PROVENANCE GOLD CORP

CONSOLIDATED INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Notice of No Auditor Review

These unaudited consolidated interim financial statements of Provenance Gold Corp. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

PROVENANCE GOLD CORP.
Consolidated Statements of Financial Position
(Unaudited-Expressed in Canadian Dollars)

	Notes	March 31, 2022	December 31, 2021
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**1,116,429**	551,084
GST/HST receivable		**23,592**	13,164
Prepaid expenses and deposits		**23,218**	52,756
Total Current Assets		**1,163,239**	617,004
Non-Current Assets			
Reclamation bond		**10,856**	10,856
Exploration and evaluation assets	3	**2,465,887**	2,356,541
Total Non-Current Assets		**2,476,743**	2,367,397
Total Assets		**3,639,982**	2,984,401
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		**103,675**	76,671
Loan payable	4	**47,500**	47,500
Total Liabilities		**151,175**	124,171
Shareholders' Equity			
Share capital	5	**7,265,359**	6,465,359
Contributed surplus	5	**270,996**	270,996
Accumulated deficit		**(4,047,548)**	(3,876,125)
Total Shareholders' Equity		**3,488,807**	2,860,230
Total Liabilities and Shareholders' Equity		**3,639,982**	2,984,401

Nature and continuance of operations (Note 1)

Approved on behalf of the Board

Director ____***"Rauno Perttu"***________ **Rauno Perttu**

Director ____***"Robert Clark"***________ **Robert Clark**

The accompanying notes are an integral part of these financial statements.

PROVENANCE GOLD CORP.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited-Expressed in Canadian Dollars)

		For the three months ended March 31	
	Notes	**2022**	2021
		$	$
Expenses			
Consulting and management fees	8	**82,000**	40,994
Shareholder communications		**55,140**	45,899
General and administrative		**1,154**	1,015
Professional fees		**17,559**	20,943
Regulatory and transfer agent fees		**9,332**	21,676
Share-based compensation	5	**-**	-
Travel		**2,517**	-
Loss before other items		**(167,702)**	(130,527)
Foreign exchange loss		**3,721**	-
Net loss and comprehensive loss for the year		**(171,423)**	(130,527)
Loss per share – basic and diluted		**(0.00)**	(0.00)
Weighted average number of common shares outstanding – basic and diluted		**78,397,651**	48,563,742

The accompanying notes are an integral part of these financial statements.

PROVENANCE GOLD CORP.
Consolidated Statements of Changes in Equity
(Unaudited-Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Share Subscriptions Advanced	Contributed Surplus	Deficit	Total Shareholder's Equity
		#	$	$	$	$	$
Balance at December 31, 2020		**43,542,575**	**2,956,696**	**-**	**61,390**	**(2,994,022)**	**24,064**
Shares issued in private placement	5	9,615,000	961,500	-	-	-	961,500
Shares issuance costs	5	-	(36,955)	-	-	-	(36,955)
Share subscription advanced		-	-	35,000	-	-	35,000
Net and comprehensive loss		-	-	-	-	(130,527)	(130,527)
Balance at March 31, 2021		**53,157,575**	**3,881,241**	**35,000**	**61,390**	**(3,124,549)**	**853,082**
Balance at December 31, 2021		**74,547,651**	**6,465,359**	**-**	**61,390**	**(3,876,125)**	**2,860,230**
Shares issued in private placement	5	5,000,000	800,000	-	-	-	800,000
Net and comprehensive loss		-	-	-	-	(171,423)	(171,423)
Balance at March 31, 2022		**79,547,651**	**7,265,349**	**-**	**270,996**	**(4,047,548)**	**3,488,807**

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

PROVENANCE GOLD CORP.
Consolidated Statements of Cash Flow
(Unaudited-Expressed in Canadian Dollars)

