CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED

MARCH 31, 2022

MONARCH MINING CORPORATION

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Three and nine months ended March 31, 2022

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

	NOTES	MARCH 31, 2022	JUNE 30, 2021
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**6,108,678**	20,480,457
Restricted cash	9	**2,000,000**	–
Investments		**1,433,903**	–
Commodity taxes and other receivables		**1,580,107**	656,847
Balance of sale	6	**4,500,000**	–
Inventory	5	**7,515,158**	1,004,200
Prepaid expenses and deposits		**908,897**	609,469
		24,046,743	22,750,973
NON-CURRENT ASSETS			
Restricted cash	9	**4,000,000**	–
In trust deposits		**1,458,099**	1,458,099
Property, plant and equipment	6	**41,173,344**	13,954,321
Mining properties	7	**8,776,499**	8,923,179
Exploration and evaluation assets	8	**20,031,980**	17,337,901
		75,439,922	41,673,500
		99,486,665	64,424,473
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**12,865,444**	3,699,522
Current portion of long-term debt	9	**1,018,501**	34,882
Current portion of other liabilities	10	**108,974**	1,527,964
		13,992,039	5,262,368
NON-CURRENT LIABILITIES			
Long-term debt	9	**12,727,803**	–
Other liabilities	10	**6,362,906**	1,667,518
Deferred income taxes and mining taxes		**4,178,724**	2,737,072
Asset retirement obligations	11	**5,220,230**	4,945,134
		28,489,663	9,349,724
		42,481,702	14,612,092
SHAREHOLDER'S EQUITY			
Share capital and warrants	12	**58,007,770**	52,733,523
Contributed surplus		**1,105,552**	404,572
Deficit		**(2,108,359)**	(3,325,714)
		57,004,963	49,812,381
		99,486,665	64,424,473

Reporting entity and nature of operations (Note 1); Commitments (Note 14); Subsequent event (Note 20).

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

On behalf of the Board:

'Jean-Marc Lacoste', Director   *'Michel Bouchard'*, Director

	Notes	Three months ended March 31		Nine months ended March 31	
		2022	**2021**	**2022**	**(141 days) 2021**
		$	$	**$**	$
Administration	15	**(2,003,556)**	(585,444)	**(6,292,853)**	(585,444)
Operating expenses		**(3,663,503)**	–	**(3,663,503)**	–
Care and maintenance		**–**	(962,859)	**–**	(962,859)
Exploration		**(930,608)**	(1,242,142)	**(3,374,774)**	(1,242,142)
Operating loss		**(6,597,667)**	(2,790,445)	**(13,331,130)**	(2,790,445)
Finance income		**52,354**	2,328	**85,230**	2,328
Finance expense	15	**(160,887)**	(69,106)	**(450,526)**	(69,106)
Change in fair value of investments		**(170,607)**	–	**(170,607)**	–
Revaluation of the financial liability on the tonnes milled at the Beacon mill	10	**(810,013)**	–	**(810,013)**	–
Gain on disposal of assets	6, 7, 8	**8,568,855**	–	**16,259,338**	–
Others		**(11,472)**	83,305	**85,296**	83,305
Other income related to flow-through shares	10	**401,296**	36,486	**1,395,487**	36,486
Earnings (loss) before taxes		**1,271,859**	(2,737,432)	**3,063,075**	(2,737,432)
Deferred income and mining taxes		**(513,314)**	(23,219)	**(1,521,603)**	(23,219)
Net earnings (loss) and comprehensive income		**758,545**	(2,760,651)	**1,541,472**	(2,760,651)
Basic and diluted net earnings (loss) per share	18	**0.01**	(0.05)	**0.02**	(0.08)

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

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	**$**	**$**	**$**
BALANCE AS AT JUNE 30, 2021	**52,733,523**	**404,572**	**(3,325,714)**	**49,812,381**
EQUITY FINANCING				
Issuance of flow-through shares (Note 12)	5,992,941	–	–	**5,992,941**
Premium on flow-through shares (Note 12)	(998,823)	–	–	**(998,823)**
Payment of restricted share units by issuance of common shares	175,029	(312,993)	–	**(137,964)**
Share issuance costs	–	–	(303,332)	**(303,332)**
Exercise of replacement Monarch warrants (Note 12)	4,363	–	–	**4,363**
Grant of warrants to brokers (Note 12)	100,737	–	(100,737)	–
SHARE-BASED COMPENSATION - OPTIONS AND RESTRICTED SHARE UNITS				
Granted to employees, officers, directors, consultants or I.R. representatives (Notes 12 and 13)	–	1,013,973	–	**1,013,973**
Deferred income taxes related to shares issuance expenses of current period	–	–	79,952	**79,952**
	58,007,770	1,105,552	(3,649,831)	**55,463,491**
NET EARNINGS FOR THE PERIOD	–	–	1,541,472	**1,541,472**
BALANCE AS AT MARCH 31, 2022	**58,007,770**	**1,105,552**	**(2,108,359)**	**57,004,963**

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

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	$	$	$
BALANCE AS AT NOVEMBER 11, 2020	**–**	**–**	**–**	**–**
EQUITY FINANCING				
Initial issuance of shares	1	–	–	**1**
Issuance of shares in a business combination under common control	43,027,328	–	–	**43,027,328**
Cancellation of the initial share	(1)	1	–	**–**
Issuance of flow-through shares	5,081,721	–	–	**5,081,721**
Pemium on flow-through shares	(1,751,339)	–	–	**(1,751,339)**
Share issuance expenses	–	–	(542,677)	**(542,677)**
Exercice of warrants	4,920	–	–	**4,920**
OPTIONS				
Granted to employees, officers, directors, consultants or I.R. representatives	–	99,281	–	**99,281**
Effect of the acquisition of the company under common control	–	–	3,302,853	**3,302,853**
	46,362,630	99,282	2,760,176	**49,222,088**
NET LOSS FOR THE PERIOD	–	–	(2,760,651)	**(2,760,651)**
BALANCE AS AT MARCH 31, 2021	**46,362,630**	**99,282**	**(475)**	**47,461,437**

