

**PART I. FINANCIAL INFORMATION**

**ITEM I. FINANCIAL STATEMENTS**

**ATHENA GOLD CORPORATION  
CONSOLIDATED BALANCE SHEETS**  
*(unaudited)*

<b>Assets</b>	<u>3/31/22</u>	<u>12/31/21</u>
<b>Current assets</b>		
Cash	\$ 40,147	\$ 72,822
Prepaid expenses	<u>40,341</u>	<u>51,166</u>
Total current assets	80,488	123,988
<b>Other assets</b>		
Mineral Rights - Excelsior Springs	<u>6,000,000</u>	<u>6,000,000</u>
Total other assets	6,000,000	6,000,000
Total assets	<u><u>\$ 6,080,488</u></u>	<u><u>\$ 6,123,988</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 250,139	\$ 50,373
Notes payable – related party	<u>75,000</u>	<u>–</u>
Total current liabilities	325,139	50,373
<b>Long term liabilities</b>		
Warrant liability	<u>432,110</u>	<u>1,024,208</u>
Total long term liabilities	432,110	1,024,208
Total liabilities	<u>757,249</u>	<u>1,074,581</u>
<b>Stockholders' equity</b>		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, none outstanding	–	–
Common stock - \$0.0001 par value; 250,000,000 shares authorized, 119,858,700 and 119,858,700 issued and outstanding	11,986	11,986
Additional paid in capital	16,068,449	16,056,561
Accumulated deficit	<u>(10,757,196)</u>	<u>(11,019,140)</u>
Total stockholders' equity	5,323,239	5,049,407
Total liabilities and stockholders' equity	<u><u>\$ 6,080,488</u></u>	<u><u>\$ 6,123,988</u></u>

*See accompanying notes to the unaudited financial statements.*

**ATHENA GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(unaudited)*

	Three Months Ended	
	3/31/22	3/31/21
Operating expenses		
Exploration, evaluation and project expenses	\$ 192,566	\$ 35,677
General and administrative expenses	137,588	214,103
Total operating expenses	330,154	249,780
Net operating loss	(330,154)	(249,780)
Interest expense	–	(7,192)
Revaluation of warrant liability	592,098	–
Net income (loss)	\$ 261,944	\$ (256,972)
Weighted average common shares outstanding – basic and diluted	119,858,700	59,455,715
Loss per common share – basic and diluted	\$ 0.00	\$ (0.00)

*See accompanying notes to the unaudited financial statements.*

**ATHENA GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	<u>Common Stock</u>		Additional	Accumulated	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid In Capital</u>	<u>Deficit</u>	
December 31, 2020	54,887,876	\$ 5,489	\$ 9,897,700	\$ (9,988,885)	\$ (85,696)
Conversion of management fees	2,144,444	214	96,286	-	96,500
Stock based compensation	-	-	128,775	-	128,775
Private placement	3,250,000	325	149,675	-	150,000
Net loss	-	-	-	(256,972)	(256,972)
March 31, 2021	<u>60,282,320</u>	<u>\$ 6,028</u>	<u>\$ 10,272,436</u>	<u>\$(10,245,857)</u>	<u>\$ 32,607</u>
December 31, 2021	119,858,700	11,986	16,056,561	(11,019,140)	5,049,407
Stock based compensation	-	-	11,888	-	11,888
Net income	-	-	-	261,944	261,944
March 31, 2022	<u>119,858,700</u>	<u>\$ 11,986</u>	<u>\$ 16,068,449</u>	<u>\$(10,757,196)</u>	<u>\$ 5,323,239</u>

*See accompanying notes to the unaudited financial statements.*

**ATHENA GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited)*

	Three Months Ended	
	3/31/22	3/31/21
Cash flows from operating activities		
Net income (loss)	\$ 261,944	\$ (256,972)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Amortization of debt discount	–	5,493
Revaluation of warrant liability	(592,098)	–
Share based compensation	11,888	128,775
Change in operating assets and liabilities:		
Prepaid expense	10,825	–
Accounts payable	199,766	3,323
Other liabilities	–	1,072
Net cash used in operating activities	(107,675)	(118,309)
Cash flows from financing activities		
Proceeds from private placement of stock	–	150,000
Proceeds from notes payable - related parties	75,000	9,245
Payments to related parties	–	(17,845)
Net cash provided by financing activities	75,000	141,400
Net increase (decrease) in cash	(32,675)	23,091
Cash, beginning of period	72,822	8,986
Cash, end of period	\$ 40,147	\$ 32,077
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ –	\$ 627
Cash paid for income taxes	\$ –	\$ –
Noncash investing and financing activities		
Conversion of management fee payable	\$ –	\$ 96,500

