
BRASCAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

BRASCAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

		March 31, 2022	December 31, 2021
	Note	\$	\$
ASSETS			
CURRENT			
Cash		1,371,878	1,623,559
Amounts receivable		–	400
Prepaid expenses		195,401	134,321
		1,567,279	1,758,280
NON-CURRENT			
Exploration and evaluation assets	5	128,250	32,750
Total assets		1,695,529	1,791,030
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	7	40,235	127,473
Flow-through share premium liability	6	95,239	95,239
Total liabilities		135,474	222,712
SHAREHOLDERS' EQUITY			
Share capital	6	2,942,302	1,906,522
Share subscriptions received (receivable)	6	(10,140)	316,800
Share-based reserves	6	510,018	381,018
Deficit		(1,882,125)	(1,036,022)
Total shareholders' equity		1,560,055	1,568,318
Total liabilities and shareholders' equity		1,695,529	1,791,030

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 11)

Approved and authorised for issuance on behalf of the Board on May 30, 2022:

"Balbir Johal"

Balbir Johal, Director

"Vivian Katsuris"

Vivian Katsuris, Director

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

BRASCAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

		Three months ended March 31, 2022 \$	Three months ended March 31, 2021 \$
	Note		
Expenses			
Advertising and promotion		277,245	–
Consulting fees	7	158,134	7,500
Exploration and evaluation expenditures	5	220,274	–
General and administrative		15,492	7,806
Impairment of mineral properties	5	–	35,000
Professional fees		25,710	36,375
Share-based compensation	6, 7	103,000	84,898
Transfer agent and filing fees		38,679	–
Travel		7,569	–
Total expenses		(846,103)	(171,579)
Net loss and comprehensive loss		(846,103)	(171,579)
Loss per share, basic and diluted		(0.04)	(0.01)
Weighted average number of shares outstanding		22,414,791	15,348,500

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

BRASCAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Share subscriptions received (receivable) \$	Share-based reserves \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, December 31, 2020	15,348,500	579,811	(1,300)	–	(131,761)	446,750
Share subscriptions received	–	–	100	–	–	100
Share based compensation	–	–	–	84,898	–	84,898
Net and comprehensive loss	–	–	–	–	(171,579)	(171,579)
Balance, March 31, 2021	15,348,500	579,811	(1,200)	84,898	(303,340)	360,169
Balance, December 31, 2021	20,002,902	1,906,522	316,800	381,018	(1,036,022)	1,568,318
Shares issued in private placement	3,401,266	1,020,380	(326,940)	–	–	693,440
Share issuance costs	–	(50,100)	–	26,000	–	(24,100)
Shares issued for mineral properties	125,000	65,500	–	–	–	65,500
Share based compensation	–	–	–	103,000	–	103,000
Net and comprehensive loss	–	–	–	–	(846,103)	(846,103)
Balance, March 31, 2022	23,529,168	2,942,302	(10,140)	510,018	(1,882,125)	1,560,055

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

BRASCAN GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Three months ended March 31, 2022 \$	Three months ended March 31, 2021 \$
OPERATING ACTIVITIES		
Net loss for the year	(846,103)	(171,579)
Items not involving cash:		
Impairment of exploration and evaluation assets	–	35,000
Share-based compensation	103,000	84,898
Changes in non-cash working capital:		
Amounts receivable	400	–
Prepaid expenses and deposits	(61,080)	(10,000)
Accounts payable and accrued liabilities	(87,238)	15,830
Due to related parties	–	7,500
Net cash used in operating activities	(891,021)	(38,352)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(30,000)	–
Net cash used in investing activities	(30,000)	–
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	693,440	100
Share issuance costs	(24,100)	–
Net cash provided by financing activities	669,340	100
Change in cash	(251,681)	(38,252)
Cash, beginning of year	1,623,559	408,385
Cash, end of year	1,371,878	370,133
Non-cash investing and financing activities:		
Fair value of brokers' warrants granted	26,000	–
Fair value of shares issued for mineral properties	65,500	–

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

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Brascan Gold Inc. (the "Company") was incorporated July 6, 2018 in the Province of British Columbia. The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in British Columbia. The Company's head office is located at 1000-409 Granville Street Vancouver, BC, V6C 1T2. The Company's registered and records office address is Suite 620, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

On October 20, 2021, the Company incorporated a wholly-owned subsidiary, Baie Verte Resources Inc. ("Baie Verte") for the purposes of holding title to mineral claims.

