



Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

Presented in Canadian Dollars



March 30, 2021

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Nighthawk Gold Corp. ("**Nighthawk**") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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. Nighthawk's significant accounting policies are summarized in note 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

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 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



Independent Auditor's Report

To the Shareholders of Nighthawk Gold Corp.:

Opinion

We have audited the consolidated financial statements of Nighthawk Gold Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020, December 31, 2019 and January 1, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2020 and December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020, December 31, 2019 and January 1, 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 3(o) to the consolidated financial statements, which explains that certain comparative information presented:

- For the year ended December 31, 2019 has been restated.
- As at January 1, 2019 has been derived from the consolidated statement of financial position as at December 31, 2018 (not presented herein).

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

MNP LLP

Toronto, Ontario
March 30, 2021

Chartered Professional Accountants
Licensed Public Accountants

MNP



NIGHTHAWK GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

	December 31, 2020	December 31, 2019 <i>Note 3(o)</i>	January 1, 2019 <i>Note 3(o)</i>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 8,309,832	\$ 9,662,590	\$ 13,948,633
Marketable securities	-	-	80,000
Amounts receivable	232,077	124,924	103,239
Prepaid expenses and supplies	894,738	702,212	616,283
	9,436,647	10,489,726	14,748,155
Non-current Assets			
Restricted cash (<i>note 5</i>)	4,669,310	4,669,310	4,479,000
Exploration and evaluation assets (<i>note 6</i>)	11,152,664	10,456,144	10,348,314
	15,821,974	15,125,454	14,827,314
	\$ 25,258,621	\$ 25,615,180	\$ 29,575,469
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 1,583,569	\$ 469,201	\$ 419,261
Non-current Liabilities			
Flow-through share premium liability	1,128,481	-	-
Provision for service obligation (<i>note 7</i>)	3,012,314	3,012,314	3,012,314
Reclamation provision (<i>note 8</i>)	401,150	401,150	401,150
	4,541,945	3,413,464	3,413,464
SHAREHOLDERS' EQUITY			
Share capital (<i>note 9(a)</i>)	104,003,121	94,828,475	82,255,810
Warrant reserve (<i>note 9(b)</i>)	516,712	-	-
Share-based payment reserve (<i>note 9(c)</i>)	18,567,340	18,154,940	17,567,258
Accumulated deficit	(103,954,066)	(91,250,900)	(74,080,324)
	19,133,107	21,732,515	25,742,744
	\$ 25,258,621	\$ 25,615,180	\$ 29,575,469

Subsequent Events (*note 15*)

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

On behalf of the Board:

(Signed) "Morris Prychidny"

 Director

(Signed) "Brian Howlett"

 Director



NIGHTHAWK GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Presented in Canadian Dollars

For the years ended December 31,	2020	2019
		<i>Note 3(o)</i>
Operating Expenses		
General and Administrative Expenses		
Salaries, director and consulting fees	\$ 910,690	\$ 869,440
Shareholder communication and marketing	367,413	360,632
Office and administration	234,382	208,549
Professional fees	211,583	117,569
Regulatory	119,288	133,940
Travel	99,532	92,118
Stock-based compensation <i>(note 9(c))</i>	457,611	856,065
	2,400,499	2,638,313
Exploration and Evaluation Expenses <i>(note 6)</i>	11,842,080	14,812,902
Operating Loss	14,242,579	17,451,215
Other Income		
Flow-through share premium	1,512,839	208,725
Interest income	114,686	227,378
Gain on sale of investment	-	38,750
Total Other Income	1,627,525	474,853
Loss Before Income Taxes	(12,615,054)	(16,976,362)
Deferred Tax Provision <i>(note 10)</i>	(88,112)	(194,214)
Net Loss and Comprehensive Loss	\$ (12,703,166)	\$ (17,170,576)
Net Loss Per Share <i>(note 11)</i>:		
Basic and Fully Diluted	\$ (0.27)	\$ (0.41)

