2021</b>	<b>1,335,796</b>	<b>\$ 516,712</b>

During the three months ended March 31, 2021, no warrants were issued by the Company.

As of March 31, 2021, 1,335,796 warrants were exercisable, had an exercise price of \$2.00 and expire August 20, 2021.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of Nighthawk. Changes in the underlying assumptions can materially affect the fair value estimates.

##### (c) Contributed Surplus

###### Share-based Payment Reserve

Balance - December 31, 2020	\$ 18,567,340
Stock-based compensation - expensed	246,967
<b>Balance - March 31, 2021</b>	<b>\$ 18,814,307</b>

###### Incentive Plans

The shareholders of Nighthawk have approved a stock option plan (the “**Stock Option Plan**”) and a share unit plan (the “**Share Unit Plan**”) and together with the Stock Option Plan, the “**Incentive Plans**”). The Incentive Plans supersede the previous option plan of Nighthawk, however, awards outstanding under the previous option plan continue to be outstanding and governed by the previous stock option plan. The Incentive Plans are each a “rolling evergreen” plan and provide that the number of common shares of Nighthawk available for issuance from treasury under the Incentive Plans or any other security based compensation arrangement (pre-existing or otherwise, including the previous option plan), subject to adjustments, shall not exceed 10% of the issued and outstanding common shares of the Nighthawk at the time of grant. Any increase in the issued and outstanding common shares of Nighthawk will result in an increase in the available number of common shares issuable under the Incentive Plans. Any issuance of common shares from treasury pursuant to the settlement of stock options or share units granted pursuant to the Incentive Plans shall automatically replenish the number of common shares issuable under the Incentive Plans. When each option or share unit is exercise/settled (as applicable), cancelled or terminated, a common share shall automatically be made available for the grant of a stock option/share unit under the Incentive Plans.

###### Stock Option Plan

The Stock Option Plan provides for the issuance of stock options to acquire common shares to employees, directors, officers, consultants, and management company employees of Nighthawk. The period within which stock options may be exercised and the number of stock options which may be exercised in any such period are determined by the Board of Directors at the time of grant of such stock options, however, that the maximum term of any stock option awarded under the Stock Option Plan is ten (10) years. The exercise price per common shares under a stock option is determined by the Board of Directors, but in any event, shall not be lower than the “market price” of the common shares on the date of grant of the stock option.



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#### 9. SHARE CAPITAL (continued)

##### (c) Contributed Surplus (continued)

	Number of options	Weighted average exercise price
Balance - December 31, 2020	3,093,500	\$ 2.28
Granted	250,000	1.32
<b>Balance - March 31, 2021</b>	<b>3,343,500</b>	<b>\$ 2.20</b>

During the three months ended March 31, 2021, the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends and a nil forfeiture rate):

Expiry date	Number of options	Exercise price	Grant date stock price	Black-Scholes option pricing parameters			Fair value
				Risk-free interest rate	Expected life (years)	Volatility factor	
Three months ended March 31, 2021							
January 1, 2026	250,000	1.32	1.32	0.39	5.0	84%	\$0.88

A summary of Nighthawk's outstanding stock options at March 31, 2021 is presented below:

Grant date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (years)
June 8, 2016	466,000	466,000	\$1.25	0.2
July 4, 2016	90,000	90,000	\$1.85	0.3
March 20, 2017	800,000	800,000	\$4.00	0.9
September 19, 2018	761,000	761,000	\$2.00	2.3
December 10, 2019	401,500	401,500	\$2.10	3.5
October 5, 2020	75,000	75,000	\$1.30	4.5
December 2, 2020	500,000	125,000	\$1.26	4.7
January 1, 2021	250,000	62,500	\$1.32	4.8
	3,343,500	2,781,000	\$2.20	2.4

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of Nighthawk. Changes in the underlying assumptions can materially affect the fair value estimates. The options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.