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

	Notes	Three months ended March 31		Nine months ended March 31	
		2022	2021	2022	(141 days) 2021
		$	$	$	$
Operating activities					
Net earnings (loss) for the period		**758,545**	(2,760,651)	**1,541,472**	(2,760,651)
Adjustments for:					
Amortization	6	**18,195**	17,754	**55,065**	17,754
Share-based payments	12, 13	**328,919**	99,281	**1,013,973**	99,281
Amortization of financing costs	9	**32,059**	–	**64,118**	–
Revaluation of financial liabilities on tonnes milled at the Beacon mill	10	**810,013**	–	**810,013**	–
Accretion expense of asset retirement obligations	11	**20,519**	12,330	**61,338**	12,330
Accretion of financial liabilities on tonnes milled at the Beacon mill	10	**8,329**	–	**22,209**	–
Interest on lease liabilities	9	**2,780**	936	**6,486**	936
Interest on the royalties buy-back options	10	**93,437**	36,810	**273,111**	36,810
Other income related to flow-through shares		**(401,296)**	(36,486)	**(1,395,487)**	(36,486)
Gain on disposal of assets	6, 7	**(8,568,855)**	–	**(16,259,338)**	–
Change in fair value of investments		**170,607**	–	**170,607**	–
Deferred Income and mining taxes		**513,315**	23,219	**1,521,604**	23,219
Change in non-cash operating working capital	16	**(4,145,122)**	975,258	**(5,736,066)**	975,258
		(10,358,555)	(1,631,549)	**(17,850,895)**	(1,631,549)
Financing activities					
Proceeds from issuance of flow-through shares	12	**–**	5,081,721	**5,992,941**	5,081,721
Share issuance costs	12	**(1,627)**	(542,677)	**(303,332)**	(542,677)
Exercise of warrants	12	**1,454**	4,920	**4,363**	4,920
Term loan	9	**–**	–	**13,500,000**	–
Restricted share units payment	12	**(137,964)**	–	**(137,964)**	–
Restricted cash	9	**–**	–	**(6,000,000)**	–
Financing costs	9	**–**	–	**(384,711)**	–
Repayment of lease liabilities	9	**(36,298)**	(7,221)	**(80,315)**	(7,221)
		(177,435)	4,536,743	**12,590,982**	4,536,744
Investment activities					
Business combinations under common control	4	**–**	14,283,329	**–**	14,283,329
Acquisition of investments		**(1,728,000)**	–	**(1,728,000)**	–
Proceeds on disposal of investments		**123,490**	–	**123,490**	–
Receipt of balance of sale		**–**	2,000,000	**–**	2,000,000
In trust deposits		**–**	(27,496)	**–**	(27,496)
Sale of royalties	6	**9,524,100**	–	**17,024,100**	–
Acquisition of property, plant and equipment	6	**(9,293,076)**	–	**(21,168,064)**	–
Proceed from disposition of mining properties	7	**–**	–	**310,000**	–
Increase in exploration and evaluation assets	8	**(905,426)**	(147,404)	**(3,673,392)**	(147,404)
		(2,278,912)	16,108,429	**(9,111,866)**	16,108,429
Change in cash and cash equivalents		**(12,811,903)**	19,013,623	**(14,371,779)**	19,013,624
Cash and cash equivalents at beginning of period		**6,703,225**	1	**20,480,457**	–
Cash and cash equivalents at end of period		**6,108,678**	19,013,624	**6,108,678**	19,013,624

Other cash flow information (Note 16)

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

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Monarch Mining Corporation (the "Company"), incorporated on November 11, 2020 under the *Canada Business Corporations Act*, specializes in the development and exploration of mining properties. Its shares have been trading on the Toronto Stock Exchange since January 27, 2021 under the symbol GBAR. Its activities are in Canada.

Since its incorporation, the Company has incurred operating losses and cash outflows related to the operation, exploration and development of its mining properties. To date, the Company has financed its operations through cash received from the Yamana Gold transaction on January 21, 2021 (Note 4), the issuance of shares (Notes 12 and 20), the sale of royalties (Note 6) and the issuance of debt (Note 9). The Company's ability to ultimately achieve operating income in the future is dependent upon its ability to develop its mining properties and achieve commercial production.

The Company's head office address is 68 avenue de la Gare, Suite 205, Saint-Sauveur, Québec, Canada, J0R 1R0 and its website is www.monarchmining.com .

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These unaudited consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and consistent with the accounting policies used by the Company in its most recent audited annual financial statements. These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Certain information normally included in audited annual consolidated financial statements prepared in accordance with IFRS, in particular the notes thereto, has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all disclosures required for complete consolidated financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements, including notes, for the 232-day period ended June 30, 2021. The Board of Directors approved the unaudited interim condensed consolidated financial statements on May 10, 2022.

The unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2022 have not been subject to a review engagement by the Company's independent auditor in accordance with the standards established by the Chartered Professional Accountants of Canada for a review engagement of interim financial statements by the Company's auditor.

B) BASIS OF MEASUREMENT

The unaudited consolidated condensed interim financial statements have been prepared on the historical cost basis except for:

- equity investments in public companies that are measured at fair value.
- share-based payment arrangements classified as equity are measured at fair value at the date of grant in accordance with IFRS 2, Share-based Payment.
- asset retirement obligations that are measured at the present value of the anticipated expenditures to settle the obligation.

2. BASIS OF PREPARATION (CONTINUED)

C) FUNCTIONAL AND PRESENTATION CURRENCY

The unaudited consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

D) BUSINESS SEGMENT

The Company operates in one business segment, namely the mining and exploration of mining properties. All of the Company's assets are located in Quebec, Canada.