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



NIGHTHAWK GOLD CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

	Share capital	Warrant reserve	Share-based payment reserve	Accumulated deficit <i>Note 3(o)</i>	Total equity
Balance at January 1, 2019	\$ 82,255,810	\$ -	\$ 17,567,258	\$ (74,080,324)	\$ 25,742,744
Issuance of shares net of cash share issuance costs of \$732,882	11,905,043	-	-	-	11,905,043
Flow-through share premium	(208,725)	-	-	-	(208,725)
Tax effect of share issue costs	194,214	-	-	-	194,214
Issuance of common shares on exercise of stock options	413,750	-	-	-	413,750
Fair value of stock options transferred on exercise	268,383	-	(268,383)	-	-
Stock-based compensation	-	-	856,065	-	856,065
Net loss for the year	-	-	-	(17,170,576)	(17,170,576)
Balance at December 31, 2019	94,828,475	-	18,154,940	(91,250,900)	21,732,515
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 (<i>note 9(c)</i>)	-	-	503,611	-	503,611
Net loss for the year	-	-	-	(12,703,166)	(12,703,166)
Balance at December 31, 2020	\$ 104,003,121	\$ 516,712	\$ 18,567,340	\$ (103,954,066)	\$ 19,133,107

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



NIGHTHAWK GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

For the years ended December 31,	2020	2019
		<i>Note 3(o)</i>
Cash provided by (used in)		
Operations		
Net loss for the year	\$ (12,703,166)	\$ (17,170,576)
Items not involving cash:		
Deferred income tax provision	88,112	194,214
Stock-based compensation	457,611	856,065
Gain on sale of investment	-	(38,750)
Flow-through share premium	(1,512,839)	(208,725)
Change in non-cash working capital:		
Amounts receivable	(107,153)	(21,685)
Prepaid expenses and supplies	(146,526)	(85,929)
Accounts payable and accrued liabilities	1,114,368	49,940
	(12,809,593)	(16,425,446)
Financing		
Issuance of common shares, net of share issue costs	11,668,105	11,905,043
Exercise of stock options	203,250	413,750
	11,871,355	12,318,793
Investing		
Acquisition costs	(414,520)	(107,830)
Proceeds on sale of investment	-	118,750
Restricted cash	-	(190,310)
	(414,520)	(179,390)
Decrease in cash	(1,352,758)	(4,286,043)
Cash and cash equivalents, beginning of year	9,662,590	13,948,633
Cash and cash equivalents, end of year	\$ 8,309,832	\$ 9,662,590

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



NIGHTHAWK GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

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 consolidated financial statements for the years ended December 31, 2020 and 2019 have been approved for issue by the Board of Directors on March 30, 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 year, there was a 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 suspended exploration activities on its Indin Lake Gold Property located in the Northwest Territories, Canada and temporarily closed the Colomac camp on April 5, 2020, as precautions were taken to ensure the safety and well-being of all personnel at site, as well as the surrounding communities. The Company resumed exploration activities in July 2020 and completed its exploration program for the year. As of the date of this document, the Company is not aware of any site personnel having contracted Coronavirus.

2. BASIS OF PRESENTATION

These consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations as issued by the International Accounting Standards Board ("**IASB**") and have been consistently applied to all the years presented. The principal accounting policies applied in the preparation of these audited consolidated financial statements are set out below.

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

These consolidated financial statements have been prepared 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.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprise the accounts of Nighthawk and the assets, liabilities, revenues and expenses of its wholly-owned and controlled subsidiary Golden Sierra Inc., which was inactive during the years ended December 31, 2020 and 2019.

Subsidiary

A subsidiary is an entity over which Nighthawk is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiary.

The accounts of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. Inter-company transactions and balances are eliminated. Unrealized gains and losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Nighthawk.

(b) Business Combinations

Business combinations are accounted for using the acquisition method of accounting, whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition with the excess of the purchase price over such fair value recorded as goodwill.

If a transaction does not meet the definition of a business combination as per IFRS standards, the transaction is recorded as an acquisition of an asset.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is Nighthawk's functional currency. The functional currency of Nighthawk's subsidiaries is also the Canadian dollar. The functional currency of Nighthawk's consolidated entity is measured using the currency of the primary economic environment in which that entity operates.