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#### 9. SHARE CAPITAL (continued)

##### (c) Contributed Surplus (continued)

###### Share Unit Plan

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

The grant date fair value of the share units equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

During the three months ended March 31, 2021, the Company granted 125,000 share units to an officer under its Share Unit Plan. The share units issued to the officer will vest in three equal installments on the first, second and third anniversaries from the date of grant. During the three months ended March 31, 2020, the Company did not grant any share units under its Share Unit Plan. Compensation for the three months ended March 31, 2021 was \$119,111 (three months ended March 31, 2020 - \$50,111) and was recorded as stock based compensation in the statement of loss and comprehensive loss.

As at March 31, 2021, there were 736,500 share units outstanding and no units exercisable (March 31, 2020 - 286,500 outstanding and no units exercisable).

#### 10. NET LOSS PER SHARE

Net loss per share has been calculated using the weighted average number of shares outstanding during the three months ended March 31, 2021 and 2020.

For the three months ended March 31,	2021	2020
Net loss for the period	\$ (3,274,972)	\$ (2,899,890)
Basic and fully diluted weighted average number of shares outstanding during the period	51,206,389	44,672,192
Basic and fully diluted net loss per share	\$ (0.06)	\$ (0.06)

Fully diluted weighted average common shares outstanding for the three months ended March 31, 2021 and 2020 are not reflective of the outstanding stock options and warrants as their exercise would be anti-dilutive in the loss per share calculation.



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#### 11. RELATED PARTY DISCLOSURES

##### (a) Director and Executive Management Compensation

Directors and executive management's compensation for the three months ended March 31, 2021 and 2020 consisted of the following:

For the three months ended March 31,	2021	2020
Cash compensation	\$ 215,273	\$ 138,500
Employment benefits	3,300	2,850
Fair value of stock-based compensation	201,190	50,111
	<b>\$ 419,763</b>	<b>\$ 191,461</b>

##### (b) Director and Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

Transaction	Note	Transaction value for the years ended		Balance outstanding as at	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Geological consulting	(1)	\$ 20,000	\$ 60,000	\$ -	\$ -
Consulting	(2)	-	30,000	-	-
Rent	(3)	-	14,640	-	-
Rent	(4)	\$ 15,057	\$ -	\$ -	\$ -
		<b>\$ 35,057</b>	<b>\$ 104,640</b>	<b>\$ -</b>	<b>\$ -</b>

- (1) During the three months ended March 31, 2021, Nighthawk paid geological consulting fees of \$20,000 (three months ended March 31, 2020 - \$60,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the former Chief Executive Officer and a Director of Nighthawk. At March 31, 2021, the balance owed was \$nil (December 31, 2020 - \$nil).
- (2) During the three months ended March 31, 2021, Nighthawk paid financial consulting fees of \$nil (three months ended March 31, 2020 - \$30,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of Nighthawk. At March 31, 2021, the balance owed was \$nil (December 31, 2020 - \$nil).
- (3) During the three months ended March 31, 2021, the Company paid rent and office costs of \$nil (three months ended March 31, 2020 - \$14,640) to 1249687 Ontario Ltd., a company controlled by Brent Peters, a former director of the Company. At March 31, 2021, the balance owed was \$nil (December 31, 2020 - \$nil).
- (4) During the three months ended March 31, 2021, the Company paid rent and office costs of \$15,057 (three months ended March 31, 2020 - \$nil) to 2756189 Ontario Inc., a company controlled by Northfield Capital Corporation, a shareholder of Nighthawk and a company with a common director (Morris Prychidny) and officer (Michael Leskovec). At March 31, 2021, the balance owed was \$nil (December 31, 2020 - \$nil).

#### 12. MANAGEMENT OF CAPITAL RISK

Nighthawk's capital management objective is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metal deposits. Achieving this objective requires management to consider the underlying nature of exploration activities, availability of capital, the cost of various capital alternatives and other factors.



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#### **12. MANAGEMENT OF CAPITAL RISK (continued)**

Nighthawk raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that Nighthawk will be able to continue raising equity capital in this manner.

Establishing and adjusting capital requirements is a continuous management process. Exploration involves a high degree of “discovery” risk and substantial uncertainties about the ultimate ability of Nighthawk to achieve positive cash flows from operations. Consequently, management primarily funds Nighthawk’s exploration activities and administrative costs by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest. Nighthawk will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Development activities may begin once a property’s mineral reserves are estimated and Nighthawk makes a positive production decision. At this point, management may consider other sources of financing such as senior debt or convertible debentures as a means to reduce equity dilution.