E) USE OF ESTIMATES AND JUDGMENTS

The preparation of the unaudited consolidated condensed interim 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, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed regularly. Any revisions to accounting estimates are recognized in the year in which the estimates are revised as well as in future years affected by such revisions.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments that management has made in the process of applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those reported in the audited consolidated financial statements for the 232-day period ended June 30, 2021, except as noted below:

Royalties buy-back options

Judgments made in relation to accounting policies

Management must use its judgment to assess the appropriate accounting treatment for the sales of royalties (Note 6) and the allocation of the proceeds between the mining properties disposed, the exploration and evaluation assets, the financial liability on the tons milled at the Beacon mill. The Company reviewed the specific terms of the agreements to determine whether it had disposed of an interest in the reserves and resources of the properties. The assessment considered the rights attributed to the consideration and the risks and rewards associated with it over the life of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated condensed interim financial statements have been prepared using the same accounting policies as the audited consolidated financial statements for the 232-day period ended June 30, 2021.

4. BUSINESS COMBINATION UNDER COMMON CONTROL

On January 21, 2021, Yamana Gold ("Yamana") acquired all the outstanding shares of Monarch Gold Corporation pursuant to a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Monarch Gold Corporation was spun off to its shareholders through the Company. The Company received all the assets and liabilities that were not sold to Yamana, namely the following:

- The Beaufor Mine, the McKenzie Break property, the Croinor Gold property, the Swanson property and the Beacon property and mill, together with all assets and liabilities related to these properties (collectively, the "Transferred Assets"); and
- A net cash amount of $14 million.

In exchange, the Company issued 66,195,889 shares.

In addition, on January 21, 2021, Monarch Gold Corporation had 11,289,473 warrants (the "Certificated Warrants") outstanding issued pursuant to individual warrant certificates and 10,042,000 warrants (the "Indenture Warrants") outstanding issued pursuant to a warrant indenture dated September 17, 2020 between Monarch Gold Corporation and Computershare Trust Company of Canada (the "Warrant Indenture").

Under the Arrangement, for each unexercised Certificated warrant outstanding as at January 21, 2021, the holder received:

- one Yamana warrant (a "Replacement Yamana Warrant") to purchase from Yamana 0.0376 of a share of Yamana at an exercise price of $0.074.
- one Company warrant (a "Replacement Monarch Warrant") to purchase from the Company 0.2 of a Company share at a weighted average exercise price of $0.051.

Each Monarch Gold Corporation Indenture Warrant will continue to be governed by and subject to the terms of the Warrant Indenture, subject to any supplemental indenture, warrant certificate or exercise document, as the case may be, issued by Yamana and the Company (as mutually agreed, each acting reasonably) to the holders of the Indenture Warrants to facilitate the exercise of the Indenture Warrants and the payment of the corresponding portion of the corresponding exercise price. As part of the Arrangement, for each Indenture Warrant outstanding as at January 21, 2021, the holder will be entitled to receive:

- 0.0376 of a Yamana share for a net exercise price of $0.311 per Indenture Warrant.
- 0.2 shares of the Company for a net exercise price of $0.097 per Indenture Warrant.

The above transaction has been accounted for as a combination of businesses under common control as it occurred between companies under common control. Accordingly, the transaction has been measured in the Company's accounts using the historical carrying values from the accounts of Monarch Gold Corporation. The Company also elected not to restate the comparatives for the periods prior to the acquisition and elected to recognize the difference between the consideration paid and the carrying amounts transferred ("Acquisition Adjustment") as an adjustment to the deficit.

4. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The following table presents the accounting for the business combination under common control on January 21, 2021:

	$
Consideration paid:	
Common shares issued	43,027,328
Book values based on Monarch Gold Corporation amounts	
Cash	14,283,329
Other current assets	3,802,469
In trust deposits	1,430,603
Property, plant and equipment	13,453,013
Mining properties under exploration	25,107,672
Current liabilities	(587,476)
Lease liabilities	(49,358)
Non-current liabilities	(1,442,870)
Asset retirement obligations	(4,865,411)
Deferred income and mining taxes	(4,801,790)
Deficit (including Acquisition Adjustment)	(3,302,853)
	43,027,328

5. INVENTORY

	MARCH 31, 2022	**JUNE 30, 2021**
	$	$
Ore stockpiles	**5,727,672**	–
Supplies	**1,787,486**	1,004,200
	7,515,158	1,004,200

6. PROPERTY, PLANT AND EQUIPMENT

	EQUIPMENT AND LEASEHOLD IMPROVEMENTS (A)	MINING ASSETS UNDER CONSTRUCTION (B)	BEAUFOR MINING PROPERTY (B)	BUILDINGS AND EQUIPMENT (A)	TOTAL
	$	$	$	$	$
COST					
Balance as at June 30, 2021	**731,318**	**11,000,093**	**913,413**	**3,637,998**	**16,282,822**
Acquisitions	154,777	25,214,341	–	3,356,802	28,725,920
Capitalized interest	–	576,749	–	–	576,749
Reclassification	(226,323)	–	–	226,323	–
Disposal (Notes 6 and 7)	(123,966)	(1,809,323)	(107,942)	–	(2,041,231)
Balance as at March 31, 2022	**535,806**	**34,981,860**	**805,471**	**7,221,123**	**43,544,260**
ACCUMULATED AMORTIZATION					
Balance as at June 30, 2021	**230,196**	**–**	**317,803**	**1,780,502**	**2,328,501**
Reclassification	(78,674)	–	–	78,674	–
Disposal (Notes 6 and 7)	(12,650)				(12,650)
Amortization	55,065	–	–	–	55,065
Balance as at March 31, 2022	**193,937**	**–**	**317,803**	**1,859,176**	**2,370,916**
NET CARRYING AMOUNT					
Balance as at June 30, 2021	**469,443**	**11,000,093**	**595,610**	**1,857,496**	**13,954,321**
Balance as at March 31, 2022	**341,869**	**34,981,860**	**487,668**	**5,361,947**	**41,173,344**

(A) An amount of $237,558 ($95,040 as at June 30, 2021) is included in the cost of equipment and leasehold improvements as at March 31, 2022 of rights-of-use fees and accumulated amortization of $87,121 as at March 31, 2022 ($31,679 as at June 30, 2021). An amount of $463,326 ($0 as at June 30, 2021) is included in buildings and equipment as at March 31, 2022, of rights-of-use which has not yet been amortized.

