



NIGHTHAWK
GOLD CORP

Condensed Interim Financial Statements

For the Three Months Ended March 31, 2022 and 2021

Unaudited

Presented in Canadian Dollars



May 12, 2022

MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Nighthawk Gold Corp. ("**Nighthawk**") are the responsibility of the Board of Directors and executive management. The unaudited condensed interim 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 financial statements do not include all of the disclosures required for annual 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, 2021. These unaudited condensed interim 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 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 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 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 financial statements and (ii) the unaudited condensed interim 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 financial statements.

The Board of Directors is responsible for reviewing and approving the 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 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 financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the 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"

Keyvan Salehi
President & Chief Executive Officer

(Signed) "Michael Leskovec"

Michael Leskovec
Chief Financial Officer



NIGHTHAWK GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
Presented in Canadian Dollars

| | March 31, 2022 | December 31, 2021 |
|--|---------------------------|----------------------|
| | Unaudited | Audited |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 11,444,588 | \$ 13,827,773 |
| Amounts receivable | 208,546 | 227,784 |
| Prepaid expenses and supplies | 1,752,250 | 1,182,964 |
| | 13,405,384 | 15,238,521 |
| Non-current Assets | | |
| Restricted cash (note 5) | 4,749,566 | 4,749,566 |
| Property plant and equipment (note 6) | 109,877 | - |
| Exploration and evaluation assets (note 7) | 12,688,920 | 12,306,231 |
| | 17,548,363 | 17,055,797 |
| | \$ 30,953,747 | \$ 32,294,318 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 2,375,200 | \$ 1,012,485 |
| Non-current Liabilities | | |
| Flow-through share premium liability | 1,053,131 | 1,512,854 |
| Provision for service obligation (note 8) | 3,012,314 | 3,012,314 |
| Reclamation provision (note 9) | 910,329 | 910,329 |
| | 4,975,774 | 5,435,497 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 10(a)) | 134,167,785 | 133,839,348 |
| Warrant reserve (note 10(b)) | 4,002,500 | 4,002,500 |
| Share-based payment reserve (note 10(c)) | 21,278,605 | 20,834,490 |
| Accumulated deficit | (135,846,117) | (132,830,002) |
| | 23,602,773 | 25,846,336 |
| | \$ 30,953,747 | \$ 32,294,318 |

Subsequent Event (note 15)

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



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Presented in Canadian Dollars

Unaudited

| For the three months ended March 31, | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Operating Expenses | | |
| General and Administrative Expenses | | |
| Salaries, director and consulting fees <i>(note 12)</i> | \$ 453,896 | \$ 371,279 |
| Shareholder communication and marketing | 152,343 | 92,583 |
| Regulatory | 83,567 | 59,298 |
| Office and administration | 75,396 | 61,382 |
| Professional fees | 68,921 | 53,127 |
| Travel | 46,639 | 579 |
| Stock-based compensation <i>(note 10(c))</i> | 435,227 | 246,967 |
| | 1,315,989 | 885,215 |
| Exploration and Evaluation Expenses <i>(note 7)</i> | 2,200,565 | 3,027,679 |
| Operating Loss | 3,516,554 | 3,912,894 |
| Other Income | | |
| Flow-through share premium | 459,723 | 601,276 |
| Gain on debt settlement <i>(note 7)</i> | 21,563 | 26,000 |
| Interest income | 9,645 | 10,646 |
| Other income | 9,508 | - |
| Total Other Income | 500,439 | 637,922 |
| Net Loss and Comprehensive Loss | \$ (3,016,115) | \$ (3,274,972) |
| Net Loss Per Share <i>(note 11)</i>: | | |
| Basic and Fully Diluted | \$ (0.03) | \$ (0.06) |