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

During the period ended March 31, 2022, the Company had no revenues, incurred a net loss of \$846,103, and had negative cash flows from operations of \$891,021. As at March 31, 2022, the Company had an accumulated deficit of \$1,882,125. The Company's future capital requirements will depend on many factors, including the costs of exploring and developing its exploration and evaluation assets, operating costs, the current capital market environment, and global market conditions.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and the impact of these adjustments could be material. These condensed interim 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 operations.

The COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the extent of the effects of the COVID-19 pandemic on the Company's operations has not been significant, the Company continues to monitor and assess the impact of the COVID-19 will have on its future business activities and the future impact could have a material effect on the Company's planned business and operations.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022.

While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2022.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership December 31, 2021	Ownership December 31, 2020
Baie Verte Resources Inc.	British Columbia	Exploration	100%	NIL

The results of the wholly owned subsidiary will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended December 31, 2021. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

- i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.
- ii. The carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.
- ii. The Company uses the market price of the Company's common shares based on the end-of-day trading price to record the fair value of common shares for share-based compensation purposes.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

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(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS

	Howson \$	Vulcan \$	Middle Arm \$	Alegre Property \$	Black Cat \$	Miguels Lake \$	Mountain Pond \$	Birchy Lake \$	Total \$
Acquisition costs:									
Balance, December 31, 2020	35,000	10,000	–	–	–	–	–	–	45,000
Additions	–	160,000	16,000	–	16,750	–	–	–	192,750
Impairment	(35,000)	(170,000)	–	–	–	–	–	–	(205,000)
Balance, December 31, 2021	–	–	16,000	–	16,750	–	–	–	32,750
Additions	–	–	–	64,000	–	10,500	10,500	10,500	95,500
Balance, March 31, 2022	–	–	16,000	64,000	16,750	10,500	10,500	10,500	128,250
Carrying amounts:									
Balance, December 31, 2021	–	–	16,000	–	16,750	–	–	–	32,750
Balance, March 31, 2022	–	–	16,000	64,000	16,750	10,500	10,500	10,500	128,250

Exploration Expenditures

	Three months ended March 31, 2022 \$	Year ended December 31, 2021 \$
Geological	216,255	89,856
Travel	4,019	18,335
	220,274	108,191

Howson Property, British Columbia

On September 10, 2020, and as amended on May 14, 2021, the Company entered into an option agreement with Oswaldo Perez Cabrera, an individual, to acquire 100% interest in two mineral claims located in the Burnie Lake area of British Columbia for cash payments of \$35,000 and the issuance of 3,000,000 common shares of the Company as follows:

- \$35,000 on the execution of the agreement (paid);
- Issue 1,000,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange;
- Issue 1,000,000 common shares of the Company on or before December 31, 2021; and
- Issue 1,000,000 common shares of the Company on or before June 30, 2022.

In addition, the Company is required to incur exploration expenditures of \$2,500,000 on the property over a period of five years as follows:

- \$100,000 on or before June 30, 2022;
- An additional \$600,000 on or before December 31, 2023;
- An additional \$800,000 on or before December 31, 2024; and
- An additional \$1,000,000 on or before December 31, 2025.

On June 22, 2021, the Company terminated the option agreement and impaired the carrying value of the property of \$35,000.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Vulcan Property, British Columbia

On September 26, 2020, and as amended on June 14, 2021 and September 1, 2021, the Company entered into an option agreement with Eagle Plains Resources Ltd. (“Eagle Plains”), a company listed on the TSX Venture Exchange, to acquire a 60% interest in the Vulcan property located in the East Kootenay region of British Columbia. To earn the 60% interest, the Company is required to make cash payments of \$500,000 and issue 1,200,000 common shares of the Company as follows:

- \$10,000 on execution of the agreement (paid);
- \$15,000 and issue 400,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange (issued);
- \$25,000 and issue 400,000 common shares of the Company on or before December 31, 2021;
- \$165,000 and issue 200,000 common shares of the Company on or before December 31, 2022; and
- \$285,000 and issue 200,000 common shares of the Company on or before December 31, 2023.

In addition, the Company is required to incur exploration expenditures of \$4,000,000 on the property over a period of four years as follows:

- \$100,000 on or before October 31, 2021;
- An additional \$1,400,000 on or before December 31, 2022;
- An additional \$1,000,000 on or before December 31, 2023; and
- An additional \$1,500,000 on or before December 31, 2024.