(B) As these items are not ready for use, the mining assets under construction, the Beaufor mining property, and buildings and equipment have not yet been amortized.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Sale of royalties to Gold Royalty Corp.

On March 29, 2022, the Company sold royalties to Gold Royalty Corp. for $4.5 million in cash. This amount is receivable at March 31, 2022. The agreement includes the following royalties:

- 0.25% on net smelter returns ("NSR") from production at Croinor, McKenzie Break and Swanson.
- $1.25 per tonne milled at the Beacon mill.
- Cancellation of buy-back options.

The sale of the royalties has been divided into three parts for accounting purposes:

i) Sale of a portion of the Croinor, McKenzie Break and Swanson mining properties as control over a portion of future gold production is transferred to the buyer for the 0.25% NSR royalty.

ii) Financial liability, in accordance with IFRS 9, for the contractual obligation to pay a royalty of $1.25 on tonnes milled at the Beacon mill.

iii) Cancellation of options to buy back a 1.25% NSR royalty on the Croinor, McKenzie Break and Swanson mining properties.

The proceeds of disposition were allocated to the various components based on the estimated present value of the expected cash flows on each component. The carrying value of the mining properties disposed was determined in proportion of the percentage of the estimated carrying value that was sold.

	DISPOSITION OF MINING PROPERTIES	CANCELLATION OF THE ROYALTIES BUY-BACK OPTIONS	ROYALTY ON TONNES MILLED AT THE BEACON MILL	TOTAL
	$	$	$	$
Proceed of disposition – Balance of sale	1,727,133	–	2,772,867	4,500,000
Carrying value sold (Notes 7 and 8)	(161,539)	–	–	(161,539)
Liability under IFRS 9	–	–	(2,772,867)	(2,772,867)
Cancellation of the buy-back options sold on August 5, 2021	–	3,146,426	–	3,146,426
Gain on disposal recognized in earnings	**1,565,594**	**3,146,426**	**–**	**4,712,020**

Royalty amendment to Metalla & Streaming Ltd ("Metalla")

On February 9, 2022, the Company amended a 1% net smelter return royalty agreement on gold production at the Beaufor mine owned by Metalla in consideration of a cash payment of $1,274,100 (US$1 million). As a result, the clause stipulating that the royalty will be waived until 100,000 ounces of gold have been produced has been amended, making the agreement effective immediately.

	DISPOSITION OF MINING PROPERTY AND MINING ASSETS UNDER CONSTRUCTION
	$
Proceed of disposition	1,274,100
Carrying value sold	(433,361)
Gain on disposal recognized in earnings	**840,739**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Sale of royalties to Triple Flag Precious Metals Corp. (« Triple Flag »)

On February 4, 2022, the Company concluded an agreement with Triple Flag whereby Triple Flag acquire an additional 0.75% net smelter return royalty on gold production at the Beaufor mine and the cancellation of the 1% reduction provided for in a previous agreement in consideration of a cash payment of $4.5 million.

	DISPOSITION OF MINING PROPERTY AND MINING ASSETS UNDER CONSTRUCTION
	$
Proceed of disposition	4,500,000
Carrying value sold	(1,483,904)
Gain on disposal recognized in earnings	**3,016,096**

Sale of royalties to Gold Royalty Corp.

On August 5, 2021, the Company sold royalties to Gold Royalty Corp. for $11.25 million in cash. This amount was receivable in two tranches, $7.5 million at closing and $3.75 million after 6 months. The agreement includes the following royalties:

- 2.5% on net smelter returns ("NSR") from production at Croinor, McKenzie Break and Swanson (1.25% redeemable for $2 million per royalty after December 31, 2027, for a period of 30 days if the London Bullion Market Association gold price exceeds US$2,000 for 30 consecutive days).
- $2.50 per tonne milled at the Beacon mill from the Beaufor mine.

Gold Royalty Corp. also acquire the option to buy-back a 1% NSR royalty on the Beaufor mining property (Note 10) from the Caisse de Dépôt et Placement du Québec ("CDPQ") and the Company's existing 1% NSR buy-back rights has been cancelled and removed. The carrying value of this repurchase option was $1,551,911 and has been recorded as a gain on disposal of an asset in the interim condensed consolidated statements of net earnings (loss) and comprehensive income.

The sale of the royalties has been divided into three parts for accounting purposes:

i) Sale of a portion of the Croinor, McKenzie Break and Swanson mining properties as control over a portion of future gold production is transferred to the purchaser for the 1.25% NSR royalty.

ii) Financial liability, in accordance with IFRS 15, for the buy-back options of a 1.25% NSR royalty on the Croinor, McKenzie Break and Swanson mining properties because control of this portion of future gold production is not deemed to be transferred to the purchaser due to the Company's right to exercise the buy-back options after December 31, 2027, under certain conditions.

iii) Financial liability, in accordance with IFRS 9, for the contractual obligation to pay a royalty of $2.50 on tonnes milled at the Beacon mill from the Beaufor mine.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Sale of royalties to Gold Royalty Corp. (continued)

The proceeds of disposition have been allocated to the various components based on the estimated present value of the cash flows expected from each component. The carrying value of the mining properties disposed of has been determined in proportion of the percentage of the estimated carrying value that has been sold.