	Note	For the three months ended March 31, 2022	2021
		$	$
Cash provided by (used for):			
Operating activities			
Net loss for the period		**(171,423)**	(130,527)
Add items not involving cash:			
Change in non-cash working capital:			
GST/HST receivable		**(10,429)**	158
Prepaid expenses and deposits		**29,538**	(25,364)
Accounts payable and accrued liabilities		**27,005**	(60,907)
Due to related parties		**-**	(20,000)
Cash used in operating activities		**(125,310)**	(236,640)
Investing activities			
Reclamation bond		**-**	(10,856)
Exploration and evaluation assets acquired		**(109,346)**	(266,387)
Cash used in investing activities		**(109,346)**	(277,243)
Financing activities			
Private placement, net of cost		**800,000**	924,545
Share subscriptions advanced		**-**	35,000
Cash provided by financing activities		**800,000**	959,545
Change in cash during the period		**565,345**	445,662
Cash, beginning of the period		**551,084**	34,306
Cash, end of the period		**1,116,429**	479,968

Supplementary cash flow information (Note 11)

The accompanying notes are an integral party of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Provenance Gold Corp. (formerly Sparx Energy Corp.) ("Provenance" or the "Company") was incorporated in the Province of British Columbia on October 5, 2012. For the period October 5, 2012 to May 31, 2013, the Company was a wholly-owned subsidiary of Aldever Resources Inc. (now Kiplin Metals Inc. and formerly Glenmark Capital Corp.) ("Aldever"), which is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

During October, 2012, Aldever's board of directors approved a plan of arrangement (the "Arrangement") between Aldever and its four wholly-owned subsidiaries, including Provenance. As a result of the completion of the Arrangement on May 31, 2013, Aldever ceased to be a shareholder of Provenance and the Company became a reporting issuer in its own right. Provenance is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

On January 16, 2017, the Company changed its name to Provenance Gold Corp.

The Company's principal office and registered and records office is located at 2200-885 West Georgia Street, Vancouver, BC V6C 3E8.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has no source of operating revenue, has incurred operating losses and at March 31, 2022 has a working capital of $1,012,064. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in Note 6.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments in the United States and Canada.

These consolidated interim financial statements were authorized for issue on May 30, 2022 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The presentation and functional currency of the Company is the Canadian dollar. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and

- the assessment of indications of impairment of each mineral property and related determinations of the net realizable value and write-down of those properties where applicable.

Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiaries 1084160 B.C. Ltd., formerly Provenance Gold Corp. ("PGC"), Provenance Gold USA ("PG USA") and Cariboo Gold Producers Inc. ("CGPI") (see Note 3). PGC is incorporated in the province of British Columbia, PG USA is incorporated in the state of Nevada, U.S.A and CGPI is incorporated in the province of Alberta.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter- company balances and transactions have been eliminated in preparing the consolidated financial statements.

Foreign currency transactions

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. The Company has classified its cash and reclamation bonds as a financial assets subsequently measured at amortized cost.

All financial liabilities are initially recognized at fair value, inclusive of any directly attributable transaction costs, on the date at which the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired. The Company has classified its accounts payable and accrued liabilities, due to related parties and loan payable as financial liabilities subsequently measured at amortized cost.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss. As at March 31, 2022 and 2021, the Company had no derivative financial instruments.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the consolidated statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation expenditures

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

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

Asset retirement obligations

The fair value of a liability for an asset retirement or environmental obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement or environmental obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement or environmental cost is charged to operations using a systematic and rational method and the resulting liability is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As of December 31, 2021, the Company did not have any asset retirement or environmental obligations.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income is also recognized directly in equity or other comprehensive income.

Current tax is expected tax payable on the taxable income for the period, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New accounting standards issued but not yet effective

Amendment to IAS 1 (effective for annual reporting period beginning on or after January 1, 2023) – Presentation of Financial Statements: Amendments to IAS 1 were issued by the IASB in January 2020 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The Company has not early adopted this standard.