(d) Financial Instruments

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

The following table summarizes the classification and measurement under IFRS 9 for each financial instrument:

Classification	IFRS 9
Cash & cash equivalents	Amortized cost
Marketable securities	FVTPL
Amounts receivable	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost



NIGHTHAWK GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Marketable securities are classified as Level 1.

(e) Cash & Cash Equivalents

Cash includes balances and guaranteed investment certificates held with a Canadian chartered bank. Cash and cash equivalents include cash on hand and highly liquid investments with an original maturity at the date of purchase of three months or less.

(f) Exploration and Evaluation Assets, and Mineral Properties

Exploration and Evaluation Assets

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- (ii) determining the optimal methods of extraction and metallurgical and treatment processes;
- (iii) studies related to surveying, transportation, and infrastructure requirements;
- (iv) permitting activities; and
- (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

License costs paid in connection with a right to explore in an existing exploration area are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless it is concluded that a future economic benefit is more likely than not to be realized.

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.



NIGHTHAWK GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and Evaluation Assets, and Mineral Properties (continued)

Exploration and evaluation expenditures incurred on a license where a NI 43-101 – Standards of Disclosure for Mineral Projects (“**43-101**”) compliant resource has not yet been established are expensed as incurred until sufficient evaluation has occurred in order to establish a 43-101 compliant resource and on completion of a pre-feasibility study. Costs expensed during this phase are included in “exploration and evaluation expenses” in the consolidated statements of operations and comprehensive loss.

Costs of acquiring exploration and evaluation assets are capitalized. They are subsequently measured at cost less accumulated impairment.

Once development is sanctioned, exploration and evaluation assets are tested for impairment and transferred from “Exploration and Evaluation Assets” to “Mineral Properties and Deferred Development Costs” or “Property, Plant & Equipment” depending on the nature of the asset. No amortization is charged during the exploration and evaluation phase.

Mineral Properties

Mine development costs are capitalized if management determines that there is sufficient evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Prior to capitalizing such costs, management determines if there is a probable future benefit that will contribute to future cash inflows, the Company can obtain the benefit and control access to it, and if the transaction or event giving rise to the benefit has already occurred.

If the Company does not have sufficient evidence to support the probability of generating positive economic returns in the future, mine development costs are expensed in the consolidated statements of operations and comprehensive loss.

Amortization and Depletion

Exploration and evaluation assets and mineral properties are not subject to depletion or amortization – they are assessed for impairment at every reporting period or when circumstances indicate that the carrying value may not be recoverable.

Disposal

At the disposal, gains or losses of an item within Exploration and Evaluation Assets, or Mineral Properties are calculated as the difference between the proceeds from disposal and the carrying amount. Those gains or losses are recognized net within other income in profit or loss.

(g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset until such time as the assets are substantially ready for their intended use. Qualifying assets are those that necessarily take a substantial period of time to prepare for its intended use or sale. All other borrowing costs are recognized as interest or accretion expense in the statement of loss in the period in which they are incurred.



NIGHTHAWK GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment

(i) Non-financial assets

The carrying amounts of Nighthawk's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Share-Based Payment Transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. Fair values of share-based payments (including stock options) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model using the management assumptions disclosed in note 9 (b) and note 9 (c) for warrants and stock options, respectively. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including Directors of Nighthawk.

Share-based payment arrangements in which Nighthawk receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. These transactions are measured at the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case, they are measured indirectly, by reference to the fair value of the equity instruments granted.



NIGHTHAWK GOLD CORP.
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions and Asset Retirement Obligations

A provision is recognized if, as a result of a past event, Nighthawk has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, including asset retirement obligations, are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(k) Income Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Share Capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Flow-through Shares

To the extent that Nighthawk issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow through common shares, any such premium is recorded as a liability on Nighthawk's consolidated statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as Nighthawk fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

(m) Valuation of Equity Instruments in Private Placements

Nighthawk has adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued using the Black-Scholes option pricing model and the share price at the time of financing, and the shares are valued based on quoted market price.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire after vesting, the recorded value is transferred to share-based payment reserve.