	DISPOSITION OF MINING PROPERTIES	ROYALTIES BUY-BACK OPTIONS	ROYALTY ON TONNES MILLED AT THE BEACON MILL	TOTAL
	$	$	$	$
Proceed of disposition	6,757,681	2,897,262	1,595,057	11,250,000
Carrying value sold (Notes 7 and 8)	(775,305)	–	–	(775,305)
Liability under IFRS 9	–	–	(1,595,057)	(1,595,057)
Royalties buy-back options under IFRS 15	–	(2,897,262)	–	(2,897,262)
Gain on disposal recognized in earnings	**5,982,376**	**–**	**–**	**5,982,376**

7. MINING PROPERTIES

PROPERTIES [(1)] [(2)]	JUNE 30, 2021	ADDITIONS	DISPOSAL [(3)]	SALE OF ROYALTIES (NOTE 6) [(4)]	MARCH 31, 2022
	$	$	$	$	$
McKenzie Break	**3,957,574**	**–**	**–**	**(93,922)**	**3,863,652**
Croinor Gold [(5)]	**3,013,049**	**213,758**	**–**	**(118,361)**	**3,108,446**
Swanson and others	**1,952,556**	**–**	**(42,488)**	**(105,667)**	**1,804,401**
	8,923,179	**213,758**	**(42,488)**	**(317,950)**	**8,776,499**

(1) The mining properties are all located in the Province of Québec, Canada.

(2) The mining claims included in the properties were acquired under various agreements or by map designation and, accordingly, the applicable royalties, if any, are covered by specific agreements.

(3) The Company disposed of mining properties and equipment in consideration of $310,000 in cash. The carrying value of these mining properties was $42,488 and $111,316 of equipment (see Note 6). A gain of $156,196 was recorded in the interim condensed consolidated statements of net earnings (loss) and comprehensive income.

(4) The Company has allocated the sale of royalties between the mining properties and the exploration and evaluation assets in proportion to their carrying value.

(5) Variance in asset retirement obligations of $213,758.

8. EXPLORATION AND EVALUATION ASSETS

	JUNE 30, 2021	EXPLORATION AND EVALUATION EXPENSES	SALE OF ROYALTIES (NOTE 6)	MARCH 31, 2022
	$	$	$	$
Croinor Gold	**11,417,218**	**38,578**	**(445,434)**	**11,010,362**
McKenzie Break	**5,645,096**	**2,464,952**	**(143,029)**	**7,967,019**
Swanson and others	**275,587**	**809,443**	**(30,431)**	**1,054,599**
	17,337,901	**3,312,973**	**(618,894)**	**20,031,980**

8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation expenses by nature are as follows:

	MARCH 31, 2022	JUNE 30, 2021
	$	$
Exploration and evaluation expenses:		
Salaries, supervision and consultants	**216,249**	139,719
Geology and geophysics	**1,526,564**	441,600
Test, sampling and prospecting	**24,027**	90,309
Drilling, equipment rental and other material	**1,546,133**	481,780
Increase in exploration and evaluation expenses	**3,312,973**	1,153,408
Disposal	**(618,894)**	–
Business combination	**–**	16,184,493
Balance, beginning of period	**17,337,901**	–
Balance, end of period	**20,031,980**	17,337,901

9. LONG-TERM DEBT

	TERM LOAN	LEASE LIABILITIES	TOTAL
	$	$	$
Balance as at June 30, 2021	–	34,882	**34,882**
Additions	13,500,000	605,844	**14,105,844**
Financing costs	(384,711)	–	**(384,711)**
Amortization financing costs	64,118	–	**64,118**
Accrued interest for the period	–	6,486	**6,486**
Repayment	–	(80,315)	**(80,315)**
Balance as at March 31, 2022	**13,179,407**	**566,897**	**13,746,304**
Current portion	**843,750**	**174,751**	**1,018,501**
Non-current portion	**12,335,657**	**392,146**	**12,727,803**

Term loan

On August 14, 2021, the Company contracted a 3-year term loan with Investissement Québec ("IQ") in the amount of $13.5 million. This loan will be repayable in equal quarterly principal payments over a period of 8 quarters beginning on the first anniversary of the loan, representing a principal repayment of $3.375 million. The balance of the loan to be repaid on August 14, 2024, will be $10.125 million.

The loan is secured by a first ranking hypothec on the universality of the Company's movable and immovable assets.

9. LONG-TERM DEBT (CONTINUED)

Term loan (continued)

This term loan will bear interest at a rate of:

- 6% per annum until the restart of the Beaufor and Beacon facilities. The restart will be considered as proven with a proof of production of 1,150 ounces of gold over 30 rolling days at the Beacon mill, with ore coming exclusively from the Beaufor mine.
- 5% per year for the first year of production, paid quarterly. The first year of production will be considered proven when the following conditions are met:
  - proof of production of 22,500 ounces of gold over 365 rolling days at the Beacon mill, using ore sourced exclusively from the Beaufor mine
  - a 90-day rolling production record of 8,000 ounces of gold at the Beacon mill, using ore sourced exclusively from the Beaufor mine
  - earnings before interest, taxes, depreciation and amortization ("EBITDA") over 12 months of $8 million
- 4% annual after the first year of production, paid quarterly.

Minimum cash balance over the life of the loan set at $6 million and placed in a restricted bank account, the release of which will be subject to IQ's approval or the following steps:

- $2 million released on restart of Beaufor and Beacon facilities (same condition as for interest rate change). The restart is expected to begin in 2022
- $2 million released at the end of the first year of production (same condition as for the interest rate change)
- $2 million released upon repayment of the loan

Credit facility

The Company also has a credit facility with a Canadian chartered bank for $2 million bearing interest at prime rate plus 2.5%. The facility is secured by $1 million of guaranteed investment certificates. The facility is used for $415,329 as of March 31, 2022 (undraw as at June 30, 2021) is accounted as lease liabilities.