Nighthawk’s capital under management at March 31, 2021 includes share capital of \$104,377,121 (December 31, 2020 - \$104,003,121).

Nighthawk invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, all held with major Canadian financial institutions.

There were no changes in Nighthawk’s approach to capital management during the three month ended March 31, 2021 and Nighthawk is not subject to any externally imposed capital requirements other than the restricted cash held as guaranteed investment certificates at a Canadian chartered bank as security for the letters of credit posted with respect to Damoti Reclamation Obligation and the Colomac Security (*note 5*).

As of March 31, 2021, Nighthawk had \$2,502,224 of flow-through expenditure obligations remaining, which must be expended by December 31, 2021.

#### **13. MANAGEMENT OF FINANCIAL AND OTHER RISK**

Nighthawk’s financial instruments are exposed to financial risks as summarized below:

##### **(a) Fair Value**

The carrying amount of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities represent their fair value due to their short-term nature. The fair value of the restricted cash are equal to its carrying value. Fair value represents the amount that would be exchanged in an arm’s length transaction between willing parties and is best evidenced by a quoted market price if one exists.

##### **(b) Credit Risk**

Nighthawk’s credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Nighthawk has no significant concentration of credit risk arising from operations. Restricted cash consists of guaranteed investment certificates, which secure Nighthawk’s two irrevocable standby letters of credit with a Canadian chartered bank (*note 5*) which Nighthawk considers to be a reputable financial institution. Management therefore believes the risk of loss to be remote.



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#### **13. MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)**

##### **(c) Liquidity Risk**

Nighthawk's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, Nighthawk had a cash balance of \$5,037,939 (December 31, 2020 - \$8,309,832) to settle current liabilities of \$2,118,755 (December 31, 2020 - \$1,583,569). All of Nighthawk's financial trade liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

##### **(d) Interest Rate Risk**

Nighthawk's cash primarily includes highly liquid bank deposits that earn a fixed rate of interest thereon. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2021. The restricted cash and secured notes are not subject to cash flow interest rate risk due to the fixed rate of interest thereon. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Nighthawk manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. Nighthawk is exposed to interest rate price risk on fixed interest rate instruments.

##### **(e) Other Risk**

Nighthawk is exposed to other risks as follows:

##### **Commodity Price Risk**

Nighthawk is exposed to price risk with respect to the commodity price of gold. Future declines in this commodity price may impact the future profitability of Nighthawk and the valuation of its mineral properties. A significant decline in gold prices may affect Nighthawk's ability to obtain capital for the exploration and development of its mineral resource properties.

#### **14. SUBSEQUENT EVENTS**

- (a) Subsequent to period end on April 14, 2021, the Company granted 1.7 million stock options having an exercise price of \$1.17 expiring five years from the date of grant.
- (b) Subsequent to period end on April 8, 2021, the Company completed private placement pursuant to which the syndicate of underwriters purchased 2,550,000 units ("**2021 Units**"), 865,000 flow-through units (the "**2021 FT Units**"), and 5,750,000 premium flow-through units (the "**2021 Premium FT Units**") on a bought deal private placement basis (the "**2021 Offering**") for aggregate proceeds of \$10.95 million. The 2021 Units were sold at a price of \$0.96 per 2021 Unit, the 2021 FT Units were sold at a price of \$1.15 per 2021 FT Unit, and the 2021 Premium FT Units were sold at a price of \$1.305 per 2021 Premium FT Unit. Each 2021 Unit was comprised of one non-flow-through common share and 0.4 of one common share purchase warrant (each whole warrant, a "**2021 Warrant**"). Each 2021 FT Unit was comprised of one flow-through common share and 0.4 of one 2021 Warrant. Each 2021 Premium FT Unit was comprised of one flow-through common share and 0.4 of one 2021 Warrant. The common share component of both the 2021 FT Units and the 2021 Premium FT Units were qualified as "flow-through shares" within the meaning of the Income Tax Act (Canada). Each 2021 Warrant entitled the holder thereof to acquire one common share at a price of \$1.35 until the date that is 24 months following the closing date of the 2021 Offering.