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



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM 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 |
|--|-----------------------|---------------------|-----------------------------|---|----------------------|
| Balance at December 31, 2020 | \$ 104,003,121 | \$ 516,712 | \$ 18,567,340 | \$ (103,954,066) | \$ 19,133,107 |
| Issuance of common shares for Kim and Cass Option (<i>note 7</i>) | 374,000 | - | - | - | 374,000 |
| Stock-based compensation (<i>note 10(c)</i>) | - | - | 246,967 | - | 246,967 |
| Net loss for the period | - | - | - | (3,274,972) | (3,274,972) |
| Balance at March 31, 2021 | \$ 104,377,121 | \$ 516,712 | \$ 18,814,307 | \$ (107,229,038) | \$ 16,479,102 |
| Issuance of shares on April 8, 2021, net of cash share issuance costs of \$745,962 (<i>note 10(a)</i>) | 10,200,538 | - | - | - | 10,200,538 |
| Issuance of shares on July 7, 2021, net of cash share issue costs of \$2,010,680 (<i>note 10(a)</i>) | 24,994,503 | - | - | - | 24,994,503 |
| Issuance of shares on December 9, 2021, net of cash share issue costs of \$395,724 (<i>note 10(a)</i>) | 5,234,276 | - | - | - | 5,234,276 |
| Flow-through share premium | (7,187,340) | - | - | - | (7,187,340) |
| Fair value of warrants issued | (4,002,500) | 4,002,500 | - | - | - |
| Exercise of share units | 222,750 | - | (222,750) | - | - |
| Expiry of warrants | - | (516,712) | 516,712 | - | - |
| Stock-based compensation (<i>note 10(c)</i>) | - | - | 1,700,258 | - | 1,700,258 |
| Stock-based payment for services | - | - | 25,963 | - | 25,963 |
| Net loss for the period | - | - | - | (25,600,964) | (25,600,964) |
| Balance at December 31, 2021 | \$ 133,839,348 | \$ 4,002,500 | \$ 20,834,490 | \$ (132,830,002) | \$ 25,846,336 |
| Issuance of common shares for Kim and Cass Option (<i>note 7</i>) | 328,437 | - | - | - | 328,437 |
| Stock-based compensation (<i>note 10(c)</i>) | - | - | 435,227 | - | 435,227 |
| Stock-based payment for services | - | - | 8,888 | - | 8,888 |
| Net loss for the period | - | - | - | (3,016,115) | (3,016,115) |
| Balance at March 31, 2022 | \$ 134,167,785 | \$ 4,002,500 | \$ 21,278,605 | \$ (135,846,117) | \$ 23,602,773 |

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



NIGHTHAWK GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

Unaudited

| For the three months ended March 31, | 2022 | 2021 |
|---|----------------------|---------------------|
| Cash provided by (used in) | | |
| Operations | | |
| Net loss for the period | \$ (3,016,115) | \$ (3,274,972) |
| Items not involving cash: | | |
| Stock-based compensation | 435,227 | 246,967 |
| Gain on debt settlement | (21,563) | (26,000) |
| Flow-through share premium | (459,723) | (601,276) |
| Stock-based payment for services | 8,888 | - |
| Depreciation | 923 | - |
| Change in non-cash working capital: | | |
| Amounts receivable | 19,238 | (212,206) |
| Prepaid expenses and supplies | (569,286) | 100,804 |
| Accounts payable and accrued liabilities | 1,362,715 | 535,186 |
| | (2,239,696) | (3,231,497) |
| Investing | | |
| Purchase of property, plant and equipment | (110,800) | - |
| Acquisition costs | (32,689) | (40,396) |
| | (143,489) | (40,396) |
| Decrease in cash | (2,383,185) | (3,271,893) |
| Cash and cash equivalents, beginning of period | 13,827,773 | 8,309,832 |
| Cash and cash equivalents, end of period | \$ 11,444,588 | \$ 5,037,939 |

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



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the three months ended March 31, 2022 and 2021

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.

On January 1, 2022, the Company vertically amalgamated its wholly-owned and controlled subsidiary Golden Sierra Inc., which was inactive during the years ended December 31, 2021 and 2020.

The condensed interim financial statements for the three months ended March 31, 2022 and 2021 have been approved for issue by the Board of Directors on May 12, 2022.

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, 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 COVID-19 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 full extent of the impact remains unknown, we anticipate this outbreak may continue to 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 pandemic, Nighthawk has taken precautions to ensure the safety and well-being of all personnel at site, as well as the surrounding communities. As of the date of this document, the Company is not aware of any site personnel having contracted COVID-19.

2. BASIS OF PRESENTATION

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



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those as disclosed in its most recently completed audited consolidated financial statements for the fiscal year ended December 31, 2021.

(a) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment 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 its located.

The carrying amounts of property, plant, and equipment (including initial and subsequent capital expenditure) are amortized to their estimated residual value over the estimated useful lives of the specific assets concerned. Amortization is provided using the straight line basis evenly over the estimated useful lives of the property, plant and equipment:

| | |
|------------------|----------|
| Mining equipment | 10 years |
|------------------|----------|

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

The preparation of these condensed interim 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 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.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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For the three months ended March 31, 2022 and 2021

4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS (continued)

(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 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.

