CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022 AND 232-DAY PERIOD ENDED JUNE 30, 2021

MONARCH MINING CORPORATION
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Year ended June 30, 2022 and 232-day period ended June 30, 2021

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Monarch Mining Corporation

Opinion

We have audited the accompanying consolidated financial statements of Monarch Mining Corporation (the "Company"), which comprise:

- the consolidated statement of financial position as at June 30, 2022 and 2021
- the consolidated statement of net loss and comprehensive loss for the year ended June 30, 2022 and the 232-day period ended June 30, 2021
- the consolidated statement of changes in shareholders' equity for the year ended June 30, 2022 and the 232-day period ended June 30, 2021
- the consolidated statement of cash flows for the year ended June 30, 2022 and the 232-day period ended June 30, 2021
- as well as the notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022 and June 30, 2021, and its consolidated financial performance and consolidated cash flows for the year ended June 30, 2022 and the 232-day period ended June 30, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred operating losses and negative cash flows related to the operation, exploration and development of its mining properties. As the Company is in the development stage of the Beacon Mill and the Beaufor Mine as well as in the exploration stage of its other projects, it has not yet generated income or positive cash flow from its operations. Accordingly, the Company depends on its ability to raise financing in order to discharge its liabilities in the normal course of business.

As stated in Note 2 in the financial statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty Related to Going Concern***" section of the auditors' report, we have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of indicators of impairment for exploration and evaluation assets and mining properties

Description of the Matter

We draw attention to Notes 3, 4, 9 and 10 of the financial statements. The Company has mining properties of $8,641,808 and exploration and evaluation assets of $21,719,182. The carrying amounts of mining properties and exploration and evaluation assets are assessed by the Company for impairment when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have expired or will expire in the near future
- No significant future exploration expenditures are foreseen
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

The Company completes an evaluation at each reporting period of potential impairment indicators. If any such indicator exists, then the asset's recoverable amount is estimated.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment for mining properties and exploration and evaluation assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of mining properties and exploration and evaluation assets. This matter was of most significance due to the difficulties in evaluating the results of our audit procedures to assess the Company's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed that the Company's evaluation of potential impairment indicators was consistent with:

- Information included in the Company's press releases
- Evidence obtained in other areas of the audit, including the results of exploration activities and any updates to estimates of mineral reserves and resources
- Information obtained from:
  - (i) Reading internal communications to management and the Board of Directors
  - (ii) Inspecting publicly available information for changes in the price of applicable commodity prices.

We assessed the status of the Company's rights to explore by discussing with management if any rights were not expected to be renewed and by inspecting government registries.

We considered the activities to date in each area to which the Company has a right to explore by comparing the actual expenditures to the budgeted expenditures and available cash flow to meet these budgeted expenditures. We evaluated the Company's ability to accurately budget the expenditures by comparing the Company's prior year's budgeted expenditures to the actual expenditures incurred.

We assessed if substantive expenditures on further exploration for the evaluation of mineral resources in each area that the Company has a right to explore are planned or discontinued by inspecting budgeted expenditures.

Evaluation of impairment analysis for non-financial assets related to the Beaufor / Beacon CGU

Description of the matter

We draw attention to Notes 3, 4, 8 and 22 to the financial statements. The Entity has property, plant and equipment of $39,590,572. A portion of these non-financial assets are related to the Beaufor mining property and its related buildings and equipment and the Beacon processing plant and its related equipment ("Beaufor / Beacon CGU").

The carrying amount of non-financial assets are reviewed by the Entity at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. If the recoverable amount of an asset or cash-generating unit ("CGU") is lower than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognized in the statement of loss.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted by the Entity to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the estimated recoverable amount of the cash generating unit, the Entity's significant assumptions include:

- estimates of gold production
- budgeted operating and capital costs required for gold production
- forecasted gold prices
- forecasted foreign exchange rates
- discount rate

Why the matter is a key audit matter

We identified the evaluation of impairment analysis for non-financial assets related to the Beaufor / Beacon CGU as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the non-financial assets related to the Beaufor / Beacon CGU and the high degree of estimation uncertainty in determining the recoverable amount of such non-financial assets. In addition, significant auditor's judgement and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Entity's determination of recoverable amount to minor changes to significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We assessed the competence, capabilities and objectivity of the qualified persons who prepared the estimate of mineral resources in the technical report, including the industry and regulatory standards they applied.

We assessed the estimates of gold production by comparing it to the production level estimated by qualified persons in the technical report.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- assessing the Entity's budgeted operating and capital cost assumptions required for gold production by comparing them to operating and capital costs of market participants
- evaluating the Entity's forecasted gold prices and foreign exchange rates by comparing them to publicly available market data
- evaluating the Entity's discount rate assumption by comparing it to an estimate that was independently developed using publicly available market data for comparable entities

Other information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Giuseppe Funiciello.

KPMG LLP*

Montréal, Canada

September 28, 2022

*CPA auditor, public accountancy permit No. A122264

	NOTES	JUNE 30, 2022	JUNE 30, 2021
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	16	**10,339,558**	20,480,457
Investments	6	**852,319**	–
Commodity taxes and other receivables		**2,272,971**	656,847
Inventories	7	**2,239,423**	1,004,200
Prepaid expenses and deposits		**687,792**	609,469
		16,392,063	22,750,973
NON-CURRENT ASSETS			
Restricted cash	11	**6,000,000**	–
In trust deposits	13	**1,551,594**	1,458,099
Property, plant and equipment	8	**39,590,572**	13,954,321
Mining properties	9	**8,641,808**	8,923,179
Exploration and evaluation assets	10	**21,719,182**	17,337,901
		77,503,156	41,673,500
		93,895,219	64,424,473
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**12,972,813**	3,699,522
Current portion of long-term debt	11	**6,965,064**	34,882
Current portion of other liabilities	12	**1,075,055**	1,527,964
		21,012,932	5,262,368
NON-CURRENT LIABILITIES			
Long-term debt	11	**12,435,785**	–
Other liabilities	12	**5,117,048**	1,667,518
Deferred income taxes and mining taxes	21	**1,776,839**	2,737,072
Asset retirement obligations	13	**4,680,206**	4,945,134
		24,009,878	9,349,724
		45,022,810	14,612,092
SHAREHOLDERS' EQUITY			
Share capital and warrants	14	**73,588,906**	52,733,523
Contributed surplus		**1,472,521**	404,572
Deficit		**(26,189,018)**	(3,325,714)
		48,872,409	49,812,381
		93,895,219	64,424,473

Reporting entity and nature of operations (Note 1); Going concern (Note 2); Commitments and contingencies (Note 16); Subsequent event (Note 24).