3. EXPLORATION AND EVALUATION ASSETS

2K Gold Property, Yukon, Canada

On June 10, 2016, the Company's CEO entered into the Moosehorn Range Property Option Agreement (the "MRPOA") pursuant to which he was granted the option to purchase a 100% interest in 149 quartz claims located in the Moosehorn Range in Yukon, Canada and the exclusive right to conduct mineral exploration and feasibility study work on the property during the period of the option. On August 4, 2016, the Company and the Company's CEO entered into an assignment agreement whereby the MRPOA was assigned to the Company. On January 31, 2017, the optionor, the Company and the Company's CEO replaced MRPOA in its entirety with MRPOA 2. On September 20, 2019, MRPOA 2 was amended to include an additional 47 quartz claims and, among other items, to defer the scheduled payment of $130,000 due on June 10, 2019 to March 31, 2020. Based on the remaining cash payments to be made and exploration expenditures to be incurred in order to exercise the option, in combination with a corresponding lack of investor interest in the Property, the Company wrote off exploration and evaluation assets of $1,256,369 ($230,000 in cash paid and $1,026,369 in exploration expenditures incurred) as at December 31, 2019.

On May 8, 2020, the Company received written notice of termination from the optionor because the March 31, 2020 payment was not made. Consequently, the Corporation has no further interest in this property. Pursuant to MRPOA 2, the Company is required to ensure that the property is in good standing in respect of assessment work for a period of at least two years from the date of termination.

Silver Bow Property, Nevada U.S.A.

On August 29, 2018, the Company entered into the Silver Bow Nevada Property Option Agreement (the "SB Agreement") to acquire a 100% interest in 73 mineral claims referred to as the Silver Bow property and 10 claims referred to as Golden Ridge Property located in Nevada, USA. Pursuant to a trust agreement entered into between the Company and the CEO of the company on September 20, 2018, the CEO is holding the 10 Golden Ridge Property claims in trust for the Company until such time as the Company wishes to have them transferred to its name. The 10 claims were allowed to lapse during 2019.

Payments totaling US$1,500,000 over a seven-year period are required to be made and exploration expenditures are required to be incurred as follows (all amounts are in US dollars):

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Silver Bow Property, Nevada U.S.A. (continued)

Payments:

- $2,300 for claim and re-staking fees within 60 days of the signing of the SB Agreement (paid);
- $10,000 by July 18, 2019 (paid);
- $20,000 by July 18, 2020 (paid);
- $40,000 by July 18, 2021 (paid);
- $50,000 by July 18, 2022;
- $50,000 by July 18, 2023;
- $100,000 by July 18, 2024; and
- Balance of $1,500,000 less all option payments received prior to July 18, 2025.

These payments will be credited towards the exploration expenditure requirements.

Exploration Expenditures:

- $50,000 by July 18, 2020 *(spent)*;
- $75,000 between July 18, 2020 and July 18, 2021 (*spent*);
- $100,000 between July 18, 2021 and July 18, 2022;
- $100,000 between July 18, 2022 and July 18, 2023;
- $150,000 between July 18, 2023 and July 18, 2024.

Year 7 and beyond - $250,000 minimum holding cost to be paid by the seventh anniversary of signing (June 18, 2025) and each subsequent anniversary thereafter until the cumulative $1,500,000.00 is complete to purchase the option outright.

Pursuant to the SB Agreement, the Company will also pay a 2% net smelter royalty (“NSR”) in every year that lode gold or silver is recovered from the property. This NSR can be bought out at any time by paying $1,000,000.

The SB Agreement will terminate if either party is in default and within 45 days of receiving written notice of the default, it is not remedied. After termination of the SB Agreement, the Company is required to ensure that the Property is in good standing for a period of at least one year from the date of termination.

On April 24, 2019, the Company entered into a trust agreement (the “Trust Agreement”) with the CEO of the Company in respect of an additional 29 lode mining claims on the Silver Bow property adjoining the above-noted mineral claims. The CEO is the beneficial owner of an interest in these claims, which are registered in his name. Pursuant to the Trust Agreement, the CEO with (a) hold the claims in trust for and on behalf of the Company; (b) the claims will be held on behalf of the Company until such time as the Company wishes to have the titles transferred to its name, a subsidiary’s name or to any other person or corporation as directed by the Company; and (c) the Trust Agreement terminates upon the expiration, surrender or termination of the claims for any reason.