The Company has to pay a 2% net smelter royalty (NSR) to Eagle Plains payable upon the commencement of commercial production and the Company has the right to purchase half of the NSR for \$1,000,000.

On December 13, 2021, the Company terminated the option agreement and impaired the carrying value of the property of \$170,000.

Middle Arm Fault Property, Newfoundland

On October 15, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, and Daniel Jacobs (the “Vendors”) to acquire a 100% interest in the Middle Arm Fault Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of \$168,000 and issue 670,000 common shares of the Company as follows:

- \$5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- \$27,000 and issue 95,000 common shares of the Company on or before October 15, 2022;
- \$24,000 and issue 100,000 common shares of the Company on or before October 15, 2023;
- \$32,000 and issue 150,000 common shares of the Company on or before October 15, 2024; and
- \$80,000 and issue 300,000 common shares of the Company on or before October 15, 2025.

In addition, the Company is required to incur exploration expenditures of \$725,000 on the property over a period of four years as follows:

- \$75,000 on or before October 15, 2022;
- An additional \$150,000 on or before October 15, 2023;
- An additional \$200,000 on or before October 15, 2024; and
- An additional \$300,000 on or before October 15, 2025.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for \$2,000,000.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Alegre Property, Newfoundland

On November 22, 2021, the Company entered into an option agreement with Chapada Brasil Mineracao Ltda. (“Chapada”) to acquire a 100% interest in the Alegre Property located in the Chachoeira do Piria region of Brazil. To earn the 100% interest, the Company is required to make cash payments of \$400,000 and issue 800,000 common shares of the Company as follows:

- \$30,000 (paid) and issue 50,000 common shares (issued) of the Company on the execution of the agreement;
- \$50,000 and issue 100,000 common shares within five days of completing a Phase I exploration program;
- \$100,000 and issue 200,000 common shares within five days of completing a Phase II exploration program; and
- \$220,000 and issue 450,000 common shares within five days of completing a Phase III exploration program.

In addition, the Company is required to incur exploration expenditures on the property as follows:

- Complete a \$250,000 Phase I exploration program on or before July 30, 2022;
- Within one year of completing the Phase I exploration program, commence an additional \$250,000 Phase II exploration program; and
- Within one year of completing the Phase II exploration program, commence an additional \$500,000 Phase III exploration program.

The Company has to pay a 2% net smelter royalty (NSR) to Chapada payable upon the commencement of commercial production and the Company has the right to purchase 1% of the NSR for \$1,000,000.

Black Cat Property, Newfoundland

On December 7, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, Peter Hurley, Garland Rice, and Daniel Jacobs (the “Vendors”) to acquire a 100% interest in the Black Cat Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of \$168,000 and issue 670,000 common shares of the Company as follows:

- \$5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- \$27,000 and issue 95,000 common shares of the Company on or before December 7, 2022;
- \$24,000 and issue 100,000 common shares of the Company on or before December 7, 2023;
- \$32,000 and issue 150,000 common shares of the Company on or before December 7, 2024; and
- \$80,000 and issue 300,000 common shares of the Company on or before December 7, 2025.

In addition, the Company is required to incur exploration expenditures of \$725,000 on the property over a period of four years as follows:

- \$75,000 on or before December 7, 2022;
- An additional \$150,000 on or before December 7, 2023;
- An additional \$200,000 on or before December 7, 2024; and
- An additional \$300,000 on or before December 7, 2025.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for \$2,000,000.

BRASCAN GOLD INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Miguels Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Miguels Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of \$168,000 and issue 670,000 common shares of the Company as follows:

- \$5,000 (paid subsequent to the period) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- \$27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- \$24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- \$32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- \$80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of \$725,000 on the property over a period of four years as follows:

- \$75,000 on or before February 10, 2023;
- An additional \$150,000 on or before February 10, 2024;
- An additional \$200,000 on or before February 10, 2025; and
- An additional \$300,000 on or before February 10, 2026.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for \$2,000,000.

Mountain Pond, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Mountain Pond Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of \$168,000 and issue 670,000 common shares of the Company as follows:

- \$5,000 (paid subsequent to the period) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- \$27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- \$24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- \$32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- \$80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of \$725,000 on the property over a period of four years as follows:

- \$75,000 on or before February 10, 2023;
- An additional \$150,000 on or before February 10, 2024;
- An additional \$200,000 on or before February 10, 2025; and
- An additional \$300,000 on or before February 10, 2026.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for \$2,000,000.