(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 7 and 9*) 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.



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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For the three months ended March 31, 2022 and 2021

5. RESTRICTED CASH (continued)

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 7), 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 8). 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 8).

| | Permit security / Other | Colomac GIC's | Total restricted cash |
|---|----------------------------|------------------|--------------------------|
| Balance - December 31, 2021 and March 31, 2022 | \$ 749,566 | \$ 4,000,000 | \$ 4,749,566 |

6. PROPERTY PLANT AND EQUIPMENT

| As at March 31, 2022 | Cost | Accumulated amortization | Net |
|----------------------|------------|-----------------------------|-------------------|
| Mining equipment | \$ 110,800 | \$ 923 | \$ 109,877 |

Mining equipment consists of earthmoving equipment primarily used in the maintenance and upkeep of the camp, airstrip and surrounding area. All equipment was purchased during the three months ended March 31, 2022.

7. 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 \$910,329 (December 31, 2021 - \$910,329) (note 9).

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, 2022, Nighthawk incurred \$32,689 of assessment costs which have been capitalized as acquisition costs (2021 - \$19,846).



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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7. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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 common 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. In January 2020, 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.

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 8 for further details on the provision for service obligation remaining at March 31, 2022. 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.

Under an option agreement dated February 17, 2021, the Company acquired an option to earn 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 year ended December 31, 2021);

- On or before February 17, 2022 - \$350,000 in any proportion of common shares or cash, at Nighthawk's full discretion (satisfied by the issuance of 475,996 common shares of the Company valued at \$328,437 (See Note 10(a)); a gain on debt settlement of \$21,563 was recorded during the three months ended March 31, 2022); and

- On or before February 17, 2023 - \$350,000 in any proportion of common shares or cash, at Nighthawk's full discretion.

| | December 31, 2021 | | | March 31, 2022 | | |
|--------------------------|---|----------------------------|------------------|--|----------------------------|------------------|
| | Exploration and valuation Expense Capitalized | Exploration Costs Expensed | Cumulative Total | Option & Acquisition Costs Capitalized | Exploration Costs Expensed | Cumulative Total |
| Mineral Property | | | | | | |
| Indin Lake Gold Property | \$ 12,306,231 | \$ 114,227,518 | \$ 126,533,749 | \$ 12,688,920 | \$ 116,428,083 | \$ 129,117,003 |



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Unaudited

For the three months ended March 31, 2022 and 2021

7. EXPLORATION AND EVALUATION EXPENDITURES (continued)

| | Option & Acquisition Costs |
|------------------------------------|-------------------------------|
| Balance - December 31, 2021 | \$ 12,306,231 |
| Option payments | 350,000 |
| Acquisition costs | 32,689 |
| Balance - March 31, 2022 | \$ 12,688,920 |

| For the three months ended March 31, | Exploration and Evaluation Expenses | |
|--|--|---------------------|
| | 2022 | 2021 |
| Camp | \$ 818,461 | \$ 1,168,019 |
| Transportation | 598,293 | 558,957 |
| Geological & consultant fees | 448,825 | 441,256 |
| Licenses & permits | 200,270 | 165,626 |
| Assaying & analytical | 133,793 | 313,765 |
| Administrative & other | 923 | 5,991 |
| Drilling | - | 361,570 |
| Prospecting | - | 12,495 |
| Total Exploration and Evaluation Expenses | \$ 2,200,565 | \$ 3,027,679 |

8. PROVISION FOR SERVICE OBLIGATION

As consideration for the Colomac Gold Project (*note 7*), 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 |
|---|---------------------|
| Balance - December 31, 2021 and March 31, 2022 | \$ 3,012,314 |



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9. RECLAMATION PROVISION

Upon acquisition of the Damoti Lake Property (*note 7*), 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 had since carried out environmental assessments using a third party specialist and estimated the cost of the Damoti Reclamation Obligation to be \$401,150. During the year ended December 31, 2021, an environmental assessment estimated the Damoti Reclamation Obligation and the Colomac exploration program reclamation to be \$910,329 in aggregate. The Company estimates the total reclamation provision to be \$910,329 at March 31, 2022. The significant increase was attributed to the effect of inflation on cost estimates and the remediation costs related to additional camp and infrastructure at the Colomac exploration camp. Nighthawk has posted the Permit GIC's and the additional security for an amount of \$689,566 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. The Company is currently unable to reliably estimate when the reclamation activities will be completed.