*See accompanying notes to the unaudited financial statements.*

## NOTES TO FINANCIAL STATEMENTS

(Unaudited)

### Note 1 – Nature of Business and Summary of Significant Accounting Policies

#### Nature of Operations

Athena Gold Corporation (“we,” “our,” “us,” or “Athena”) is engaged in the acquisition and exploration of mineral resources. We were incorporated in Delaware on December 23, 2003 and began our mining operations in 2010.

In December 2009, we formed and organized a wholly-owned subsidiary, Athena Minerals, Inc. (“Athena Minerals”) which owns and operates mining interests and property in California. On December 31, 2020 we sold the subsidiary to Mr. John Gibbs, a related party, in a non-cash exchange.

The Company’s properties do not have any reserves. The Company plans to conduct exploration programs on these properties with the objective of ascertaining whether any of its properties contain economic concentrations of precious and base metals that are prospective for mining.

#### Basis of Presentation

We prepared these interim financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”). The accompanying unaudited interim financial statements have been prepared in accordance with GAAP for interim financial information and in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month periods ended March 31, 2022 are not necessarily indicative of the results for the full year. While we believe that the disclosures presented herein are adequate and not misleading, these interim consolidated financial statements should be read in conjunction with the audited financial statements and the footnotes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

#### Reclassifications

Certain reclassifications may have been made to our prior year’s consolidated financial statements to conform to our current year presentation. These reclassifications had no effect on our previously reported results of operations or accumulated deficit.

#### Foreign Currency Translation

The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency. The Company has not entered any contracts to manage foreign exchange risk.

The functional currency of the Company is the US dollar; therefore, the Company is exposed to currency risk from financial assets and liabilities denominated in Canadian dollars.

#### Recent Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

#### Liquidity and Going Concern

Our financial statements have been prepared on a going concern basis, which assumes that we will be able to meet our obligations and continue our operations during the next fiscal year. Asset realization values may be significantly different from carrying values as shown in our consolidated financial statements and do not give effect to adjustments that would be necessary to the carrying values of assets and liabilities should we be unable to continue as a going concern.

At March 31, 2022, we had not yet achieved profitable operations and we have accumulated losses of approximately \$11,000,000 since our inception. We expect to incur further losses in the development of our business, all of which raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends on our ability to generate future profits and/or to obtain the necessary financing to meet our obligations arising from normal business operations when they come due.

### ***Impairment of Long-lived Assets***

We continually monitor events and changes in circumstances that could indicate that our carrying amounts of long-lived assets, including mineral rights, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through their undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

### ***Notes Payable - Related Party***

Related party payables are classified as current liabilities as the note holders are control persons and have the ability to control the repayment dates of the notes.

### ***Exploration Costs***

Mineral exploration costs are expensed as incurred. When it has been determined that it is economically feasible to extract minerals and the permitting process has been initiated, exploration costs incurred to further delineate and develop the property are considered pre-commercial production costs and will be capitalized and included as mine development costs in our consolidated balance sheets.

### ***Stock-Based Compensation***

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). This ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

The estimated fair value of each stock option as of the date of grant was calculated using the Black-Scholes pricing model. The Company estimates the volatility of its common stock at the date of grant based on Company stock price history. The Company determines the expected life based on the simplified method given that its own historical share option exercise experience does not provide a reasonable basis for estimating expected term. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The shares of common stock subject to the stock-based compensation plan shall consist of unissued shares, treasury shares or previously issued shares held by any subsidiary of the Company, and such number of shares of common stock are reserved for such purpose.

### ***Fair Value of Financial Instruments***

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1 - Valuation based on quoted market prices in active markets for identical assets and liabilities.

Level 2 - Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 - Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

The fair value of cash, receivables and accounts payable approximates their carrying values due to their short term to maturity. The warrant liabilities are measured using level 3 inputs (Note 4).

### ***Earnings (Loss) per Common Share***

The Company incurred a net income and net loss for the three months ended March 31, 2022 and 2021, respectively. In periods where the Company has a net income certain options and warrants are included in the computation of diluted shares outstanding, however, the options and warrants were not included in the calculation because they were "out-of-the money". In periods where the Company has a net loss, all common stock equivalents are excluded as they would be anti-dilutive.