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For the three months ended March 31, 2022

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Birchy Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Birchy Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of \$168,000 and issue 670,000 common shares of the Company as follows:

- \$5,000 (paid subsequent to the period) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- \$27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- \$24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- \$32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- \$80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of \$725,000 on the property over a period of four years as follows:

- \$75,000 on or before February 10, 2023;
- An additional \$150,000 on or before February 10, 2024;
- An additional \$200,000 on or before February 10, 2025; and
- An additional \$300,000 on or before February 10, 2026.

The Company has to pay a 2.5% net smelter royalty (NSR) to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for \$2,000,000.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

During the period ended March 31, 2022:

On March 3, 2022, the Company issued 75,000 common shares (25,000 common shares for each option agreement) with a fair value of \$30,500 pursuant to the Miguels Lake, Mountain Pond, and Birchy Lake option agreements. Refer to Note 5.

On February 11, 2022, the Company completed the third and final tranche of the private placement for the issuance of 1,903,499 units at a price of \$0.30 per unit for gross proceeds of \$571,050. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of \$0.40 for two years from the closing date. In connection with the private placement, the Company paid \$24,100 and issued 80,000 brokers' warrants valued at \$26,000 with an exercise price of \$0.40 for two years from the closing date.

On January 25, 2022, the Company issued 50,000 common shares with a fair value of \$34,000 pursuant to the Alegre Property option agreement. Refer to Note 5.

On January 12, 2022, the Company completed the second tranche of the private placement for the issuance of 1,497,767 units at a price of \$0.30 per unit for proceeds of \$449,330. Each unit consists of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of \$0.40 for two years from the closing date.

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(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

6. SHARE CAPITAL (continued)

b) Issued (continued)

During the year ended December 31, 2021:

On December 30, 2021, the Company completed a flow-through private placement for the issuance of 1,226,735 units at a price of \$0.53 per flow-through unit for gross proceeds of \$650,170. Each flow-through unit consists of one flow-through common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of \$0.75 for two years from the closing date. In connection with the private placement, the Company paid \$44,000 in finders' fees and issued 83,018 brokers' warrants with an exercise price of \$0.40 per share for two years from the closing date, with a value of \$13,155. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 1.00% and no expected dividends. As at December 31, 2021, the Company recorded a flow-through share premium liability of \$95,239.

On December 13, 2021, the Company completed a private placement for the issuance of 2,477,667 units at a price of \$0.30 per unit for gross proceeds of \$743,300. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of \$0.40 for two years from the closing date. In connection with the private placement, the Company paid \$43,584 of finders' fees and issued 145,280 brokers' warrants with an exercise price of \$0.40 for two years from the closing date, with a value of \$39,294. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 0.95% and no expected dividends.

On December 10, 2021, the Company issued 25,000 common shares with a fair value of \$11,750 pursuant to the Black Cat Property option agreement. Refer to Note 5.

On November 4, 2021, the Company issued 25,000 common shares with a fair value of \$11,000 pursuant to the Middle Arm Fault Property option agreement. Refer to Note 5.

On October 13, 2021, the Company issued 400,000 common shares with a fair value of \$160,000 pursuant to the Vulcan Property option agreement. Refer to Note 5.

On October 13, 2021, the Company completed a private placement for the issuance of 500,000 common shares at a price of \$0.10 per common share for proceeds of \$50,000.

During the year ended December 31, 2021, the Company received \$318,100 of share subscriptions, of which \$318,000 related to private placements completed subsequent to December 31, 2021.

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6. SHARE CAPITAL (continued)

c) Stock options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than \$0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	March 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,650,000	\$ 0.22	-	\$ -
Granted	650,000	\$ 0.26	1,650,000	\$ 0.22
Outstanding, end of period	2,300,000	\$ 0.23	1,650,000	\$ 0.22

The following stock options were outstanding and exercisable as at March 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
March 21, 2024	1.98	\$ 0.20	550,000
March 10, 2026	3.95	\$ 0.10	1,000,000
October 22, 2026	4.56	\$ 0.40	400,000
October 27, 2026	4.58	\$ 0.40	150,000
November 1, 2026	4.59	\$ 0.45	100,000
January 12, 2027	4.79	\$ 0.60	100,000
	3.69	\$ 0.23	2,300,000

During the period ended March 31, 2022, the Company recognized share-based compensation expense of \$103,000 (year ended December 31, 2021 - \$264,332) relating to stock options granted to officers, directors, and consultants of the Company.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The weighted average assumptions used in calculating the fair value of stock options granted, assuming no expected dividends and forfeitures, are as follows:

	Period ended March 31, 2022	Year ended December 31, 2021
Risk-free interest rate	1.95%	1.10%
Expected option life in years	2 – 5 years	5 years
Expected share price volatility*	100%	116.56%

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history.