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

On behalf of the Board:

'Jean-Marc Lacoste', Director

'Michel Bouchard', Director

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

YEAR ENDED JUNE 30, 2022 AND 232-DAY PERIOD ENDED JUNE 30, 2021

	NOTES	2022	(232 DAYS) 2021
		$	$
Operating expenses	17	**(12,473,263)**	–
Administration expenses	17	**(8,902,910)**	(1,761,466)
Exploration expenses		**(3,646,827)**	(3,471,155)
Care and maintenance expenses		**–**	(2,757,758)
Operating loss		**(25,023,000)**	(7,990,379)
Finance income		**106,529**	12,103
Finance expense	17	**(518,265)**	(164,594)
Change in fair value of investments	6	**(752,191)**	–
Revaluation of financial liabilities related to tonnes milled at Beacon Mill	12	**(972,621)**	–
Gain on disposal of assets	8, 9, 12	**16,259,338**	–
Impairment of property, plant and equipment	8, 22	**(13,000,000)**	–
Other (expenses) income		**(30,521)**	193,165
Other income related to flow-through shares	12	**1,836,992**	584,396
Loss before taxes		**(22,093,739)**	(7,365,309)
Recovery of deferred income taxes and mining taxes	21	**960,233**	1,766,907
Net loss and comprehensive loss		**(21,133,506)**	(5,598,402)
Basic and diluted net loss per share	20	**(0.24)**	(0.12)
Weighted average number of shares outstanding		**88,028,152**	47,524,713

The accompanying notes are an integral part of these consolidated 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 shares (Note 14)	15,150,000	–	–	**15,150,000**
Issuance of flow-through shares (Note 14)	5,992,941	–	–	**5,992,941**
Premium on flow-through shares (Note 14)	(998,823)	–	–	**(998,823)**
Settlement of restricted share units into common shares (Note 14)	247,261	(399,392)	–	**(152,131)**
Share issuance expenses (Note 14)	–	–	(1,270,157)	**(1,270,157)**
Exercise of replacement Monarch warrants (Note 14)	4,363	–	–	**4,363**
Issuance of warrants to brokers (Note 14)	459,641	–	(459,641)	–
SHARE-BASED COMPENSATION - OPTIONS AND RESTRICTED SHARE UNITS				
Granted to employees, officers, directors, consultants or I.R. representatives (Notes 14 and 15)	–	1,467,341	–	**1,467,341**
	73,588,906	1,472,521	(5,055,512)	**70,005,915**
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	–	–	(21,133,506)	**(21,133,506)**
BALANCE AS AT JUNE 30, 2022	**73,588,906**	**1,472,521**	**(26,189,018)**	**48,872,409**

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

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	$	$	$
BALANCE AS AT NOVEMBER 11, 2020	**–**	**–**	**–**	**–**
EQUITY FINANCING				
Initial issuance of shares (Note 14)	1	–	–	**1**
Issuance of shares in a business combination (Note 5)	43,027,328	–	–	**43,027,328**
Cancellation of the initial share (Note 14)	(1)	1	–	**–**
Issuance of flow-through shares (Note 14)	5,081,721	–	–	**5,081,721**
Premium on flow-through shares (Note 14)	(2,251,914)	–	–	**(2,251,914)**
Issuance of shares (Note 14)	6,655,600	–	–	**6,655,600**
Share issuance expenses (Note 14)	–	–	(1,123,814)	**(1,123,814)**
Exercise of replacement Monarch warrants (Note 14)	16,626	–	–	**16,626**
Issuance of warrants to brokers (Note 14)	204,162	–	(204,162)	**–**
SHARE-BASED COMPENSATION - OPTIONS AND RESTRICTED SHARE UNITS				
Granted to employees, officers, directors, consultants or I.R. representatives (Notes 14 and 15)	–	404,571	–	**404,571**
Deferred income taxes related to shares issuance expenses	–	–	297,811	**297,811**
Acquisition Adjustment from acquisition of company under common control (Note 5)	–	–	3,302,853	**3,302,853**
	52,733,523	404,571	2,272,688	**55,410,783**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	–	–	(5,598,402)	**(5,598,402)**
BALANCE AS AT JUNE 30, 2021	**52,733,523**	**404,571**	**(3,325,714)**	**49,812,381**

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

	NOTES	2022	(232 DAYS) 2021
		$	$
Operating activities			
Net loss		**(21,133,506)**	(5,598,402)
Adjustments for:			
Amortization	8	**73,260**	38,292
Stock-based compensation	14, 15	**1,467,341**	404,571
Amortization of financing costs	11	**96,177**	–
Revaluation of financial liabilities on tonnes milled at the Beacon Mill	12	**972,621**	–
Accretion expense on asset retirement obligations	13	**81,944**	28,096
Accretion expense of financial liabilities on tonnes milled at the Beacon Mill	12	**22,209**	–
Interest on lease liabilities	11	**18,391**	1,944
Interest on the royalty buy-back option	12	**273,111**	85,094
Change in fair value of investments	6	**752,191**	–
Gain on disposal of assets	8, 9	**(16,259,338)**	–
Impairment of property, plant and equipment	8, 22	**13 000 000**	–
Other income related to flow-through shares		**(1,836,992)**	(584,396)
Recovery of deferred income taxes and mining taxes	21	**(960,233)**	(1,766,907)
Change in non-cash operating working capital	18	**8,425,392**	1,925,669
		(15,007,432)	(5,466,039)
Financing activities			
Restricted cash	11	**(6,000,000)**	–
Issuance of term loans	11	**18,500,000**	–
Repayment of lease liabilities	11	**(194,734)**	(16,420)
Financing costs	11	**(384,711)**	–
Issuance of shares	14	**15,150,000**	6,655,601
Issuance of Flow-through shares	14	**5,992,941**	5,081,721
Share issue expenses	14	**(1,270,157)**	(1,123,814)
Exercise of warrants	14	**4,363**	16,626
Withholding taxes paid based on settlement of restricted share units in common shares	14	**(152,131)**	–
		31,645,571	10,613,714
Investing activities			
Business combinations under common control	5	**–**	14,283,329
Acquisition of investments	6	**(1,728,000)**	–
Proceeds of disposition of investments	6	**123,490**	–
Receipt of balance of sale		**–**	2,000,000
In trust deposits		**(93,495)**	(27,496)
Proceeds from the sale of royalties	8	**17,024,100**	–
Acquisition of property, plant and equipment	8	**(37,184,842)**	(487,973)
Proceeds from the disposition of mining properties	9	**310,000**	–
Increase in exploration and evaluation assets	10	**(5,230,291)**	(435,078)
		(26,779,038)	15,332,782
Change in cash and cash equivalents		**(10,140,899)**	20,480,457
Cash and cash equivalents, beginning of period		**20,480,457**	–
Cash and cash equivalents, end of period		**10,339,558**	20,480,457

Other cash flow information (Note 18)

The accompanying notes are an integral part of these consolidated 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.