10. OTHER LIABILITIES

	MARCH 31, 2022	JUNE 30, 2021
	$	$
Flow-through shares liability (Note 14)	**1,270,854**	1,667,518
Option to buy-back a 1% NSR royalty on the Beaufor mining property (Note 6)	**–**	1,527,964
Royalties buy-back options (Note 6)	**5,200,146**	–
Balance at the end of the period	**6,471,000**	3,195,482
Current portion	**108,094**	1,527,964
Non-current portion	**6,362,906**	1,667,518

The royalties buy-back options and the financial liability on tonnes milled at the Beacon mill are accounted for as financial instruments and the accretion is recognized as financial expense in the consolidated condensed interim statements of net earnings (loss) and comprehensive income. A revaluation of the liability was made during the period.

10. OTHER LIABILITIES (CONTINUED)

The variations in other liabilities were as follows:

	NINE MONTHS ENDED MARCH 31 ,2022
	$
Balance as at June 30, 2021	3,195,482
New flow-through share liability during the period	998,823
Flow-through share liability transferred to earnings during the period	(1,395,487)
Accretion expense resulting from the buy-back option of a 1% NSR royalty on the Beaufor property	23,947
Disposition of the buy-back option of a 1% NSR royalty on the Beaufor property	(1,551,911)
New royalty buy-back options (Note 6)	2,897,262
Accretion expense resulting from royalty buy-back options	249,164
Disposition of the royalty buy-back options (Note 6)	(3,146,426)
New financial liabilities on tonnes milled at the Beacon mill	4,367,924
Revaluation of financial liability on tonnes milled at the Beacon mill	810,013
Accretion expense on financial liability on tonnes milled at the Beacon mill	22,209
Balance as at March 31, 2022	**6,471,000**

Finance expenses for the royalty buy-back options of $93,437 and $273,111 are expensed for the three and nine months ended March 31, 2022. Financial expenses for the financial liability on the tonnes milled at the Beacon mill of $8,329 and $22,209 are accounted for in the three and nine months ended March 31, 2022.

11. ASSET RETIREMENT OBLIGATIONS

	MARCH 31, 2022
	$
Balance as at June 30, 2021	**4,945,134**
Changes in assumptions	**213,758**
Accretion expense	**61,338**
Balance as at March 31, 2022	**5,220,230**

12. SHARE CAPITAL AND WARRANTS

Authorized:
Unlimited number of common shares without par value.

Changes in the Company's share capital and warrants were as follows:

	NUMBER OF WARRANTS [(2)]	NUMBER OF SHARES ISSUED	AMOUNT
			$
Balance as at June 30 ,2021	15,822,270	78,033,009	52,733,523
Issuance of flow-through shares [(1)]	–	6,658,823	4,994,118
Payment of restricted share units into common shares	–	205,918	175,029
Exercise of Monarch Replacement warrants	(45,000)	9,000	4,363
Grant of warrants to brokers	307,783	–	100,737
Balance as at March 31, 2022	**16,085,053**	**84,906,750**	**58,007,770**

(1) The carrying amount of flow-through shares is presented net of the liability for the flow-through shares premium of $998,823 that was recorded on the issuance of the flow-through shares in the November 22, 2021 financing.

(2) Consists of Company warrants (Note 12 A), Monarch replacements warrants (Note 12 B) and warrants granted to brokers (Note 12 C). Excludes the Indenture warrants issued by Monarch Gold Corporation (Note 12 D).

On November 22, 2021, the Company completed a flow-through financing of 6,658,823 flow-through shares at a price of $0.90 for gross proceeds of $5,992,941. The Company incurred shares issuance costs of $303,332 and granted 307,783 broker warrants at an exercise price of $0.90 expiring on November 22, 2023.

A) COMPANY WARRANTS

Each warrant entitles the holder to acquire one common share of the Company. The following table summarizes the information relating to the warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT MARCH 31, 2022	EXERCISE PRICE	EXPIRATION DATE
	$	
4,159,750 (exercisable)	1.05	June 2023

B) MONARCH REPLACEMENT WARRANTS

Each Monarch replacement warrant entitles the holder to acquire 0.2 common shares of the Company.

	NINE MONTHS ENDED MARCH 31, 2022	
	Number of warrants	**Weighted average exercise price**
		$
Outstanding, beginning of period	10,956,291	0.05
Exercised	(45,000)	0.08
Outstanding, end of the period	**10,911,291**	**0.05**

12. SHARE CAPITAL AND WARRANTS (CONTINUED)

B) MONARCH REPLACEMENT WARRANTS (CONTINUED)

The following table summarizes the information relating to the Monarch replacement warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT MARCH 31, 2022	EXERCISE PRICE	EXPIRATION DATE
	$	
1,330,040 (exercisable)	0.08	September 2022
9,581,251 (exercisable)	0.05	June 2023
10,911,291		

C) WARRANTS GRANTED TO BROKERS

Each warrant entitles the holder to acquire one common share of the Company.

Changes in the Company's warrants granted to brokers were as follows.:

	NINE MONTHS ENDED MARCH 31, 2022	
	Number of warrants	Weighted average exercise price
		$
Outstanding, beginning of period	706,229	1.02
Granted	307,783	0.90
Outstanding, end of the period	**1,014,012**	**0.98**

The following table summarizes the information relating to the warrants granted to brokers:

NUMBER OF WARRANTS OUTSTANDING AS AT MARCH 31, 2022	EXERCISE PRICE	EXPIRATION DATE
	$	
207,059 (exercisable)	1.38	March 2023
499,170 (exercisable)	0.87	June 2023
307,783 (exercisable)	0.90	November 2023
1,014,012		

The fair value of warrants granted is determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	NINE MONTHS ENDED MARCH 31, 2022
Risk-free interest rate	**1.04%**
Expected dividend yield	**– %**
Expected volatility	**80%**
Expected life of the warrants	**2 years**
Weighted average price per share	**$0.81**
Weighted average exercise price of warrants granted to brokers	**$0.90**
Weighted average fair value of warrants granted to brokers	**$0.33**

12. SHARE CAPITAL AND WARRANTS (CONTINUED)

D) INDENTURE WARRANTS

The following table summarizes the warrant information in the Indenture warrants:

NUMBER OF OUTSTANDING INDENTURE WARRANTS AS AT MARCH 31, 2022	EXPIRATION DATE
10,042,000 (exercisable)	September 2022

Each Indenture warrant entitles the holder to acquire 0.2 common shares of the Company for a net exercise price of $0.097 per warrant, see note 4 for more details.