### ***COVID-19 Pandemic***

An occurrence of an uncontrollable event such as the COVID-19 pandemic may negatively affect our operations. The occurrence of an uncontrollable event such as the COVID-19 pandemic may negatively affect our operations. A pandemic typically results in social distancing, travel bans and quarantine, and this may limit access to our facilities, customers, management, support staff and professional advisors. These factors, in turn, may not only impact our operations, financial condition and demand for our goods and services but our overall ability to react timely to mitigate the impact of this event. Also, it may hamper our efforts to comply with our filing obligations with the Securities and Exchange Commission.

### **Note 2 – Mineral Rights - Excelsior Springs**

Effective December 27, 2021 ("Effective Date"), the Company simultaneously executed and consummated a definitive Share Purchase Agreement (the "SPA") with Nubian Resources, Ltd. ("Nubian"). The SPA was the result of a previously disclosed Option Agreement with Nubian dated as of December 11, 2020, as amended by First Amendment to Option Agreement dated November 10, 2021 (the "Option"). While the Option granted the Company the right to acquire up to a 100% interest in the mining claims comprising the Excelsior Springs Prospect (the "Property") located in Esmerelda County, Nevada, the Company and Nubian agreed to restructure the transaction so that the Company purchased 100% of the issued and outstanding shares of common stock of Nubian Resources USA, Ltd ("Nubian USA"), a wholly-owned subsidiary of Nubian which held the Property. By purchasing 100% of Nubian USA, the Company effectively acquired the remaining 90% interest in the Property, the Company having previously acquired a 10% interest in the Property in December 2020 under the terms of the Option.

The following is a summary of the terms of the SPA, which summary is qualified in its entirety by reference to the SPA:

- The consideration paid to Nubian for 100% of the issued and outstanding shares of Nubian US consisted of:
  - An aggregate of 50 million shares of Athena Gold Corp. common stock, which number includes the 5 million shares of common stock previously issued to Nubian under the Option; and
  - A 1% Net Smelter Royalty on all production from the Excelsior Springs Property.
- The 50 million shares issued to Nubian were issued as "restricted securities" under the Securities Act of 1933, as amended ("Securities Act"). However, the Company has agreed to file a registration statement on Form S-1 within 90 days of the Effective Date registering the distribution by Nubian of all 50 million shares to its shareholders, pro rata. Nubian has undertaken to complete the distribution of all the shares once the S-1 registration statement has been declared effective.
- Pending completion of the S-1 and distribution of the 50 million shares issued to Nubian, for a period of 12 months following the Effective or until Nubian owns less than 4.9% of the Athena issued and outstanding shares, Nubian has agreed to exercise its voting rights with respect to such shares in a manner to support the

recommendations of the Athena Board of Directors except for (i) voting on any proposed change in control transaction or (ii) voting on any proposed sale of all or substantially all of the Excelsior Property, including a property included known as Palmetto.

- Nubian shall be entitled to nominate one representative to serve on the Athena Board of Directors.

The mineral property was valued at the December 31, 2021, the closing date for the SPA with a stock price of \$0.13, resulting in a fair value consideration of \$5,850,000 for the 45,000,000 shares issued. The transaction does not constitute a business combination in accordance with ASC 805, which defines a business as an integrated set of activities and assets capable of being conducted and managed for the purposes of providing a return to investors or other participants and that a business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. Management has determined that the acquired assets do not contain processes sufficient to constitute a business in accordance with ASC 805. The transaction represents the acquisition of assets in exchange for the assumption of liabilities and the issuance of share-based payments.

### **Note 3 – Convertible Note Payable**

Effective April 1, 2015, the Company executed a convertible promissory note (the “Note”) in the principal amount of \$51,270 in favor of Clifford Neuman, the Company’s legal counsel, representing accrued and unpaid fees for past legal services. The Note was unsecured and accrued interest at the rate of 6% per annum, compounded quarterly, and was due on demand. The principal and accrued interest due under the Note was convertible, at the option of the holder, into shares of the Company’s common stock.