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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Net Loss Per Share

Nighthawk presents basic and fully diluted net loss per share data for its common shares. Basic net loss per share is calculated by dividing the net loss attributable to common shareholders of Nighthawk by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Fully diluted net loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and stock options granted. The effect on the diluted net loss per share of the exercise of the stock options and warrants described in note 11 would be anti-dilutive.

(o) 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 assets and aligns the analysis to when the mineral property is considered economically and commercially viable. The cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The consolidated financial statements for the year ended December 31, 2019 and as of January 1, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy.



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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes in Accounting Policies (continued)

The following is a reconciliation of the Company's financial statements as at December 31, 2019 and January 1, 2019.

Statement of Financial Position	December 31, 2019 as previously reported	Adjustment	December 31, 2019 as restated
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 9,662,590	\$ -	\$ 9,662,590
Amounts receivable	124,924	-	124,924
Prepaid expenses and supplies	702,212	-	702,212
	10,489,726	-	10,489,726
Non-current Assets			
Restricted cash	4,669,310	-	4,669,310
Exploration and evaluation assets	82,267,998	(71,811,854)	10,456,144
	86,937,308	(71,811,854)	15,125,454
	\$ 97,427,034	\$ (71,811,854)	\$ 25,615,180
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 469,201	\$ -	\$ 469,201
Non-current Liabilities			
Provision for service obligation	3,012,314	-	3,012,314
Reclamation provision	401,150	-	401,150
Deferred tax liability	9,361,512	(9,361,512)	-
	12,774,976	(9,361,512)	3,413,464
SHAREHOLDERS' EQUITY			
Share capital	94,828,475	-	94,828,475
Share-based payment reserve	18,154,940	-	18,154,940
Accumulated deficit	(28,800,558)	(62,450,342)	(91,250,900)
	84,182,857	(62,450,342)	21,732,515
	\$ 97,427,034	\$ (71,811,854)	\$ 25,615,180



NIGHTHAWK GOLD CORP.
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For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes in Accounting Policies (continued)

Statement of Financial Position	January 1, 2019 as previously reported	Adjustment	January 1, 2019 as restated
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 13,948,633	\$ -	\$ 13,948,633
Marketable securities	80,000	-	80,000
Amounts receivable	103,239	-	103,239
Prepaid expenses and supplies	616,283	-	616,283
	14,748,155	-	14,748,155
Non-current Assets			
Restricted cash	4,479,000	-	4,479,000
Exploration and evaluation assets	67,163,070	(56,814,756)	10,348,314
	71,642,070	(56,814,756)	14,827,314
	\$ 86,390,225	\$ (56,814,756)	\$ 29,575,469
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 419,261	\$ -	\$ 419,261
Non-current Liabilities			
Provision for service obligation	3,012,314	-	3,012,314
Reclamation provision	401,150	-	401,150
Deferred tax liability	6,903,194	(6,903,194)	-
	10,316,658	(6,903,194)	3,413,464
SHAREHOLDERS' EQUITY			
Share capital	82,255,810	-	82,255,810
Share-based payment reserve	17,567,258	-	17,567,258
Accumulated deficit	(24,168,762)	(49,911,562)	(74,080,324)
	75,654,306	(49,911,562)	25,742,744
	\$ 86,390,225	\$ (56,814,756)	\$ 29,575,469



NIGHTHAWK GOLD CORP.
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes in Accounting Policies (continued)