E) RESTRICTED SHARE UNITS

Changes in RSUs granted under the Monarch Mining Corporation restricted share unit plan were as follows:

	NINE MONTHS ENDED MARCH 31, 2022	
	Number of RSUs	Weighted average intrinsic value at grant date
		$
Outstanding, beginning of period	1,405,500	0.85
Granted	938,000	0.68
Issued	(411,836)	0.85
Outstanding, end of the period	**1,931,664**	**0.77**

For the three and nine months ended March 31, 2022, total share-based compensation related to RSUs amounted to $191,888 and $566,105 respectively and is recorded as share-based compensation in the consolidated condensed interim statements of net earnings (loss) and comprehensive income.

13. SHARE PURCHASE OPTIONS

Changes in the Company's share purchase options granted to directors, officers, employees and consultants were as follows:

	NINE MONTHS ENDED MARCH 31, 2022	
	Number of options	Weighted average exercise price
		$
Outstanding, beginning of period	2,264,000	1.00
Granted	2,466,000	0.69
Outstanding, end of the period	**4,730,000**	**0.84**
Exercisable, end of the period	**512,250**	**1.00**

13. SHARE PURCHASE OPTIONS (CONTINUED)

The following table summarizes the information relating to the share purchase options:

NUMBER OF OPTIONS OUTSTANDING AS AT MARCH 31, 2022		EXERCISE PRICE	EXPIRATION DATE
OUTSTANDING	EXERCISABLE	$	
2,049,000	512,250	1.00	March 2026
50,000	–	1.00	May 2026
165,000	–	1.00	June 2026
114,000	–	1.00	October 2026
2,352,000	–	0.67	February 2027
4,730,000	512,250		

For the three and nine months ended March 31, 2022, the application of the fair value model resulted in a charge of $137,031 and $447,868 respectively recorded in share-based compensation in the consolidated condensed interim statements of net earnings (loss) and comprehensive income.

The fair value of shares purchase options granted is established according to the Black-Scholes option pricing model using the following weighted average assumptions:

	NINE MONTHS ENDED MARCH 31, 2022
Risk-free interest rate	**1.01%**
Expected dividend yield	**– %**
Expected volatility	**80%**
Expected life of the options	**5 years**
Weighted average price per share	**$0.68**
Weighted average exercise price of options granted	**$0.69**
Weighted average fair value of options granted	**$0.43**

14. COMMITMENTS

Flow-through shares

The Company has committed to disburse, prior to certain dates, amounts of qualified exploration and evaluation expenses in accordance with the *Income Tax Act* (Canada) and the *Quebec Taxation Act*, and to transfer such tax deductions to the subscribers of the completed flow-through share investments of each of the financings. With respect to these commitments, the following table provides important details:

DATE OF FINANCING	AMOUNT OF FINANCING	DISBURSEMENT DEADLINE	FUNDS RESERVED AS AT MARCH 31, 2022	FLOW-THROUGH SHARE LIABILITY AS AT MARCH 31, 2022
	$		$	$
March 4, 2021	5,081,721	December 31, 2022	670,361	272,031
November 22, 2021	5,992,941	December 31, 2022	5,992,941	998,823

15. OTHER INFORMATION ON THE CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME

A) ADMINISTRATION

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
	$	$	$	$
Salaries, directors' fees and related benefits	**778,855**	294,103	**2,327,684**	294,103
Share-based compensation	**328,919**	99,281	**1,013,973**	99,281
Consultants and professional fees	**388,794**	110,281	**1,492,306**	110,281
Office expenses, rent, maintenance and other	**193,558**	68,037	**522,131**	68,037
Insurance, taxes and permits	**227,439**	(14,295)	**613,513**	(14,295)
Investor relations and representation expenses	**67,796**	10,283	**268,181**	10,283
Amortization	**10,275**	11,537	**31,305**	11,537
Amortization of right-of-use assets	**7,920**	6,217	**23,760**	6,217
	2,003,556	585,444	**6,292,853**	585,444

B) FINANCE EXPENSE

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
	$	$	$	$
Interest on lease liabilities	**2,780**	936	**6,486**	936
Accretion expense	**122,285**	12,330	**356,658**	12,330
Other	**35,822**	55,840	**87,382**	55,840
	160,887	69,106	**450,526**	69,106

16. OTHER CASH-FLOW INFORMATION

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
	$	$	$	$
Changes in non-cash working capital items:				
Commodity taxes and other receivables	**170,726**	(233,965)	**(923,260)**	(233,965)
Inventory	**(3,478,577)**	(28,402)	**(6,510,958)**	(28,402)
Prepaid expenses and deposits	**(238,227)**	65,850	**(299,428)**	65,850
Trade and other payables	**(599,044)**	1,171,775	**1,997,580**	1,171,775
	(4,145,122)	975,258	**(5,736,066)**	975,258

16. OTHER CASH-FLOW INFORMATION (CONTINUED)

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
	$	$	$	$
Items not affecting cash flow:				
Change in trade and other payables related to property, plant and equipment	**(325,199)**	–	**7,528,761**	–
Change in trade and other payables related to exploration and evaluation assets	**84,764**	50,815	**(360,419)**	50,815
Change in lease liabilities related to property, plant and equipment	**373,469**	–	**605,844**	–

17. COMPENSATION

A) TOTAL COMPENSATION

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
	$	$	$	$
Salaries, directors' fees and other benefits	**2,730,781**	473,643	**6,332,577**	473,643
Share-based compensation	**328,919**	99,281	**1,013,973**	99,281
Defined contribution plan	**66,403**	27,554	**157,572**	27,554
Government plans	**278,320**	53,445	**896,673**	53,445
	3,404,423	653,923	**8,400,795**	653,923

As at March 31, 2022, trade and other payables included an amount of $2,143,656 payable for salaries, directors' fees and other benefits.