On April 24, 2020, the Company agreed to reduce the conversion price from \$0.0735 per share to \$0.021 per share. All other terms of the convertible note remain unchanged, and therefore did not change the cash flows of the note. The Company determined the transaction was considered an extinguishment because of the change in conversion price in which no gain or loss was recorded according to ASC 470-50. However, because the conversion price was reduced below the \$0.03 market value on the date of the change, a beneficial conversion feature resulted from the price reduction in the amount of \$21,973, which was accounted for as a discount to the debt and a corresponding increase in additional paid in capital. The debt discount is being amortized on a straight-line basis over one year to interest expense. A total of \$5,493 was amortized to interest expense during the three months ended March 31, 2021, no interest in 2022.

On November 30, 2021, the Company received a notice of conversion of the Note with a principal balance of \$51,270 and a conversion price of \$0.021. On December 3, 2021, a total of 2,441,476 shares of Common Stock were issued. An additional 1,026,204 shares were issued for \$21,550 of accrued interest on the same Note.

### **Note 4 – Common Stock and Warrants**

During the twelve months ended December 31, 2021 we sold 14,358,700 shares of common stock in private placements realizing proceeds of \$742,375.

On September 30, 2021 we completed a private placement in which we sold 3,108,700 units. Each unit was priced at CAD\$0.08 and consisted of one share of the Company’s common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of CAD\$0.15. The warrants expire May 31, 2024. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 91,000 Broker Warrants (“Broker Warrants”) were granted to a Canadian broker as a placement fee. We realized total proceeds of \$190,552 net of offering costs.

The warrants have an exercise price in Canadian dollars while the Company’s functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

At December 31, 2021, the warrant liability was valued at \$341,145. As of March 31, 2022, the warrant liability was valued at \$151,001, resulting in a gain on revaluation of warrant liability of \$190,144 based on the following assumptions:



<b>Fair value assumptions – warrant liability:</b>	<b>9/30/21</b>	<b>12/31/21</b>	<b>3/31/22</b>
Risk free interest rate	0.53%	0.97%	2.28%
Expected term (years)	2.7	2.4	2.2
Expected volatility	189%	191%	181%

The Broker Warrants were evaluated for purposes of classification between liability and equity. The Broker Warrants do not contain features that would require a liability classification and are therefore considered equity. The Black Scholes pricing model was calculated in US dollars to estimate the fair value of \$7,472 with the following inputs:

<b>Fair value assumptions – broker warrants:</b>	<b>September 30, 2021</b>
Risk free interest rate	0.28%
Expected term (years)	2.0
Expected volatility	196%

On May 25, 2021 we completed a private placement in which we sold 6,250,000 units. Each unit was priced at CAD\$0.08 and consisted of one share of the Company’s common stock and one stock purchase warrant granting the holder the right to purchase one additional share of common stock at a price of CAD\$0.15. The warrants expire May 31, 2024. All securities issued in connection with the offering are subject to restrictions on resale in Canada and the United States pursuant to applicable securities laws and the policies of any applicable stock exchange. An additional 173,810 Broker Warrants (“Broker Warrants”) were granted to a Canadian broker as a placement fee. We realized total proceeds of \$401,823 net of offering costs.

The warrants have an exercise price in Canadian dollars while the Company’s functional currency is US dollars. Therefore, in accordance with ASU 815 - Derivatives and Hedging, the warrants have a derivative liability value.

At December 31, 2021, the warrant liability was valued at \$683,063. As of March 31, 2022, the warrant liability was valued at \$281,109, resulting in a gain on revaluation of warrant liability of \$401,954 based on the following assumptions:

<b>Fair value assumptions – warrant liability:</b>	<b>5/25/21</b>	<b>12/31/21</b>	<b>3/31/22</b>
Risk free interest rate	0.30%	0.97%	2.28%
Expected term (years)	3.0	2.4	2.2
Expected volatility	180%	189%	181%

The Broker Warrants were evaluated for purposes of classification between liability and equity. The Broker Warrants do not contain features that would require a liability classification and are therefore considered equity. The Black Scholes pricing model was calculated in US dollars to estimate the fair value of \$12,943 with the following inputs:

<b>Fair value assumptions – broker warrants:</b>	<b>May 25, 2021</b>
Risk free interest rate	0.14%
Expected term (years)	2.0
Expected volatility	205%

During the quarter ended March 31, 2021, we sold 5,000,000 shares of common stock in private placements to six individuals at a price of \$0.03 per share, realizing total proceeds of \$150,000. Of the 5,000,000 shares sold, 1,750,000 shares were issued on May 28, 2021.