	For the years ended		
	December 31, 2019	Adjustment	December 31, 2019
Statement of Loss and Comprehensive Loss	as previously reported		as restated
Operating Expenses			
General and Administrative Expenses			
Salaries, director and consulting fees	\$ 869,440	\$ -	\$ 869,440
Shareholder communication and marketing	360,632	-	360,632
Office and administration	208,549	-	208,549
Regulatory	133,940	-	133,940
Professional fees	117,569	-	117,569
Travel	92,118	-	92,118
Stock-based compensation	671,869	184,196	856,065
	2,454,117	184,196	2,638,313
Exploration and Evaluation Expenses	-	14,812,902	14,812,902
Operating Loss	2,454,117	14,997,098	17,451,215
Other income (expense)			
Interest income	227,378	-	227,378
Flow-through share premium	208,725	-	208,725
Gain on sale of investment	38,750	-	38,750
Total Other Income	474,853	-	474,853
Loss Before Income Taxes	(1,979,264)	(14,997,098)	(16,976,362)
Deferred tax provision	(2,652,532)	2,458,318	(194,214)
Net Loss and Comprehensive Loss	\$ (4,631,796)	\$ (12,538,780)	\$ (17,170,576)
Net loss per share:			
Basic and diluted	\$ (0.11)		\$ (0.41)
Weighted average number of shares outstanding during the year:			
Basic and diluted	42,020,481		42,020,481

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 CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes in Accounting Policies (continued)

Statement of Cash Flows	For the years ended		
	December 31, 2019 as previously reported	Adjustment	December 31, 2019 as restated
Cash provided by (used in)			
Operations			
Net loss for the year	\$ (4,631,796)	\$ (12,538,780)	\$ (17,170,576)
Items not involving cash:			
Deferred tax provision	2,652,532	(2,458,318)	194,214
Stock-based compensation	671,869	184,196	856,065
Gain on sale of investment	(38,750)	-	(38,750)
Flow-through share premium	(208,725)	-	(208,725)
Change in non-cash working capital:			
Amounts receivable	(21,685)	-	(21,685)
Prepaid expenses and supplies	(85,929)	-	(85,929)
Accounts payable and accrued liabilities	49,940	-	49,940
	(1,612,544)	(14,812,902)	(16,425,446)
Financing			
Issuance of common shares, net of share issued costs	11,905,043	-	11,905,043
Exercise of stock options	413,750	-	413,750
	12,318,793	-	12,318,793
Investing			
Proceeds on sale of investment	118,750	-	118,750
Acquisition costs	(107,830)	-	(107,830)
Restricted cash	(190,310)	-	(190,310)
Exploration and evaluation costs	(14,812,902)	14,812,902	-
	(14,992,292)	14,812,902	(179,390)
Decrease in cash	(4,286,043)	-	(4,286,043)
Cash and cash equivalents, beginning of year	13,948,633	-	13,948,633
Cash and cash equivalents, end of year	\$ 9,662,590	\$ -	\$ 9,662,590



NIGHTHAWK GOLD CORP.

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4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of these 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised 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 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 CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

For the years ended December 31, 2020 and 2019

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*).



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5. RESTRICTED CASH (continued)

	Permit security	Colomac GIC's	Total restricted cash
Balance - January 1, 2019	\$ 479,000	\$ 4,000,000	\$ 4,479,000
Additional Security for updated land use permit	58,618	-	58,618
Additional Security for updated water use permit	131,692	-	131,692
Balance - December 31, 2019 and 2020	\$ 669,310	\$ 4,000,000	\$ 4,669,310

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 year ended December 31, 2020, Nighthawk incurred \$113,914 of assessment costs which have been capitalized as acquisition costs (2019 - \$85,539).

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 December 31, 2020. 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.



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6. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Mineral Property	December 31, 2019			December 31, 2020		
	Option & Acquisition Costs Capitalized	Exploration Costs Expensed	Balance	Option & Acquisition Costs Capitalized	Exploration Costs Expensed	Balance
	Indin Lake Gold Property	\$ 10,456,144	\$ 71,627,658	\$ 82,083,802	\$ 11,152,664	\$ 83,469,738
						Option & Acquisition Costs
Balance - January 1, 2019						\$ 10,348,314
Acquisition costs						107,830
Balance - December 31, 2019						10,456,144
Acquisition costs						696,520
Balance - December 31, 2020						\$ 11,152,664

For the years ended December 31,	Exploration and Evaluation Expenses	
	2020	2019
Drilling	\$ 3,424,469	\$ 5,566,140
Camp	2,904,328	1,936,705
Transportation	2,796,920	3,186,208
Geological & consultant fees	1,307,232	1,518,109
Assaying & analytical	912,035	1,502,214
Metallurgy	129,061	170,071
Licenses & permits	124,202	120,203
Prospecting	122,988	528,013
Engineering	81,038	-
Administrative & other	30,084	52,423
Environmental	8,623	48,559
Geophysics	1,100	184,257
Total Exploration and Evaluation Expenses	\$ 11,842,080	\$ 14,812,902

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.