An amount of $2,352,746 and $4,405,713 of salaries for the three and nine months ended March 31, 2022 is capitalized in mining assets under construction.

17. COMPENSATION (CONTINUED)

B) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include members of the Board of Directors and the Company's senior executives, namely the President and Chief Executive Officer, VP Finance and Chief Financial Officer, VP Corporate Development and VP Evaluation and Planning.

Key management personnel compensation includes the following expenses:

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141DAYS) 2021
	$	$	$	$
Salaries, directors' fees and other benefits	**393,971**	135,706	**1,077,893**	135,706
Share-based compensation	**212,504**	64,313	**730,061**	64,313
Defined contribution plan	**16,663**	6,215	**33,440**	6,215
Government plans	**61,414**	20,825	**106,557**	20,825
	684,552	227,059	**1,947,951**	227,059

18. EARNINGS (LOSS) PER SHARE

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31	
	2022	2021	2022	(141 DAYS) 2021
Net earnings (loss)	**758,545**	$(2,760,651)	**$1,541,472**	$(2,760,651)
Weighted average number of basic common shares	**81,129,956**	51,795,044	**79,572,368**	33,060,667
Dilutive effect of RSUs	**1,931,664**	–	**1,931,664**	–
Dilutive effect of warrants	**1,315,217**	–	**1,403,097**	–
Weighted average number of diluted common shares	**84,376,837**	51,795,044	**82,907,129**	33,060,667

RSUs, warrants and share purchase options were excluded from the calculation of the diluted weighted average number of common shares outstanding for the periods ended March 31, 2021, as the Company is at loss. Consequently, their effect would have been anti-dilutive.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

Current financial assets and liabilities, which include cash and cash equivalents, restricted cash, investments, other receivables, balance of sale and trade and other payables, approximate their fair value due to their immediate or short-term maturity. Accordingly, no details regarding their fair value are presented below.

The carrying amount of the long-term debt approximates fair value as the credit spread is similar to the credit spread the Company would obtain under similar conditions at the reporting date.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

The following table presents the carrying amount and fair value of financial assets and liabilities and their level in the fair value hierarchy:

AS AT MARCH 31, 2022	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
	$	$	$	$	$
Financial liabilities measured at amortized cost					
Term loan (excluding financing costs)	13,500,000	13,500,000	–	13,500,000	–
Financial liability on tonnes milled at the Beacon mill	5,200,146	5,200,146	–	–	5,200,146

The fair value of these financial liabilities is calculated on the basis of the present value of cash outflows in principal and interest which are discounted at market rates at the reporting date taking into account the Company's credit risk.

Risk exposure and management

The Company is exposed to several risks at different levels. The type of risk and how the exposure is managed are described below:

A) MARKET RISK

Market risk is the risk of price changes, such as interest rates, foreign exchange rates and stock prices that affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents, in trust deposits and long-term debt bear interest at a fixed rate. With reference to in trust deposits, the Company is exposed to limited change in fair value as they are repayable at any time, or the Company intends to use them in the short term for its operations.

The Company's exposure to interest rate cash flow risk on its long-term financial liabilities is limited because they bear interest at a fixed rate.

B) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents and balance of sale and the carrying amount of these financial assets represents the Company's maximum exposure to credit risk at the consolidated financial statements date. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and by the Government of Canada. In the case of the balance of sale, the Company performs a credit analysis or ensures that it has sufficient collateral in the event of non-payment by the third party to cover the net book value of the balance of sale.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk exposure and management (continued)

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet the financial obligations associated with its financial liabilities as they come due. The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk through a rigorous annual budgeting process that is supplemented by cash flow forecasts on an ongoing basis throughout the year. The Company continuously monitoring actual and projected cash flows.

As at March 31, 2022, all of the Company's financial liabilities and other obligations were due within the next 12 months (except for the financial liabilities related to tonnes milled at Beacon mill and the term loan) and the Company had sufficient funds to meet its current financial liabilities.

The following table presents the Company's financial liabilities by contractual maturity, including interest payable, as at March 31, 2022:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	0 TO 12 MONTHS	12 TO 24 MONTHS	OVER 24 MONTHS
	$	$	$	$	$
Trade and other payables	12,865,444	12,865,444	12,865,444	–	–
Term loan (excluding financing costs)	13,500,000	14,879,743	1,812,363	2,238,734	10,828,646
Financial liability on tonnes milled at the Beacon mill	5,200,146	7,577,748	769,171	1,043,438	5,765,139
	31,565,590	**35,322,935**	**15,446,978**	**3,282,172**	**16,593,785**

D) PRICE RISK

The Company is exposed to the risk of share price fluctuations due to its investments in other companies. Investments are affected by various underlying factors, including commodity prices. Based on the investments held by the Company as at March 31, 2022, a 5% increase (decrease) in the share price of these investments would have increased (decreased) net earnings (loss) by $71,695 for the three-month and nine-month periods ended March 31, 2022 respectively.

20. SUBSEQUENT EVENT

Equity financing

On April 6, 2022, the Company completed a financing of 24,000,000 units of the Company at a price of $0.60 for gross proceeds of $14,400,000. Each unit consists of one common share of the Company and one warrant of the Company. Each warrant entitles the holder to obtain one common share at a price of $0.95 for a period of 60 months from the date of issuance.