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. GOING CONCERN

Since its incorporation, the Company has incurred operating losses and negative cash flows related to the operation, exploration and development of its mining properties. As at June 30, 2022, the Company has a deficit of $26,189,018 and cash and cash equivalents of $10,339,558, of which $4,976,102 is committed to be disbursed related to flow-through share arrangements (Note 16). As the Company is in the development stage of the Beacon Mill and the Beaufor Mine as well as in the exploration stage of its other projects, it has not yet generated income or positive cash flow from its operations. As a result, management periodically seeks financing through the issuance of shares, the exercise of warrants and share options in order to continue its operations and meet its commitments and obligations in the normal course of business. To date, the Company has financed its operations through cash received from the transaction with Yamana Gold on January 21, 2021 (Note 5), the issuance of shares (Note 14), the sale of royalties (Note 8) and proceeds from the issuance of debt (Note 11). Subsequent to June 30, 2022 the Company also announced that it has suspended its operations at the Beaufor Mine (Note 24).

The Company's ability to continue as a going concern is dependent upon restarting its mining operations, achieving its production targets, generating positive cash flow and raising additional funds to meet its current obligations, financing its remaining capital expenditures and finalizing the run-in period at the Beacon Mill.

Notwithstanding the Company's ability to obtain financing in the past, there can be no assurance that the Company will be able to obtain financing in the future, and there can be no assurance that such financing sources or initiatives will be available to the Company or that they will be available on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the going concern basis, where assets are realized and liabilities are settled in the normal course of business, and do not reflect the adjustments that would be necessary to the carrying amounts of assets and liabilities, the amounts reported for revenues and expenses, and the classification of items in the statement of financial position if the going concern assumption were not appropriate. These adjustments could be material.

3. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect at the reporting date. On September 28, 2022, the Board of Directors approved these consolidated financial statements.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for:

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

C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated 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 consolidated 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.

3. BASIS OF PREPARATION (CONTINUED)

E) USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

Information about assumptions and estimation uncertainties that have a significant risk of causing a material adjustment in the next fiscal year is described below:

i) Mineral reserves and resources

Key sources of estimation uncertainty

Mineral reserves and resources have been estimated by qualified persons jn technical reports as defined in accordance with Canadian Securities Administrators' *National Instrument 43-101 Standards of Disclosure for Mineral Projects* requirements. Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data and require estimates of the future price for the commodity and the future cost of operations. The mineral reserve and resource estimates are subject to uncertainty and actual results may vary significantly from these estimates. Results from drilling, testing and production, as well as material changes in metal prices and operating costs and mining dilution subsequent to the date of an estimate, may justify revision of such estimates.

Mineral reserve and resource estimates affect a number of accounting estimates as described in the relevant notes to the accounting policies:

- Exploration and evaluation of mineral resources and determination of technical feasibility and commercial viability. The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits may be realized, which are based on assumptions about future events and circumstances.
- Impairment and reversal of impairment analysis of non-financial assets including evaluation of estimated future cash flows of cash-generating units ("CGU").
- Estimates of the outlays and their timing for asset retirement obligations

ii) Impairment and reversal of impairment analysis for non-financial assets

Key sources of estimation uncertainty

Management's assumptions and estimates of future cash flows used in the Company's impairment assessment of non-financial assets are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Company's control.

If an indication of impairment or reversal of a previous impairment charge exists, an estimate of the CGU's recoverable amount is calculated. Management is required to make significant estimates in order to determine the recoverable amount of the CGU, including estimates of fair value, cost of sales or discounted future cash flows relating to the CGU. The cash flows cover periods up to the expected end of operations, which vary depending on a number of variables, including estimates of gold production, operating and capital costs required for gold production, forecasted gold prices and foreign exchange rates, and discount rates. Differences in estimates could affect whether and how much the non-financial assets are actually impaired.

3. BASIS OF PREPARATION (CONTINUED)

E) USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

ii) Impairment and reversal of impairment analysis for non-financial assets (continued)

Judgments made in relation to accounting policies

Both internal and external sources of information are required to be considered when determining whether there is any indication of impairment or that a previous impairment has reversed. Judgment is required around adverse changes in the business climate which may be indicators of impairment such as a significant decline in the asset’s market value, decline in resources and/or reserves as a result of geological reassessment or change in timing of extraction of resources and/or reserves which would result in a change in the discounted cash flow obtained from the site, and lower metal prices or higher input cost prices than would have been expected since the most recent valuation of the site. Judgment is also required when considering whether significant positive changes in any of these items indicate a previous impairment may have reversed.

Judgment is required to determine whether there are indications that the carrying amount of an exploration project is unlikely to be recovered in full by the successful development of the project or by sale. Judgment is also required when considering whether significant positive changes might indicate a reversal of a previous impairment of exploration and evaluation.

iii) Asset retirement obligations

Main sources of uncertainty in the estimates

Asset retirement obligations are determined using management's best estimates of the probable amounts of future cash outflows, the expected timing of payments and discount rates.

iv) Sale of royalties

Judgments made regarding accounting policies

Management must exercise its judgment to assess the appropriate accounting treatment for the royalty sales (Note 8) and the allocation of the proceeds between the mineral properties disposed, the exploration and evaluation assets and the financial liability on the tonnes 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 valuation considered the rights attributed to the consideration and the risks and rewards associated with it over the life of the transaction.

v) Going concern

The assessment of the Company's ability to fund its future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on budget forecasts and expectations of future events that are believed to be reasonable under the current circumstances. However, this assessment could be affected by economic, financial and other future events that are beyond the Company's control.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

A) BASIS OF CONSOLIDATION

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company reassesses control on an ongoing basis.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is acquired until the date when control ceases.

The consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries, X-Ore Resources Inc. ("X-Ore"), Beacon Gold Mill Inc. ("Beacon"), Louvem Mines Inc. ("Louvem"), and 11306448 Canada Inc. ("Canada").

ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized losses and gains arising from inter-company transactions, have been eliminated in preparing the consolidated financial statements.