| | Amount |
|---|-------------------|
| Balance - December 31, 2021 and March 31, 2022 | \$ 910,329 |

10. SHARE CAPITAL

(a) Common Shares

Authorized Capital - Unlimited common shares
Issued

| | Number of shares | Consideration |
|--|---------------------|-----------------------|
| Balance - December 31, 2021 | 86,166,250 | 133,839,348 |
| Issuance of common shares on Kim and Cass Option (<i>note 7</i>) | 475,996 | 328,437 |
| Balance - March 31, 2022 | 86,642,246 | \$ 134,167,785 |

(b) Warrants

| | Warrants | Allocated value |
|---|-------------------|---------------------|
| Balance - December 31, 2021 and March 31, 2022 | 17,340,017 | \$ 4,002,500 |

During the three months ended March 31, 2022, no warrants were issued by the Company.



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10. SHARE CAPITAL (continued)

(b) Warrants (continued)

A summary of Nighthawk's outstanding warrants at March 31, 2022 is presented below:

| Issue date | Number of warrants | Exercise price | Expiry date |
|----------------------------------|--------------------|----------------|------------------|
| April 8, 2021 | 3,666,000 | \$1.35 | April 8, 2023 |
| July 7, 2021 | 9,927,375 | \$1.50 | July 7, 2023 |
| July 7, 2021 Broker Warrants | 595,642 | \$1.15 | July 7, 2023 |
| December 9, 2021 | 2,815,000 | \$1.50 | December 9, 2023 |
| December 9, 2021 Broker Warrants | 336,000 | \$1.50 | December 9, 2023 |
| | 17,340,017 | | |

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, 2021 | \$ 20,834,490 |
| Stock-based compensation | 435,227 |
| Stock-based payment for services | 8,888 |
| Balance - March 31, 2022 | \$ 21,278,605 |

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 exercised/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.



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10. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

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.

| | Number of options | Weighted average exercise price |
|---------------------------------|----------------------|---------------------------------------|
| Balance - December 31, 2021 | 6,467,500 | \$ 1.50 |
| Granted | 510,000 | 0.84 |
| Expired | (680,000) | 4.00 |
| Balance - March 31, 2022 | 6,297,500 | \$ 1.18 |

During the three months ended March 31, 2022 and 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 ^(a) | 250,000 | \$1.32 | \$1.32 | 0.39% | 5.0 | 84% | \$0.88 |
| Three months ended March 31, 2022 | | | | | | | |
| January 25, 2027 ^(b) | 510,000 | \$0.84 | \$0.71 | 1.64% | 5.0 | 65% | \$0.37 |

(a) Options vest in 4 equal instalments on the date of grant and on the first, second and third anniversaries of the option grant.

(b) Options vest in 3 equal instalments on the date of grant and on the first and second anniversaries of the option grant.



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10. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

A summary of Nighthawk's outstanding stock options at March 31, 2022 is presented below:

| Grant date | Options outstanding | Options exercisable | Exercise price | Weighted average remaining life (years) |
|--------------------|---------------------|---------------------|----------------|---|
| September 19, 2018 | 681,000 | 681,000 | \$2.00 | 1.5 |
| December 10, 2019 | 336,500 | 336,500 | \$2.10 | 2.7 |
| October 5, 2020 | 75,000 | 75,000 | \$1.30 | 3.5 |
| December 2, 2020 | 500,000 | 250,000 | \$1.26 | 3.7 |
| January 1, 2021 | 250,000 | 125,000 | \$1.32 | 3.8 |
| April 14, 2021 | 1,675,000 | 558,333 | \$1.17 | 4.0 |
| October 18, 2021 | 275,000 | 91,667 | \$0.86 | 4.6 |
| December 17, 2021 | 1,995,000 | 665,000 | \$0.84 | 4.7 |
| January 25, 2022 | 510,000 | 170,000 | \$0.84 | 4.8 |
| | 6,297,500 | 2,952,500 | 1.18 | 3.5 |

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.

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.