On June 11, 2020, the Company, through its subsidiary PG USA, entered into a Mining Lease and Assignment (the “Lease”) with a trust (the “Lessor”) and two estates in Nevada, USA. The effective date of the Lease is August 20, 2019. Pursuant to the Lease, the Lessor grants, lets and leases to PG USA all of its rights, title and interests in and to the Blue Horse patented mining claim, including the Lessor’s interest in all minerals, situated in Nye County, Nevada (the “Property”). The Property is located in the Silver Bow mining district.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Silver Bow Property, Nevada U.S.A. (continued)
The Lease is for an initial term of three years and shall continue for so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted by PG USA or its successor on any portion of the Property or its overall Silver Bow property position. At any time after the third anniversary PG USA may, by providing written notice to the Lessor, extend the primary term for an additional five years, for a total of eight years and so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted on any portion of the Property.

Lease payments totaling US$50,000 over a three-year period are required to be made as follows (all amounts are in US dollars):

- $10,000 on signing (paid);
- $10,000 by August 20, 2020 (paid);
- $15,000 by August 20, 2021 (paid); and
- $15,000 by August 20, 2022

No other lease payments are required thereafter until royalty or royalty purchase is made.

The Lessor will pay all property taxes annually. PG USA is responsible for making all payments and filings required to maintain the property in good standing before July 1 of each year, including but not limited to, property taxes, federal maintenance fees and any federal or state filings.

PG USA will pay the Lessor a production royalty of 1% of net smelter returns (“NSR”) on all minerals produced and sold by PG USA from within the vertical boundaries of the Property. The NSR payments are capped at $250,000 and no other payments are due once this requirement is met.

PG USA may terminate the Lease at any time with respect to all or any part of the Property by giving 60 days written notice to the Lessor. In the event of a material default by PG USA, PG USA will have at least 60 days to cure the default and, if not cured, the Lessor may terminate the Lease by giving written notice to PG USA. Upon termination of the Lease by PG USA, all payments made to the Lessor are retained by the Lessor and all liabilities and obligations of PG USA not due or accrued prior to termination will cease and terminate. Upon expiration or termination of the Lease, PG USA will have no further liability or obligation as to the portion of the Property that is no longer subject to the Lease.

After expiration or termination of the Lease, PG USA is required to promptly reclaim all surface disturbance on the terminated portion of the Property caused by, or on behalf of, PG USA in accordance with applicable legal requirements.

White Rock Property, Nevada U.S.A.

On June 12, 2020, the Company, through its subsidiary PG USA, entered into the Provenance Gold USA Option Agreement (the “Option Agreement”) with a wholly-owned Nevada subsidiary (“NSRI”) of Ely Gold Royalties Inc. Pursuant to the Option Agreement, NSRI gives and grants to PG USA the sole and exclusive right and option to purchase 100% of NSRI’s right, title and interest in and to 30 unpatented mining claims and certain existing data (as defined) (collectively, the “White Rock Property”) and any related, additional data, information and records acquired by NSRI during the option period.

The Option will remain in force during the term of the Option Agreement from the effective date to and including the first to occur of (a) the option closing; (b) the termination of the Option Agreement; or (c) four years from the initial closing date.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

White Rock Property, Nevada U.S.A.

The total purchase price for the White Rock Property is US$250,000 to be paid as option payments as follows (all amounts are in US dollars):

- $10,000 on signing (paid);
- $25,000 by June 12, 2021 (paid);
- $40,000 by June 12, 2022;
- $50,000 by June 12, 2023; and
- $125,000 by June 12, 2024

PG USA has the right to exercise the option prior to the termination of Option Agreement by giving NSRI written notice of such exercise or by payment of all payments not yet paid as of the exercise date.

Subject to the termination of the Option Agreement, until all option payments are made and the option is exercised and closed, PG USA is responsible for paying all mining claim maintenance and rental fees required to be paid to keep the claims in good standing.

PG USA will pay NSRI a production royalty of 2% of NSR on all mineral production from the unpatented mining claims.