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7. PROVISION FOR SERVICE OBLIGATION (continued)

	Service Obligation
Balance - January 1, 2019 and December 31, 2019 and 2020	\$ 3,012,314

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
Balance - January 1, 2019 and December 31, 2019 and 2020	\$ 401,150

9. SHARE CAPITAL

(a) Common Shares

Authorized Capital - Unlimited common shares
Issued

	Number of shares	Consideration
Balance - January 1, 2019	38,741,192	\$ 82,255,810
Issued for cash - flow-through private placement	5,658,000	12,637,925
Flow-through share premium	-	(208,725)
Issue costs	-	(732,882)
Tax effect of share issue costs	-	194,214
Exercise of stock options	273,000	413,750
Fair value of stock options transferred to common shares	-	268,383
Balance - December 31, 2019	44,672,192	94,828,475
Issuance of common shares on repurchase of royalties (<i>note 6</i>)	200,000	282,000
Issued for cash - flow-through shares	3,211,716	6,102,261
Issued for cash - premium flow-through units	1,995,050	4,748,219
Issued for cash - common share units	676,542	1,150,121
August 2020 Warrants	-	(516,712)
Flow-through share premium	-	(2,641,320)
Issue costs	-	(332,496)
Tax effect of share issue costs	-	88,112
Exercise of stock options	271,000	203,250
Fair value of stock options transferred to common shares	-	39,961
Vesting of share units	25,000	51,250
Balance - December 31, 2020	51,051,500	\$ 104,003,121



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9. SHARE CAPITAL (continued)

(a) Common Shares (continued)

On June 6, 2019, Nighthawk completed a bought deal private placement financing of 2,783,000 flow-through shares at a price of \$2.475 per share and 2,875,000 flow-through shares at a price of \$2.00 per share for aggregate gross proceeds of \$12,637,925. Share issue costs in relation to the financing were \$732,882.

On January 13, 2020, Nighthawk completed a share consolidation on the basis of one post-consolidated common share for every five pre-consolidated common shares (the "**Share Consolidation**"). The Share Consolidation reduced Nighthawk's 223,360,960 issued and outstanding common shares to 44,672,192 post-consolidation common shares. The exercise price of outstanding stock options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On August 20, 2020, the Company completed a non-brokered private placement (the "**Offering**") with a total of 5,883,308 common shares issued for total gross proceeds of \$12,000,601. Pursuant to the Offering, the Company issued an aggregate of 3,211,716 flow-through shares at a price of \$1.90 per flow-through share, 1,995,050 premium flow-through units ("**Premium FT Units**") at a price of \$2.38 per Premium FT Unit and 676,542 units ("**Units**") at a price of \$1.70 per Unit. Each Premium FT Unit is comprised of one flow-through common share and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "**August 2020 Warrant**"). Each Unit is comprised of one common share and one-half of one August 2020 Warrant. Each August 2020 Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$2.00 until August 20, 2021. Share issue costs in relation to the financing were \$332,496. The August 2020 Warrants contain an acceleration clause whereby if the common shares trade at a volume-weighted average price of \$2.50 or more for 20 consecutive trading days, the Company will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants.

(b) Warrants

	Warrants	Allocated value
Balance - January 1 and December 31, 2019	-	\$ -
August 2020 Warrants	1,335,796	516,712
Balance - December 31, 2020	1,335,796	\$ 516,712

During the year ended ended December 31, 2020, the following warrants 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	Exercise price	Grant date stock price	Black-Scholes Option Pricing Parameters			Fair value
				Risk-free interest rate	Expected life (years)	Volatility factor	
August 2020 Warrants	Aug. 20, 2021	\$2.00	\$1.50	0.23%	1.0	92%	\$0.20

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.