B) MINING PROPERTIES AND DEVELOPMENT COSTS

The Company may own interests in mining properties in different forms, including prospecting permits, exploration and mining concessions, mining leases and surface rights. The Company capitalizes, as mining properties, payments made in the process of acquiring legal title to such properties.

Beginning of the exploration and evaluation phase

At the time of the exploration phase, the Company capitalizes exploration and evaluation costs. Exploration and evaluation costs include expenses associated with geological and geophysical studies, expenses related to initial exploration activities for deposits with economic potential such as exploration drilling, sampling and activities related to the assessment of the technical feasibility and commercial viability of mineral resource exploration.

Beginning of the commercial production phase

Once commercial production has commenced, additional development costs incurred in a mining property are incorporated into the cost of the mining property when it is probable that additional future economic benefits relating to the expense will flow to the Company. Otherwise, these expenses are classified as operation expenses in the consolidated statement of net loss and comprehensive loss. Once the commercial production phase has commenced, the mining properties are depreciated over the useful life of the mine using the unit of production method, based on the mine's estimated proven and probable mineral reserves and the portion of measured, indicated and inferred mineral resources expected to be classifiable as reserves for the corresponding mines. The Company determines the portion of mineral resources expected to be classified in reserves by considering the extent to which cost-effective mining is probable, which depends on assumptions on long-term metal prices, cut-off grade assumptions, and drilling results. These assessments are made for each individual mine.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) MINING PROPERTIES AND DEVELOPMENT COSTS (CONTINUED)

Beginning of the commercial production phase (continued)

The expected useful lives used to calculate depletion are determined in view of the facts and circumstances associated with the mining property. Any change in the estimated useful lives is accounted for prospectively as of the date of the change.

C) POST-EMPLOYMENT BENEFITS AND SHORT-TERM EMPLOYEE BENEFITS

The Company provides post-employment benefits through a defined benefit plan under which the Company makes defined contributions based on a percentage of the employees' salary to an independent entity. The Company has no legal or constructive obligation to make contributions in addition to the defined contributions. The Company also contributes to government plans for certain employees, which are considered defined benefit plans. The plan contributions are recognized as an expense in the period in which the services of employees are received. Short-term employee benefits, including vacation entitlement, are current liabilities included in "trade and other payables" and are measured at the undiscounted amount the Company expects to pay due to unused entitlement.

D) INVENTORY

Supplies and ore inventories are valued at the lower of cost and net realizable value. The cost of supplies and ore inventories is determined using the weighted average cost method. The cost of ore inventories includes all costs directly attributable to the process of extracting and processing ore, including the systematic allocation of fixed and variable production overheads incurred in extracting and processing ore.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The expensed cost of inventories is included in operating expenses.

E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, net of related government assistance, accumulated depreciation and accumulated impairment. Cost includes all costs incurred initially to acquire or construct an item of property, plant and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of the Beaufor mining property

Property, plant and equipment of the Beaufor mining site are depreciated using the units-of-production method to write down the cost to estimated residual value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of other property, plant and equipment

Depreciation of property, plant and equipment is calculated on a straight-line basis over their expected useful lives as follows:

- Equipment and leasehold improvements: 5 to 10 years

Depreciation of an asset ceases when it is classified as held for sale or when it is derecognized. Consequently, amortization does not cease when the asset becomes idle or is retired from active use, unless the asset is fully depreciated.

Material residual value estimates, estimates of useful life, proven and probable reserves and the depreciation method are reviewed as required, at least annually. Any changes in residual value and useful are recognized prospectively as they occur.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the proceeds of disposal and the carrying amount of the asset and is recognized separately in the consolidated statement of net earnings (net loss) and comprehensive income.

Borrowing costs are capitalized and charged specifically to qualifying assets at the time the funds are borrowed, either specifically to finance a project or as general borrowings during the construction period.

F) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net balance is presented in the balance sheet when there is an unconditional and legally enforceable right to offset the recognized amounts and an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Measurement subsequent to initial recognition depends on the classification of the financial instrument. The Company has classified its financial instruments into the following categories based on the purpose for which they were acquired and their characteristics.

The Company has classified its financial instruments as follows:

CATEGORY	FINANCIAL INSTRUMENT
Financial assets at amortized cost	➢ Cash and cash equivalents
	➢ Restricted cash
	➢ In trust deposits
Financial assets at fair value through profit or loss	➢ Investments
Financial liabilities at amortized cost	➢ Trade and other payables
	➢ Financial liabilities on tonnes milled at the Beacon Mill
	➢ Term loans

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) IMPAIRMENT

Financial instruments

The Company uses the prospective model based on expected losses to calculate the impairment of financial assets. The application of the expected loss model requires considerable judgment, including consideration of the impact of changes in economic factors on expected credit losses, which will be determined on a probability weighted basis. At each reporting date, this new impairment model is applied to financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments and contract assets.

Impairment losses, if any, would be recognized in the consolidated statement of net loss and comprehensive loss and the carrying amount of the financial asset or group of assets would be reduced through an allowance account for credit losses. If the amount of the impairment loss decreases in a subsequent period, and the decrease can be objectively related to conditions and changes in factors that arose after the initial recognition of the impairment, the previously recognized impairment loss would be reversed through the consolidated statement of net loss and comprehensive loss. The reversal of the impairment loss would be limited to the amount of the decrease in the impairment loss and, after the reversal, the carrying amount of the financial asset at the date of reversal of the impairment could not exceed the amortized cost that would have resulted had the impairment not been recognized.

NON-FINANCIAL ASSETS

The carrying amount of mining properties and exploration and evaluation assets is tested for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have expired or will expire in the near future.
- No significant future exploration expenditures are foreseen.
- No commercially mineable quantity has been discovered, and exploration and evaluation activities on this property will cease.
- The recovery of the value of the exploration and evaluation assets through their development or sale is unlikely.

If such circumstances exist, the recoverable amount of the asset is estimated.

The carrying amount of property, plant and equipment and right-of-use assets are reviewed at each reporting date to determine whether there is any indication of impairment. The indicators of impairment for these assets are different from those related to mining properties and exploration and evaluation assets.

The recoverable amount of an asset or cash-generating unit (the "cash-generating unit" or "CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The level identified by the Company for the purposes of testing mining properties and exploration and evaluation assets for impairment corresponds to each mining property.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) IMPAIRMENT (CONTINUED)

NON-FINANCIAL ASSETS (CONTINUED)

An impairment loss is recognized if the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the CGU on a pro rata basis.