During the option period and following the option exercise if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliates acquires, directly or indirectly, any additional mining claims located wholly or partly within a distance of two miles from the outermost perimeter of the White Rock Property, the additional claims will be included in and form part of the White Rock Property and be subject to the Option Agreement.

PG USA may terminate the Option Agreement without further liability at any time by giving written notice of termination to NSRI. In the event of a material default by PG USA, PG USA will have at least 30 days to cure the default and, if not cured, NSRI may terminate the Option Agreement by giving written notice to PG USA.

After termination of the Option Agreement, PG USA is required to:

- pay to NSRI any governmental fees due with respect to the property within 60 days or less from the date of termination; and
- complete all required reclamation obligations directly arising as a result of its exploration activities.

On April 19, 2021, the Company entered into a share purchase agreement (the "SPA") with a private company, being CGPI, and the shareholders of CGPI, whereby the Company has agreed to acquire 100% of the right, title and interest in and to all of the shares of CGPI from CGPI's shareholders. Pursuant to the SPA, the Company issued an aggregate of three million common shares of the Company (valued $345,000) and paid $20,000 in cash at the closing of the transaction. On January 15, 2021, CGPI entered into a mining lease and assignment (the "MLA"), being the sole asset of CGPI, whereby the lessor granted, let and leased all of its right, title and interest in and to 20 unpatented mining claims, two homestead sites and eight patented mining claims situated in Eureka County, Nevada (the "Property") to CGPI.

The MLA is for an initial term of 20 years and will continue for so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted by CGPI or its successors on any portion of the Property or any properties within one mile of the exterior boundaries of the Property. At any time before the 20th anniversary of the effective date of the MLA, and every 20th anniversary thereafter, CGPI may, by providing written notice to the lessor, extend the term of the MLA for additional increments of 20 years from the effective date, and so long thereafter as mineral exploration, mine development, mining or mineral processing operations are conducted on any portion of the Property or any properties within one mile of the exterior boundaries of the Property.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Mineral Hill Silver Property, Nevada U.S.A.

Advance minimum royalty payments totaling US $229,000 over a six-year period are required to be made and exploration expenditures of US $2,450,000 over an eight-year period are required to be incurred as follows (all amounts are in US dollars):

Payments:

- $14,000 by April 6, 2021 (paid);
- $20,000 by April 1, 2022 (paid)
- $25,000 by April 1, 2023;
- $30,000 by April 1, 2024;
- $40,000 by April 1, 2025;
- $50,000 by April 1, 2026; and
- $50,000 by April 1, 2027 and thereafter for so long as the MLA remains in effect.

Exploration Expenditures:

- $200,000 by April 1, 2023;
- $250,000 by April 1, 2024;
- $250,000 by April 1, 2025;
- $300,000 by April 1, 2026;
- $300,000 by April 1, 2027;
- $400,000 by April 1, 2028; and
- $750,000 by April 1, 2029

Any expenditures incurred in excess of the required amount for that year will be credited and apply fully to succeeding years.

CGPI is responsible for making all payments and filings required to maintain the Property in good standing including, but not limited to, property taxes, federal maintenance fees and any federal or state filings. CGPI is also responsible for paying all state taxes in connection with its mining operations on the Property.

CGPI will pay the lessor a production royalty of 3% net smelter returns ("NSR") on all minerals produced and sold by CGPI from within the vertical boundaries of the Property and any additional claims located within the area of interest (as defined). The NSR can be bought down by 1.5% for US $1.5 million, with the entire amount required no later than six months after either a bulk test of ore is initiated or a decision to start mining has been reached. The remaining 1.5% of the original 3% is retained by the lessor.

CGPI may terminate the MLA at any time with respect to all or any part of the Property by giving 60 days written notice to the lessor. In the event of a material default by CGPI, CGPI will have at least 20 days to cure the default and, if not cured, the lessor may terminate the MLA by giving written notice to CGPI. Upon termination of the MLA by CGPI, all payments made to the lessor are retained by the lessor and all liabilities and obligations of CGPI not due or accrued prior to termination will cease and terminate. Upon termination of the MLA, CGPI remains responsible for completing any payments, any and all reclamation obligations, or satisfying any other obligations under the MLA that became due prior to termination.