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9. SHARE CAPITAL (continued)

(c) Contributed Surplus

Share-based Payment Reserve

Balance - January 1, 2019	\$ 17,567,258
Stock-based compensation	856,065
Exercise of stock options	(268,383)
Balance - December 31, 2019	18,154,940
Stock-based compensation - expensed	457,611
Stock-based compensation - prepaid expenses	46,000
Exercise and vesting of stock options and share units	(91,211)
Balance - December 31, 2020	\$ 18,567,340

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 - January 1, 2019	3,005,212	\$ 2.30
Granted	401,500	2.10
Exercised	(273,000)	1.50
Expired	(335,212)	2.30
Balance - December 31, 2019	2,798,500	\$ 2.35
Granted	575,000	1.27
Exercised	(271,000)	0.75
Expired	(9,000)	0.75
Balance - December 31, 2020	3,093,500	\$ 2.28

During the years ended December 31, 2020 and 2019, 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	
Year ended December 31, 2019							
December 10, 2024	401,500	\$2.10	\$2.075	1.54%	5.0	90%	\$1.45
Year ended December 31, 2020							
October 5, 2025	75,000	\$1.30	\$1.29	1.50%	5.0	87%	\$0.87
December 2, 2025	500,000	\$1.26	\$1.26	1.50%	5.0	84%	\$0.84

A summary of Nighthawk's outstanding stock options at December 31, 2020 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	0.4
July 4, 2016	90,000	90,000	\$1.85	0.5
March 20, 2017	800,000	800,000	\$4.00	1.2
September 19, 2018	761,000	761,000	\$2.00	2.7
December 10, 2019	401,500	401,500	\$2.10	3.9
October 5, 2020	75,000	75,000	\$1.30	4.8
December 2, 2020	500,000	125,000	\$1.26	4.9
	3,093,500	2,718,500	\$2.28	2.4



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9. SHARE CAPITAL (continued)

(c) Contributed Surplus (continued)

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.

During the year ended December 31, 2020, the Company granted 350,000 share units to an officer, directors and a consultant 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. The share units issued to the directors will vest upon the retirement, resignation, termination with or without cause, or a change of control of the corporation. The share units issued to the consultant will vest three months from the date of grant. Compensation for the year ended December 31, 2020 was \$317,875 (year ended December 31, 2019 - \$276,029) and was recorded as stock based compensation in the statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company granted 286,500 share units to officers, directors and key employees under its Share Unit Plan. The share units issued to the officers will vest in three equal installments on the first, second and third anniversaries from the date of grant. The share units issued to the directors will vest upon the retirement, resignation, termination with or without cause, or a change of control of the corporation.

As at December 31, 2020, there were 611,500 share units outstanding and no units exercisable (December 31, 2019 - 286,500 outstanding and no units exercisable).



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10. INCOME TAXES

Income taxes has been calculated as follows:

For the years ended December 31,	2020	2019
Income (loss) before income taxes	\$ (12,615,054)	\$ (16,976,362)
Canadian combined federal and provincial tax rate	26.50 %	26.50 %
Expected income tax recovery at Canadian statutory rate	\$ (3,343,102)	\$ (4,498,739)
Stock-based compensation	121,267	226,857
Change in tax benefits not recognized	3,710,849	3,771,535
Other non-deductible expenses	-	(10,269)
Flow-through share premium	(400,902)	(55,312)
True up adjustment	-	730,221
Change in tax rate and other	-	29,921
Deferred Tax Provision	\$ 88,112	\$ 194,214

The following table summarized the components of deferred tax:

As at December 31,	2020	2019
Deferred tax assets		
Losses carried forward	\$ 5,699,257	\$ 4,891,760
Exploration and evaluation assets	3,839,755	2,381,308
Investment tax credits	366,434	366,434
Share issue costs	272,272	384,843
Reclamation liability	106,305	106,305
Equipment and intangibles	208,974	34,705
	10,492,997	8,165,355
Deferred tax assets not realized	(10,492,997)	(8,165,355)
	\$ -	\$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

At December 31, 2020, Nighthawk had unclaimed non-capital losses that expire as follows:

Year of Expiry	
2026	\$ 23,654
2027	148,965
2028	173,799
2029	764,427
2030 and thereafter	20,395,784
	\$ 21,506,629



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11. NET LOSS PER SHARE

Net loss per share has been calculated using the weighted average number of shares outstanding during the years ended December 31, 2020 and 2019.