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

H) PROVISIONS

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

I) SHARE CAPITAL AND WARRANTS

Common shares

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

Flow-through shares

The Canadian tax legislation allows an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the Company. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liability related to flow-through shares using the residual method, by deducting the quoted price of common shares from the price of the flow-through shares at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the "general" method or the "retrospective" method.

When tax deductions are renounced under the general method, the Company records a deferred tax liability with the corresponding charge to income tax expense when the Company has the expectation of renouncing and has capitalized the expenditures for the current year. At the same time the liability related to flow-through shares is reduced, with a corresponding increase to income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) SHARE CAPITAL AND WARRANTS (CONTINUED)

Flow-through shares (continued)

When tax deductions are renounced under the retrospective method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are incurred and capitalized. At the same time, the liability related to flow-through shares would be reduced to nil, with a corresponding increase to income.

The Company applies the retrospective method.

Warrants

Warrants are classified as equity when they are derivatives over the Company's own equity and will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments; otherwise they are classified as liabilities.

J) SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of share-based payment awards granted to employees, directors, consultants and brokers is recognized as an expense, with the offsetting increase in contributed surplus recorded over the period in which the participants become unconditionally entitled to share-based payments. The amount recognized as an expense is adjusted to reflect the number of units expected to meet the service conditions, such that the amount recognized as an expense depends on the number of units that meet the service conditions at the vesting date. For share-based payment awards with conditions attached to the vesting of the award, the fair value at the date of grant of the share-based payment is measured to reflect these conditions, with no adjustment for differences between expected and actual outcomes.

Share-based payment arrangements under which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the Company obtained the equity instruments. The Company measures the goods or services received, and the resulting increase in equity, at the fair value of the goods or services received, unless such fair value cannot be reliably estimated, in which case the fair value will be determined indirectly, by reference to the fair value of the equity instruments granted.

Restricted share unit

Restricted share units ("RSUs") may be granted to employees, directors and officers as part of their long-term compensation program, entitling them to receive payment in the form of common shares, cash (based on the Company's share price at the time) or a combination of common shares and cash, at the Company's sole discretion. The fair value of the RSUs, which will be settled in common shares, is measured at the date of grant and is recognized over the vesting period in contributed surplus with a corresponding charge to share-based compensation.

K) INCOME TAX

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss, nor taxable income (deductible loss), and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that these differences will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K) INCOME TAX (CONTINUED)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

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

L) REFUNDABLE CREDIT ON MINING DUTIES AND REFUNDABLE TAX CREDIT RELATED TO RESOURCES

The Company is eligible for a refundable credit on mining duties under the *Quebec Mining Tax Act*. This refundable credit on mining duties is equal to 16% and applicable to 50% of the eligible expenses. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, Income Taxes, which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

Currently, it is management's intention to go into production in the future. Credits on mining duties are therefore recorded as an income tax recovery.

M) LEASES

At the inception of a lease, the Company assesses whether the lease is or contains a lease by determining whether it conveys the right to control the use of a specific asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the inception of the lease. The right-of-use asset is initially measured at the original amount of the lease liability, adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and estimated costs to dismantle and remove or restore the underlying asset or the site on which it is located, net of any inducements received.

Right-of-use assets are subsequently depreciated from the date of commencement to the end of the useful life of the right-of-use asset, or to the end of the lease term if earlier, on a straight-line basis. The lease term includes consideration of a renewal or termination option if the Company is reasonably certain of exercising that option. In addition, the right-of-use asset is periodically written down for impairment, if any, and is adjusted for certain revaluations of the lease obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M) LEASES (CONTINUED)

The lease liability is initially measured at the present value of the unpaid lease payments at the inception date, calculated using the interest rate implicit in the lease agreement or, if such rate is not readily determinable, the Company's incremental borrowing rate. The Company generally uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest rate method. It is revalued when there is a change in future lease payments primarily due to a change in index or rate, or a change in the amounts the Company expects to be payable under a residual value guarantee, or when the Company changes its assessment of the potential exercise of a purchase, renewal or termination option.

When the lease liability is remeasured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in the consolidated statement of net loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

Payments associated with short-term (12 months or less) and low-value asset leases are recognized as an expense in the consolidated statement of net loss and comprehensive loss on a straight-line basis.

N) BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the aggregate of the acquisition-date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Where applicable, the consideration transferred includes any assets or liabilities arising from a contingent consideration arrangement, measured at fair value at the acquisition date.

A business combination is defined in IFRS 3, *Business Combinations*, as a transaction in which an acquirer obtains control of a business, which is defined as an integrated set of operations and assets that can be conducted and managed to provide a return to investors.

O) EARNINGS PER SHARE

The Company presents basic and diluted earnings for its common shares. Basic earnings are calculated by dividing the profit or loss attributable to the Company's common shareholders by the weighted average number of common shares outstanding during the year, adjusted for shares held. For the purpose of calculating diluted earnings per share, income or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for shares held, must be adjusted for the effects of all potentially dilutive common shares, which include warrants, RSUs and share options granted.

P) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and amounts deposited with banks. Cash equivalents include all highly liquid short-term investments with original maturities of three months or less, or cashable at any time without penalty.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The following new standard and interpretation is not yet effective and has not been applied in the preparation of these consolidated financial statements:

Property, Plant and Equipment - Revenue Prior to Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB published Property, *Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)*.

The amendments apply to fiscal years beginning on or after July 1, 2022. Earlier application is permitted.

The amendments provide guidance on the recognition of the proceeds from the sale of items that a company produces and sells so that an item of property, plant and equipment can be used as intended, as well as the related costs of production. In particular, proceeds from the sale of items that have been produced before the related property, plant and equipment is ready for use should be recognized in net income, together with the related production costs.

5. 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.

5. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

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.

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)
Acquisition adjustment, charged to deficit	(3,302,853)
	43,027,328

6. INVESTMENTS

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Balance, beginning of year	**–**	–
Acquisitions	**1,728,000**	–
Disposals	**(123,490)**	–
Change in fair value	**(752,191)**	–
Balance, end of year	**852,319**	–

The Company holds equity investments in other companies listed on the Canadian Venture Exchange ("CDNX").

7. INVENTORIES

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Supplies	**2,239,423**	1,004,200
	2,239,423	1,004,200

During the year ended June 30, 2022, the Company built up an inventory of low-grade ore on the surface from the first few weeks of milling at the Beacon Mill. As at June 30, 2022, the inventory had a nominal net realizable value and the entire ore inventory of $7,402,002 was written off and recorded under operating expenses (Note 17).