After expiration or termination of the MLA, CGPI is required to promptly reclaim all surface disturbance on the terminated portion of the Property caused by, or on behalf of, CGPI in accordance with applicable legal requirements.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Eldorado Property, Oregon, USA

On January 14, 2022, the Company, through its subsidiary PG USA, entered into an option agreement with Nevada Select Royalty, Inc ("Nevada Select"). Pursuant to the option agreement, Nevada Select gives and grants to PG USA the sole and exclusive right and option to purchase 100% of Nevada Select's right, title and interest in and to 19 unpatented mining claims and certain existing data (as defined) (collectively, the "Eldorado Property") and any related, additional data, information and records acquired by Nevada Select during the option period.

The option will remain in force during the term of the option agreement from the effective date to and including the first to occur of (a) the option closing; (b) the termination of the Option Agreement; or (c) five years from the initial closing date.

The total purchase price for the Eldorado Property is US$2,000,000 to be paid as follows (all amounts are in US dollars):

- $75,000 on closing of the option agreement (paid on November 26, 2021);
- $125,000 on or before January 14, 2023;
- $400,000 on or before January 14, 2024;
- $400,000 on or before January 14, 2025;
- $500,000 on or before January 14, 2026; and
- $500,000 on or before January 14, 2027.

Subject to the termination of the option agreement, until all option payments are made and the option is exercised and closed, PG USA is responsible for paying all mining claim maintenance and rental fees required to be paid to keep the claims in good standing.

Upon the exercise of the option agreement, PG USA will grant to Nevada Select a 3% NSR in respect of all products produced from the property.

During the option period and following the option exercise if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliates acquires, directly or indirectly, any additional mining claims located wholly or partly within a distance of two miles from the outermost perimeter of the Eldorado Property, the additional claims will be included in and form part of the Eldorado Property and be subject to the option agreement.

PG USA may terminate the option agreement without further liability at any time by giving written notice of termination to Nevada Select. In the event of a material default by PG USA, PG USA will have at least 30 days to cure the default and, if not cured, Nevada Select may terminate the option agreement by giving written notice to PG USA.

After termination of the option agreement, PG USA is required to:

- pay to Nevada Select any governmental fees due with respect to the property within 60 days or less from the date of termination;
- complete all required reclamation obligations directly arising as a result of its exploration activities; and
- deliver to Nevada Select, within 90 days of the termination, the data and information created or generated by PG USA during the option period on the property and deliver to Nevada Select all existing data possessed by PG USA.

(Unaudited- Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Eldorado Property, Oregon, USA (continued)

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred during the three months ended March 31, 2022 and 2021

	USA				
	White Rock	**Silver Bow**	**Mineral Hill**	**Eldorado**	**Total**
	$	$	$	$	$
Acquisition Costs					
Balance, December 31, 2021	103,997	142,803	365,911	95,618	708,329
Additions	-	-	25,625	-	25,625
Acquisition costs, March 31, 2022	**103,997**	**142,803**	**391,536**	**95,618**	**733,954**
Exploration Costs					
Balance, December 31, 2021	1,099,812	456,614	88,329	3,457	1,648,212
Exploration expenditures	19,829	3,078	15,160	45,654	83,721
Exploration costs, March 31, 2022	**1,119,641**	**459,692**	**103,489**	**49,111**	**1,731,933**
Balance, March 31, 2022	**1,223,638**	**602,495**	**495,025**	**144,729**	**2,465,887**

	USA				
	White Rock	**Silver Bow**	**Mineral Hill**	**Eldorado**	**Total**
	$	$	$	$	$
Acquisition Costs					
Balance, December 31, 2020	14,943	69,397	-	-	84,340
Additions	89,054	73,406	365,911	95,618	623,988
Acquisition costs, December 31, 2021	**103,997**	**142,803**	**365,911**	**95,618**	**708,329**
Exploration Costs					
Balance, December 31, 2020	104,606	191,079	-	-	295,685
Additions	995,206	265,535	88,329	3,457	1,352,527
Exploration costs, December 31, 2021	**1,099,812**	**456,614**	**88,329**	**3,457**	**1,648,212**
Balance, December 31, 2021	**1,203,809**	**599,417**	**454,240**	**99,075**	**2,356,541**

4. LOAN PAYABLE

On January 29, 2019, the Company received $47,500 from an individual in respect of a non-brokered private placement. As at March 31, 2022, units have not been issued and accordingly, this amount has been classified as a non-interest bearing loan without specific terms of repayment.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares, without par value.