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10. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

During the three months ended March 31, 2022, the Company did not grant any share units under its Share Unit plan. 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 vest in three equal installments on the first, second and third anniversaries from the date of grant. Compensation for the three months ended March 31, 2022 was \$42,444 (three months ended March 31, 2021 - \$119,111) and was recorded as stock based compensation in the statement of loss and comprehensive loss. \$8,888 (March 31, 2021 - \$nil) was also recorded to consulting expenses, for those granted to consultants in previous years.

A continuity of Nighthawk's outstanding share units at March 31, 2022 and December 31, 2021 is presented below:

| | Outstanding | Exercisable |
|---|----------------|-------------|
| Balance - March 31, 2022 and December 31, 2021 | 641,500 | 265,000 |

11. 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, 2022 and 2021.

| | 2022 | 2021 |
|---|----------------|----------------|
| Net loss for the period | \$ (3,016,115) | \$ (3,274,972) |
| Basic and fully diluted weighted average number of shares outstanding during the period | 86,404,248 | 51,206,389 |
| Basic and fully diluted net loss per share | \$ (0.03) | \$ (0.06) |

Fully diluted weighted average common shares outstanding for the three months ended March 31, 2022 and 2021 are not reflective of the outstanding stock options, share units and warrants as their exercise would be anti-dilutive in the loss per share calculation.

12. RELATED PARTY DISCLOSURES

(a) Director and Executive Management Compensation

Directors and executive management's compensation for the three months ended March 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Cash compensation | \$ 222,849 | \$ 215,273 |
| Employment benefits | 12,627 | 3,300 |
| Fair value of stock-based compensation | 405,761 | 210,190 |
| | \$ 641,237 | \$ 428,763 |



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12. RELATED PARTY DISCLOSURES (continued)

(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 period ended | | Balance outstanding as at | |
|-----------------------|------|---|------------------|---------------------------|----------------------|
| | | March 31 2022 | March 31 2021 | December 31 2021 | December 31, 2020 |
| Geological consulting | (1) | \$ - | \$ 20,000 | \$ - | \$ - |
| Rent | (2) | 15,057 | 15,057 | - | - |
| | | \$ 15,057 | \$ 35,057 | \$ - | \$ - |

(1) During the period ended March 31, 2022, Nighthawk paid geological consulting fees of \$nil (three months ended March 31, 2021 - \$20,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the former Chief Executive Officer and a former Director of Nighthawk. At March 31, 2022, the balance owed was \$nil (December 31, 2021 - \$nil).

(2) During the period ended March 31, 2022, the Company paid rent and office costs of \$15,057 (three months ended March 31, 2021 - \$15,057) 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, 2022, the balance owed was \$nil (December 31, 2021 - \$nil).

13. 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.

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, 2022 includes share capital of \$134,167,785 (December 31, 2021 - \$133,839,348).



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13. MANAGEMENT OF CAPITAL RISK (continued)

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, 2022 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, 2022, Nighthawk had \$6,410,631 of flow-through expenditure obligations remaining, which must be expended by December 31, 2022.

14. 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.

(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, 2022, Nighthawk had a cash balance of \$11,444,588 (December 31, 2021 - \$13,827,773) to settle current liabilities of \$2,375,200 (December 31, 2021 - \$1,012,485). 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, 2022. The restricted cash is 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.



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14. MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)

(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.

15. SUBSEQUENT EVENT

- (a) Subsequent to period end on May 3, 2022, the Company completed a public offering of 10,000,000 units ("**May 2022 Units**"), 9,285,000 flow-through units ("**May 2021 FT Units**") and 16,871,200 premium flow-through units ("**May 2022 Premium FT Units**") on a bought deal basis for aggregate proceeds of approximately \$31 million. The May 2022 Units were sold at a price of \$0.70 per unit, the May 2022 FT Units were sold at a price of \$0.81 per FT Unit, and the May 2022 Premium FT Units were sold at a price of \$0.98 per Premium FT Unit. Each May 2022 Unit was composed of one non-flow-through common share and half of one common share purchase warrant. Each whole warrant entitled the holder thereof to acquire one common share at a price of \$1.05 until May 3, 2024 (a "**May 2022 Warrant**"). Each May 2022 FT Unit was composed of one flow-through common share and half of one May 2022 Warrant, issued on a flow-through basis. Each May 2022 Premium FT Unit was composed of one flow-through common share and half of one May 2022 Warrant, issued on a flow-through basis. The underwriters were issued 1,084,686 broker warrants exercisable until May 3, 2024, at an exercise price equal to \$0.70 per common share.