8. 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 November 11, 2020	–	–	–	–	–
Business combination (Note 5)	645,754	10,506,782	962,688	3,627,998	15,743,222
Adjustments related to asset retirement obligations (Note 13 B)	–	100,902	(49,275)	–	51,627
Acquisitions	85,564	392,409	–	10,000	487,973
Balance as at June 30, 2021	731,318	11,000,093	913,413	3,637,998	16,282,822
Acquisitions	154,777	35,928,422	–	4,270,079	40,353,278
Adjustments related to asset retirement obligations (Note 13 B)	–	(383,728)	(42,211)	–	(425,939)
Capitalized interest	–	810,753	–	–	810,753
Reclassification	(226,323)	–	–	226,323	–
Dispositions (Notes 8 and 9)	(123,966)	(1,809,323)	(107,942)	–	(2,041,231)
Balance as at June 30, 2022	**535,806**	**45,546,217**	**763,260**	**8,134,400**	**54,979,683**
ACCUMULATED AMORTIZATION					
Balance as at November 11, 2020	–	–	–	–	–
Business combination (Note 5)	191,904	–	317,803	1,780,502	2,290,209
Amortization	38,292	–	–	–	38,292
Balance as at June 30, 2021	230,196	–	317,803	1,780,502	2,328,501
Reclassification	(78,674)	–	–	78,674	–
Dispositions (Notes 8 and 9)	(12,650)				(12,650)
Impairment (Note 22)	–	13,000,000	–	–	13,000,000
Amortization	73,260	–	–	–	73,260
Balance as at June 30, 2022	**212,132**	**13,000,000**	**317,803**	**1,859,176**	**15,389,111**
NET CARRYING AMOUNT					
Balance as at June 30, 2021	**501,122**	**11,000,093**	**595,610**	**1,857,496**	**13,954,321**
Balance as at June 30, 2022	**323,674**	**32,546,217**	**445,457**	**6,275,224**	**39,590,572**

(A) Included in buildings and equipment at June 30, 2022 is $1,188,326 ($nil as at June 30, 2021) of right-of-use assets.

(B) As these items are not ready for use or there is no production, the mining assets under construction, the Beaufor mining property and the buildings and equipment have not yet been amortized.

8. 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. 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 sold on August 5, 2021.

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
	$	$	$	$
Proceeds of disposition	1,727,133	–	2,772,867	4,500,000
Carrying value sold (Notes 8 and 9)	(161,539)	–	–	(161,539)
Liability under IFRS 9 (Note 12)	–	–	(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 removed, making the royalty effective from the first ounces of gold produced.

	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**

8. 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 acquired an additional 0.75% net smelter return royalty on gold production at the Beaufor Mine 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 acquired the option to repurchase a 1% NSR royalty on the Beaufor mining property (Note 12) from the Caisse de dépôt et placement du Québec ("CDPQ") and the Company's existing repurchase rights relating to this 1% NSR were cancelled and removed. The carrying value of this redemption option was $1,551,911 and was recorded as a gain on disposal of asset in the consolidated statement of net loss and comprehensive loss.

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.

8. 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 8 and 9)	(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**

9. MINING PROPERTIES

PROPERTIES [(1) (2)]	JUNE 30, 2021	ADDITIONS [(3)]	DISPOSAL [(4)]	SALES OF ROYALTIES (NOTE 8) [(5)]	JUNE 30, 2022
	$	$	$	$	$
McKenzie Break	**3,957,574**	**14,320**	**–**	**(93,922)**	**3,877,972**
Croinor Gold [(5)]	**3,013,049**	**64,747**	**–**	**(118,361)**	**2,959,435**
Swanson and others	**1,952,556**	**–**	**(42,488)**	**(105,667)**	**1,804,401**
	8,923,179	**79,067**	**(42,488)**	**(317,950)**	**8,641,808**

(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) Changes in assumptions for asset retirement obligations.

(4) 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 8). A gain of $156,196 was recorded in the consolidated statement of net loss and comprehensive loss.

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

10. EXPLORATION AND EVALUATION ASSETS

	JUNE 30, 2021	EXPLORATION AND EVALUATION ASSETS	SALES OF ROYALTIES (NOTE 8)	JUNE 30, 2022
	$	$	$	$
Croinor Gold	**11,417,218**	**114,240**	**(445,434)**	**11,086,024**
McKenzie Break	**5,645,096**	**3,139,252**	**(143,029)**	**8,641,319**
Swanson and others	**275,587**	**1,746,683**	**(30,431)**	**1,991,839**
	17,337,901	**5,000,175**	**(618,894)**	**21,719,182**

10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation expenses by nature are as follows:

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Exploration and evaluation expenses:		
Salaries, supervision and consultants	**299,340**	139,719
Geology and geophysics	**2,204,258**	441,600
Test, sampling and prospecting	**24,028**	90,309
Drilling, equipment rental and other material	**2,471,125**	481,780
Accommodation, meals and travel expenses	**1,424**	–
Increase in exploration and evaluation expenses	**5,000,175**	1,153,408
Disposal	**(618,894)**	–
Business combination	**–**	16,184,493
Balance, beginning of year	**17,337,901**	–
Balance, end of year	**21,719,182**	17,337,901

11. LONG-TERM DEBT

	TERM LOAN	LEASE LIABILITIES	TOTAL
	$	$	$
Balance as at November 11, 2020	–	–	–
Business combination (Note 5)	–	49,358	**49,358**
Accrued interest for the year	–	1,944	**1,944**
Repayment	–	(16,420)	**(16,420)**
Balance as at June 30, 2021	–	34,882	**34,882**
Additions	18,500,000	1,330,844	**19,830,844**
Financing costs	(384,711)	–	**(384,711)**
Amortization financing costs	96,177	–	**96,177**
Accrued interest for the year	–	18,391	**18,391**
Repayment	–	(194,734)	**(194,734)**
Balance as at June 30, 2022	**18,211,466**	**1,189,383**	**19,400,849**
Current portion	**6,559,263**	**405,801**	**6,965,064**
Non-current portion	**11,652,203**	**783,582**	**12,435,785**

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, namely: October 1, 2022; January 1, April 1, July 1 and October 1, 2023; and January 1, April 1 and July 1, 2024. These payments totaled $3.375 million in principal. The balance of the loan to be repaid on August 14, 2024, will be $10.125 million.

11. LONG-TERM DEBT (CONTINUED)

Term loan (continued)

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

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.

The $13.5 million loan bears interest at 6% per annum, paid quarterly, as the restart of the Beaufor and Beacon facilities did not occur by June 30, 2022.