Issued

At March 31, 2022, there were 79,547,651 common shares (2021 – 53,157,575) issued and outstanding.

2022

On January 13, 2022, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.16 per unit for gross proceeds of $800,000. Each unit consists of one common share of the Company and one common share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.24 per share until January 13, 2025.

2021

On November 4, 2021, the Company completed the second tranche of a non-brokered private placement of 1,596,077 units at a price of $0.13 per unit for gross proceeds of $207,490. Each unit consists of one common share of the Company and one common share purchase warrant with each full warrant entitling the holder to purchase an additional common share of the Company at a price of $0.20 per share until November 4, 2024. The Company paid $9,892 of share issue costs in cash in connection with this private placement. All common shares issued were subject to a statutory hold period that expired on March 5, 2022.

On October 22, 2021, the Company completed the first tranche of a non-brokered private placement of 11,973,999 units at a price of $0.13 per unit for gross proceeds of $1,556,620. Each unit consists of one common share of the Company and one common share purchase warrant with each full warrant entitling the holder to purchase an additional common share of the Company at a price of $0.20 per share until October 22, 2024. All common shares issued were subject to a statutory hold period that expired on February 23, 2022.

On May 11, 2021, the Company issued 3,000,000 common shares to acquire CGPI (See Note 3 – Exploration and Evaluation Assets). These shares have been valued at $345,000 and were capitalized to the Mineral Hill Silver Property during the year ended December 31, 2021.

On April 21, 2021, the Company completed a non-brokered private placement of 3,150,000 units at a price of $0.10 per unit for gross proceeds of $315,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company at a price of $0.15 per share until April 21, 2026. The Company paid share issue costs of $13,800 in cash related to this private placement.

On April 21, 2021, the Company issued 1,670,000 common shares pursuant to debt settlement agreements entered into with a director and the CEO of the Company to settle outstanding indebtedness of $167,079. These shares have been valued at $183,700, and therefore the Company incurred a loss of $16,621 on the settlement of this debt during the year ended December 31, 2021. (See Note 8 – Related Party Transactions).

On February 12, 2021, the Company completed a non-brokered private placement of 9,615,000 units at a price of $0.10 per unit for gross proceeds of $961,500. Each unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the

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5. SHARE CAPITAL AND RESERVES (CONTINUED)

Company at a price of $0.15 per share until February 12, 2026. The Company paid share issue costs of $36,955 in cash in connection with this private placement.

Warrants

The Company has issued warrants as part of equity financings.

Details of common share purchase warrants outstanding at March 31, 2022 are as follows:

	Outstanding Warrants		Exercise Price	Expiry Date	Remaining Life (Years)
Share purchase warrants					
Issued in private placement	11,973,999		0.20	October 22, 2024	2.56
Issued in private placement	1,596,077		0.20	November 4, 2024	2.60
Issued in private placement	5,000,000		0.24	January 13, 2025	2.79
Issued in private placement	4,443,444		0.15	August 6, 2025	3.35
Issued in private placement	9,615,000		0.15	February 12, 2026	3.87
Issued in private placement	3,150,000		0.15	April 21, 2026	4.06
	35,778,520	**$**	**0.18**		**3.18**

Common share purchase warrant transactions during the three months ended March 31, 2022 are as follows:

	Period Ended March 31, 2022			Period Ended December 31, 2021		
	Number of Warrants		**Weighted Average Exercise Price ($)**	**Number of Warrants**		**Weighted Average Exercise Price ($)**
Opening Balance	31,278,520	$	0.17	6,561,443	$	0.21
Expired	(500,000)		0.30	(1,033,000)		0.40
Expired	-		-	(584,999)		0.30
Issued in private placement	5,000,000		0.24	9,615,000		0.15
Issued in private placement	-		-	3,150,000		0.15
Issued in private placement	-		-	11,973,999		0.20
Issued in private placement	-		-	1,596,077		0.20
Closing Balance	**35,778,520**	**$**	**0.18**	**31,278,520**	**$**	**0.17**

Stock Options

The Company has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to five years from the date of grant, unless the Board establishes more restrictive terms. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

On July 21, 2021, the Company granted 3,500,000 stock options to directors, employees, officers and consultants at an exercise price of $0.155 per common share with an expiry date of July 21, 2023. These options vested immediately on grant date and were valued at $209,606.

(Unaudited- Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (CONTINUED)

Outstanding stock options as at March 31, 2022 are as follows:

Options Outstanding and Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)
3,500,000	$	0.155	July 21, 2023	1.55

The fair value of the stock options issued during the year ended December 31, 2021 was calculated using the Black-Scholes option pricing model utilizing the following assumptions:

	July 21, 2021
Risk-free interest rate	0.39%
Expected stock volatility	108%
Expected life	2 years
Dividend yield	Nil

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2022, the Company's financial instruments consist of cash, reclamation bonds, accounts payable and accrued liabilities, due to related parties and loan payable.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

In management's opinion, the Company's carrying values of cash, reclamation bonds, accounts payable and accrued liabilities, due to related parties and loan payable approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risk arising from its cash holdings. The Company manages credit risk by placing cash with major Canadian financial institutions. Credit risk is assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Historically, the Company's sole source of funding has been the

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

issuance of equity securities for cash primarily through private placements and loans and advances from lenders and related parties. The Company's access to financing is always uncertain and there can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not affected by price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchanges rates. The Company's property interests in the USA make it subject to foreign currency fluctuations. As at March 31, 2022, the Company had liabilities of $21,028 denominated in US dollars which were translated into Canadian Dollars for financial reporting. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

7. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares and funds advanced by investors. The Company's capital management objectives are to safeguard its ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

8. RELATED PARTY TRANSACTIONS

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the related parties. Unless otherwise indicated, the balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the three months ended March 31, 2022, the Company incurred: $82,000 (2021 - $30,000) in consulting and management fees paid or payable to the Chief Executive Officer (the "CEO") of the Company, to a company controlled by a director and to a company controlled by the Chief Financial officer (the "CFO").

Related Party Balances

At March 31, 2022, accounts payable and accrued liabilities included $19,480 (2021 – $164,779) payable to the CEO of the Company, a Company controlled by a director of the Company and to a company controlled by the CFO of the Company for consulting fees incurred during the current period.

As at December 31, 2020, amounts advanced by a director of the Company totaled $20,000. Of the $25,500 advanced by the director during 2020, $5,500 had been transferred to accounts payable and accrued liabilities and was included in the $87,779 noted above. These advances were repaid during the year ended December 31, 2021.

(Unaudited- Expressed in Canadian Dollars)

8. LOSS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The warrants outstanding at March 31, 2022 have not been included in the calculation of diluted earnings per share as the effect of their inclusion would be anti-dilutive. Loss per share is calculated as follows:

		March 31, 2022		March 31, 2021
Net loss	$	**(171,423)**	$	(130,527)
Weighted average number of shares outstanding		**78,397,651**		48,563,742
Basic and diluted loss per share	$	**(0.00)**	$	(0.00)

10. SUPPLEMENTARY DISCLOSURES WITH RESPECT TO CASH FLOWS

As at March 31, 2022, $23,576 (December 31, 2021 - $20,450) in exploration and evaluation expenditures were included in accounts payable and accrued liabilities.

11. SEGMENTED FINANCIAL INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in North America (Oregon and Nevada, USA). Geographic information is as follows:

		March 31, 2022		December 31 2021
Non-current assets:				
USA	**$**	**2,476,743**	$	2,367,397
	$	**2,476,743**	$	2,367,397