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6. SHARE CAPITAL (continued)

d) Share purchase warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	March 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	11,352,202	\$ 0.17	9,500,000	\$ 0.10
Granted	1,700,636	\$ 0.40	1,852,202	\$ 0.52
Outstanding, end of period	13,052,838	\$ 0.20	11,352,202	\$ 0.17

The following share purchase warrants were outstanding and exercisable as at March 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 7, 2023	1.69	\$ 0.10	9,500,000
December 13, 2023	1.70	\$ 0.40	1,238,835
December 30, 2023	1.75	\$ 0.75	613,367
January 12, 2024	1.79	\$ 0.40	748,884
February 11, 2024	1.87	\$ 0.40	951,752
	1.71	\$ 0.20	13,052,838

e) Brokers' warrants

The following table summarizes the continuity of the Company's brokers' warrants:

	March 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	228,298	\$ 0.40	-	\$ -
Granted	80,000	\$ 0.40	228,298	\$ 0.40
Outstanding, end of period	308,298	\$ 0.40	228,298	\$ 0.40

The following brokers' warrants were outstanding and exercisable as at March 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 13, 2023	1.70	\$ 0.40	145,280
December 30, 2023	1.75	\$ 0.40	83,018
February 11, 2024	1.87	\$ 0.40	80,000
	1.76	\$ 0.40	308,298

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6. SHARE CAPITAL (continued)

e) Brokers' warrants (continued)

During the period ended March 31, 2022, the Company recognized share issuance costs of \$26,000 (year ended December 31, 2021 - \$52,449) relating to brokers' warrants issued to finders who assisted the Company in closing financing transactions.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its brokers' warrants granted. The weighted average assumptions used in calculating the fair value of brokers' warrants granted, assuming no expected dividends and forfeitures, are as follows:

	Period ended March 31, 2022	Year ended December 31, 2021
Risk-free interest rate	1.46%	0.94%
Expected option life in years	2 years	2 years
Expected share price volatility*	100.00%	100.00%

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history.

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Key Management Compensation

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

During the period ended March 31, 2022 and year ended December 31, 2021, the Company entered into following transactions with related parties:

	For the three months ended March 31, 2022	For the year ended December 31, 2021
Key Management Compensation		
Consulting fees	\$ 75,200	\$ 75,200
Share-based compensation	26,364	135,898
	<u>\$ 101,564</u>	<u>\$ 211,098</u>

As at March 31, 2022, included in the accounts payable and accrued liabilities is \$1,125 (December 31, 2021 - \$8,964) related to the above compensation incurred with one of the Company's directors.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Fair values

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The carrying values of cash, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash. The Company's cash is held at a large Canadian financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at March 31, 2022, the Company has working capital of \$1,431,805.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. Interest rate risk is minimal as the Company has no exposure to interest rates as at March 31, 2022.

e) Price risk

The Company has limited exposure to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities with a potential future project may be subject to risks associated with fluctuations in the market price of commodities.

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9. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

There were no changes to the Company's approach to capital management during the period ended March 31, 2022.

10. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment: the acquisition, exploration and development of mineral properties in Canada. All of the Company's assets and expenditures are located in Canada. Since the Company does not have any revenue producing activities, there is no segment information by revenues.

11. SUBSEQUENT EVENTS

Property agreements

On April 6, 2022, through its subsidiary Baie Verte Resources Inc., the Company entered into a letter of intent with Quinlan Prospectors' Group ("Quinlan" or the "Optionor") with respect to the assessment of an option agreement for over seven prospective gold properties that cover a total of 13,125 hectares, located in Newfoundland. Under the proposed terms of the agreement, the Company may earn the 100% interest by completing \$400,000 in exploration expenditures, making cash payments of \$281,000 and issuing 2,100,000 common shares to the Vendors over four years. The Optionor will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for \$1,000,000.