On January 1, 2021 Mr. John Power, the Company’s CEO/CFO agreed to convert accrued management fees totaling \$96,500. As a result, we issued 2,144,444 shares common stock at a price of \$0.045 per share.

## **Note 5 – Share Based Compensation**

On March 22, 2021 the Company issued a total of 2,000,000 non-statutory stock options to four individuals, three of whom are Directors of the Company, the other an independent technical consultant that is helping design our 2021 exploration programs at Excelsior Spring. Upon vesting, each option is exercisable to purchase one share of common

stock at a price of \$0.09 per share. The options vest 50% upon issuance, and 25% on each of the first and second anniversaries of the grant date.

We estimated the fair value of the options using the Black-Scholes option pricing model, which includes assumptions for expected dividends, expected share price volatility, risk-free interest rate, and expected life of the options. Our expected volatility assumption is based on our historical weekly closing price of our stock over a period equivalent to the expected remaining life of the options. The total estimated fair value of the options utilized the following assumptions:

Expected volatility	211%
Expected life	3.4 years
Risk free interest rate	0.31%

The calculations resulted in the total fair value of the options issued to be \$190,202. We expense share-based compensation using the straight-line method over the vesting term of the award for our employees and directors and over the expected service term for our non-employee consultants. As such, a stock-based compensation charges totaling of \$11,888 have been charged during the three months ended March 31, 2022. A summary of the stock options as of March 31, 2022 and changes during the periods are presented below:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value</u>
Balance at December 31, 2020	–	\$ –	–	\$ –
Exercised	–	–	–	–
Issued	2,000,000	0.09	4.2	–
Canceled	–	–	–	–
Balance at December 31, 2021	2,000,000	0.09	4.2	80,000
Exercised	–	–	–	–
Issued	–	–	–	–
Canceled	–	–	–	–
Balance at March 31, 2022	2,000,000	0.09	4.0	–
Options exercisable at March 31, 2022	1,500,000	0.09	4.0	–

Also, on March 22, 2021 the Company agreed to issue a total of 300,000 restricted stock units at a price of \$0.10 per share to the independent technical consultant helping design our 2021 exploration programs at Excelsior Springs. However, the shares shall not be issued until such time the individual either provides a written request or his termination date, whichever is sooner. The shares shall have no voting rights until issued. As such, we have recorded stock-based compensation in the amount of \$30,000.

#### **Note 6 – Commitments and Contingencies**

We are subject to various commitments and contingencies.

#### **Note 7 – Related Party Transactions**

##### *Conflicts of Interests*

Magellan Gold Corporation (“Magellan”) is a company under common control. Mr. John Gibbs is a significant shareholder in both Athena and Magellan. Athena and Magellan are both involved in the business of acquisition and exploration of mineral resources.

Silver Saddle Resources, LLC (“Silver Saddle”) is also a company under common control. Mr. Power and Mr. Gibbs are the owners and managing members of Silver Saddle. Athena and Silver Saddle are both involved in the business of acquisition and exploration of mineral resources.

There exists no arrangement or understanding with respect to the resolution of future conflicts of interest. The existence of common ownership and common management could result in significantly different operating results or financial position from those that could have resulted had Athena, Magellan and Silver Saddle been autonomous.

### ***Management Fees***

The Company is subject to a month-to-month management agreement with Mr. Power requiring a monthly payment of \$2,500 as consideration for the day-to-day management of Athena, \$7,500 was recorded as management fees and are included in general and administrative expenses in the accompanying consolidated statements of operations.

On January 1, 2021, the Company agreed to convert the \$96,500 balance of management fees due Mr. Power into 2,144,444 shares of common stock at a price of \$0.045 per share.

### ***Note Payable***

During March 2022, the Company executed two promissory notes with John Gibbs for \$50,000 and \$25,000 at 6% that is payable on demand.

### **Note 8 – Subsequent Events**

In April 2022, the Company completed the sale of an aggregate of C\$500,000 of its Units at a purchase price of C\$.08 per Unit for a total of 6,250,000 Units. Each Unit consisted of one share of Common Stock and one common stock purchase warrant exercisable for three years to purchase one additional share of Common Stock at a price of C\$0.15 per share. The transaction was part of the Company’s unregistered private offering of up to C\$500,000 in Units at a price of \$0.08 per Unit. The Company issued 1,181,250 shares out of 3,375,000 shares of common stock in April 2022 at C\$.08 per share as a part of the private placement offering to settle \$75,000 of notes payable to Mr. Gibbs.