For the years ended December 31,	2020	2019
Net loss for the year	\$ (12,703,166)	\$ (17,170,576)
Basic and fully diluted weighted average number of shares outstanding during the year	47,365,267	42,020,481
Basic and fully diluted net loss per share	\$ (0.27)	\$ (0.41)

Fully diluted weighted average common shares outstanding for the years ended December 31, 2020 and 2019 are not reflective of the outstanding stock options 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 years ended December 31, 2020 and 2019 consisted of the following:

For the year's ended December 31,	2020	2019
Cash compensation	\$ 731,876	\$ 734,000
Employment benefits	16,332	11,250
Fair value of stock-based compensation	409,778	632,140
	\$ 1,157,986	\$ 1,377,390

(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	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Geological consulting	(1)	\$ 228,000	\$ 360,000	\$ -	\$ -
Consulting	(2)	114,000	180,000	-	-
Rent	(3)	51,384	60,875	-	-
Participation in private placement	(4)	188,150	-	-	-
		\$ 581,534	\$ 600,875	\$ -	\$ -

(1) During the year ended December 31, 2020, Nighthawk paid geological consulting fees of \$228,000 (year ended December 31, 2019 - \$360,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the current Chief Executive Officer and a Director of Nighthawk. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).

(2) During the year ended December 31, 2020, Nighthawk paid financial consulting fees of \$114,000 (year ended December 31, 2019 - \$180,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of Nighthawk. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).



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12. RELATED PARTY DISCLOSURES (continued)

(b) Director and Executive Management Transactions (continued)

- (3) During the year ended December 31, 2020, the Company paid rent and office costs of \$51,384 (year ended December 31, 2019 - \$60,875) to 1249687 Ontario Ltd., a company controlled by Brent Peters, a former director of the Company and to 2756189 Ontario Inc., a company controlled by Northfield Capital Corporation. At December 31, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).
- (4) During the year ended December 31, 2020, combined insider participation by the Directors and executive management in the bought deal private placement (*note 9(a)*) totaled 52,000 Units and 52,200 flow-through shares for aggregate proceeds of \$188,150.

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 December 31, 2020 includes share capital of \$104,003,121 (December 31, 2019 - \$94,828,475).

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 year ended December 31, 2020 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 December 31, 2020, Nighthawk had \$5,360,286 of flow-through expenditure obligations remaining, which must be expended by December 31, 2021.



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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 December 31, 2020, Nighthawk had a cash balance of \$8,309,832 (December 31, 2019 - \$9,662,590) to settle current liabilities of \$1,583,569 (December 31, 2019 - \$469,201). 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 December 31, 2020. 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.

15. SUBSEQUENT EVENTS

- (a) Subsequent to year end, 250,000 stock options having an exercise price of \$1.32 expiring on January 1, 2026 and 125,000 share units were granted to an officer of the Company.



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15. SUBSEQUENT EVENTS (continued)

- (b) Subsequent to year end, 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 (which was satisfied in full by the issuance of 340,000 common shares of the Company);
 - 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.
- (c) Subsequent to year end on March 22, 2021, the Company announced it entered into an agreement with a syndicate of underwriters led by Scotiabank, pursuant to which the underwriters have agreed to purchase 2,550,000 unit ("**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 approximately \$10.95 million. The 2021 Units will be sold at a price of \$0.96 per 2021 Unit, the 2021 FT Units will be sold at a price of \$1.15 per 2021 FT Unit, and the 2021 Premium FT Units will be sold at a price of \$1.305 per 2021 Premium FT Unit. Each 2021 Unit will be 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 will be comprised of one flow-through common share and 0.4 of one 2021 Warrant. Each 2021 Premium FT Unit will be 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 will qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada). Each 2021 Warrant shall entitle 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.