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).
- $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

As of the production anniversary date, a debt to earnings before income taxes, depreciation and amortization (“EBITDA”) ratio of 2.0:1 and a minimum fixed charge ratio of 2:1 is required.

On June 8, 2022, the Company contracted an additional loan of $5 million with IQ.

The additional loan is repayable no later than one year after the disbursement of the loan. The Company will repay the principal amount of the loan in consecutive monthly installments each equal to 50% of the Company's monthly net cash flow for the previous month. However, if making a principal payment would reduce cash flow to less than $1.5 million, then the payment amount for that month would be reduced so that cash flow would be $1.5 million. The Company would then have a one-month moratorium on the payment of the difference in the amount due.

This additional $5 million loan bears interest at 6% per annum, paid monthly.

The same collateral and ratios required for the previous IQ loan apply for this additional loan.

11. LONG-TERM DEBT (CONTINUED)

Credit facility

The Company also has a $2 million credit facility with a Canadian chartered bank bearing interest at prime rate plus 2.5%. The facility is secured by $1 million of guaranteed investment certificates redeemable on demand and recorded in cash equivalents. An amount of $1,046,865 at June 30, 2022 (unused at June 30, 2021) is used and is recorded as lease liabilities (Note 11).

12. OTHER LIABILITIES

	JUNE 30, 2022	**JUNE 30, 2021**
	$	$
Financial liabilities related to tonnes milled at the Beacon Mill (Note 8)	**5,362,754**	–
Flow-through shares liability (Note 16)	**829,349**	1,667,518
Option to buy-back a 1% NSR royalty on the Beaufor mining property (Note 8)	**–**	1,527,964
Balance at the end of the year	**6,192,103**	3,195,482
Current portion	**1,075,055**	1,527,964
Non-current portion	**5,117,048**	1,667,518

The financial liabilities on tonnes milled at the Beacon Mill are accounted for as financial instruments and the accretion is recognized as financial expense in the consolidated statement of net loss and comprehensive loss.

12. OTHER LIABILITIES (CONTINUED)

The variations in other liabilities were as follows:

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Balance, beginning of year	3,195,482	–
New royalty buy-back options (Note 8)	2,897,262	–
Accretion expense resulting from royalty buy-back options	249,164	–
Disposition of the royalty buy-back options (Note 8)	(3,146,426)	–
New financial liabilities on tonnes milled at the Beacon Mill (Note 8)	4,367,924	–
Revaluation of financial liability on tonnes milled at the Beacon Mill	972,621	–
Accretion expense on financial liability on tonnes milled at the Beacon Mill	22,209	–
New flow-through share liability during the year	998,823	2,251,914
Flow-through share liability transferred to earnings during the year	(1,836,992)	(584,396)
Accretion expense resulting from the buy-back option of a 1% NSR royalty on the Beaufor property	23,947	85,094
Option to buy back a 1% NSR royalty on the Beaufor mining property	–	1,442,870
Disposition of the buy-back option of a 1% NSR royalty on the Beaufor property	(1,551,911)	–
Balance, end of year	**6,192,103**	3,195,482

Finance expenses for the royalty buy-back options of $273,111 and $85,094 are expensed for the years ended June 30, 2022 and 2021. Financial expenses for the financial liability on the tonnes milled at the Beacon Mill of $22,209 are accounted for the years ended June 30, 2022 (2021 - $nil).

13. ASSET RETIREMENT OBLIGATIONS

The Company's production and exploration operations are subject to federal and provincial environmental protection laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded the asset retirement obligations of its mining sites on the basis of management's best estimates of future costs, based on information available at the reporting date. Best estimates of future costs are the amount the Company would reasonably pay to settle its obligation at the site closing date. Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. Such estimates are subject to change based on amendments to laws and regulations or as new events occur.

The inflation rate (adjusted for risks specific to this liability) used to determine the future value of the bonds is based on the expected life of the transactions, is 3.5% (3.5% in 2021). The rate reflecting current market assessments used to determine the present value of the bonds is 3.2% (1.8% in 2021). The payment schedule was determined taking into account the proven and probable reserves and resources, the expected annual production level and the estimated life of the mine and mill.

The following table presents the estimated undiscounted cash flows resulting from the future reclamation costs used in the calculation of the asset retirement obligations for the year ended June 30, 2022:

	TOTAL ESTIMATED DISBURSEMENT AMOUNT EXPECTED	DISBURSEMENT SCHEDULE
	$	
Beaufor Mine	**1,229,871**	2029 and subsequent
Beacon Mill	**4,816,292**	2039 and subsequent
Croinor Gold	**1,064,149**	2038 and subsequent
McKenzie Break	**497,950**	2038 and subsequent
	7,608,262	

A) FINANCIAL GUARANTEES

The following table shows the breakdown of financial guarantees issued as of June 30, 2022 and June 30, 2021:

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Beaufor Mine	**851,043**	851,043
Beacon Mill	**2,437,500**	2,437,500
McKenzie Break	**230,312**	141,117
Croinor Gold	**509,651**	416,155
	4,028,506	3,845,815

As at June 30, 2022, the Company has entered into an agreement with an insurance company to provide bonds for $3,518,855 ($3,411,023 as at June 30, 2021) to the Government of Quebec in accordance with the requirements of the remediation plans approved by the Government of Quebec. The Company has also made cash deposits with the Government of Quebec for an amount of $528,288 and with the insurance company in connection with the bonds for an amount of $1,023,307. These deposits total $1,551,594 as at June 30, 2022 ($1,458,099 as at June 30, 2021).

13. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

B) OBLIGATIONS ALLOCATION

The following table presents the breakdown of asset retirement obligations as of June 30, 2022 and June 30, 2021:

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Beaufor Mine	**970,248**	999,527
Beacon Mill	**2,779,655**	3,108,060
McKenzie Break	**296,552**	282,232
Croinor Gold	**633,751**	555,315
	4,680,206	4,945,134

Asset retirement obligations varied during the year as follows

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Balance, beginning of year	**4,945,134**	–
Business combination (Note 5)	**–**	4,865,411
Assumption changes	**(346,872)**	51,627
Accretion expense	**81,944**	28,096
Balance, end of year	**4,680,206**	4,945,134

14. SHARE CAPITAL AND WARRANTS

Authorized:
Unlimited number of common shares without par value

The changes in the Company's share capital and warrants are as follows:

	NUMBER OF WARRANTS [2]	NUMBER OF SHARES ISSUED	AMOUNT
			$
Balance at beginning	–	–	–
Initial share issue	–	1	1
Cancellation of the initial share	–	(1)	(1)
Issuance of shares and warrants in connection with the business combination under common control (Note 5)	11,289,473	66,195,889	43,027,328
Issuance of flow-through shares [1]	–	3,450,984	2,829,807
Issuance of shares and warrants	4,159,750	8,319,500	6,655,600
Exercise of Replacement Monarch warrants	(333,182)	66,636	16,626
Grant of warrants to brokers	706,229	–	204,162
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**
Issuance of shares and warrants	**24,000,000**	**25,250,000**	**15,150,000**
Settlement of restricted share units into common shares (Note E)	–	**234,252**	**247,261**
Exercise of Replacement Monarch warrants	**(45,000)**	**9,000**	**4,363**
Grant of warrants to brokers	**1,560,263**	**–**	**459,641**
Balance as at June 30, 2022	**41,337,533**	**110,185,084**	**73,588,906**

(1) The carrying amount of the flow-through shares is presented net of the liability for the flow-through share premium of $998,823 which was recorded on the November 22, 2021 financing flow-through share issue and $2,251,914 on the March 4, 2021 issue.

(2) Consists of Company warrants (Note 14 A), Monarch replacement warrants (Note 14 B) and broker warrants (Note 14 C). Excludes the Indenture warrants issued by Monarch Gold Corporation (Note 14 D).

June 30, 2022

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 share issue expenses of $303,332 and granted 307,783 broker warrants at an exercise price of $0.90 expiring on November 22, 2023.

On April 6, 2022, the Company closed a private placement for the issuance of 24,000,000 units at a price of $0.60 per unit for gross proceeds of $14,400,000. Each unit consists of one common share and one warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.95 for a period of 60 months following the closing of the financing. The Company paid a fee of $966,825 and granted 1,252,480 broker warrants at an exercise price of $0.60 expiring on April 6, 2027.

On April 13, 2022, the Company closed a private placement of 1,250,000 shares at a price of $0.60 for gross proceeds of $750,000.

14. SHARE CAPITAL AND WARRANTS (CONTINUED)

June 30,2021

On March 4, 2021, the Company completed a flow-through financing of 863,143 provincial flow-through shares at a price of $1.75 and 2,587,841 federal flow-through shares at a price of $1.38 for gross proceeds of $5,081,721. The Company paid expenses of $542,677 and granted 207,059 broker warrants at an exercise price of $1.38 expiring on March 4, 2023.

On June 29, 2021, the Company completed a private placement for the issuance of 8,319,500 units at a price of $0.80 per unit for gross proceeds of $6,655,600. Each unit consists of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $1.05 for a period of 24 months following the closing of the financing. The Company paid a fee of $581,137 and granted 499,170 warrants to the brokers at an exercise price of $0.87 expiring on June 29, 2023.

A) COMPANY WARRANTS

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

	YEAR ENDED JUNE 30, 2022		232-DAY PERIOD ENDED JUNE 30, 2021	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		$
Outstanding, beginning of year	**4,159,750**	**1.05**	–	–
Granted	**24,000,000**	**0.95**	4,159,750	1.05
Outstanding, end of year	**28,159,750**	**0.96**	4,159,750	1.05

The following table summarizes information about Monarch's warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT JUNE 30, 2022	EXERCISE PRICE	EXPIRATION DATE
	$	
4,159,750 (exercisable)	1.05	June 2023
24,000,000 (exercisable)	0.95	April 2027
28,159,750		

B) MONARCH REPLACEMENT WARRANTS

Each Monarch Replacement Warrant entitles the holder to acquire 0.2 common shares of the Company.

	YEAR ENDED JUNE 30, 2022		232-DAY PERIOD ENDED JUNE 30, 2021	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
		$		$
Outstanding, beginning of year	**10,956,291**	**0.05**	11,289,473	0.05
Granted	**(45,000)**	**0.09**	(333,182)	0.05
Outstanding, end of year	**10,911,291**	**0.05**	10,956,291	0.05

14. SHARE CAPITAL AND WARRANTS (CONTINUED)

B) MONARCH REPLACEMENT WARRANTS (CONTINUED)

The following table summarizes information about the Monarch Replacement Warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT JUNE 30, 2022	WEIGHTED AVERAGE 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.

	YEAR ENDED JUNE 30, 2022		232-DAY PERIOD ENDED JUNE 30, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	**706,229**	**1.02**	706,229	1.02
Granted	**1,560,263**	**0.66**	–	–
Outstanding, end of year	**2,266,492**	**0.77**	706,229	1.02

The following table summarizes the information relating to the Broker Warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT JUNE 30, 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
1,252,480 (exercisable)	0.60	April 2024
2,266,492		

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

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
Risk-free interest rate	**2.19%**	1.04%
Expected dividend yield	**– %**	– %
Expected volatility	**80%**	80%
Expected life of the warrants	**2 years**	2 years
Weighted average price per share	**$0.63**	$0.81
Weighted average exercise price of warrants granted to brokers	**$0.66**	$0.90
Weighted average fair value of warrants granted to brokers	**$0.29**	$0.33

14. 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 JUNE 30, 2022	EXPIRATION DATE
10,042,000 (exercisable)	September 17, 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 5 for more details).

E) RESTRICTED SHARE UNITS

Changes in restricted share units (RSUs) granted under the Monarch Mining Corporation RSU Plan were as follows:

	YEAR ENDED JUNE 30, 2022		232-DAY PERIOD ENDED JUNE 30, 2021	
	Number of RSUs	**Weighted average intrinsic value at grant date**	**Number of RSUs**	**Weighted average intrinsic value at grant date**
		$		$
Outstanding, beginning of year	**1,405,500**	**0.85**	–	–
Granted	**938,000**	**0.68**	1,405,500	0.85
Issued	**(468,504)**	**0.85**	–	–
Outstanding, end of year	**1,874,996**	**0.77**	1,405,500	0.85

For the years ended June 30, 2022 and 2021, share-based compensation related to RSUs amounted to $754,825 and $nil, respectively, and is classified as share-based compensation in the consolidated statement of net loss and comprehensive loss.

15. SHARE PURCHASE OPTIONS

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding shares of the Company.

The maximum number of common shares that may be reserved for issuance to any one optionee under the plan may not exceed 5% of the outstanding common shares at the time of vesting and expire no later than ten years after their grant. If an optionee leaves the Company, his or her options normally expire, at the latest, one year after his or her departure, subject to the conditions established by the plan. The vesting period of the currently outstanding share options is 25% on each anniversary date and the life of the options is five years.

15. SHARE PURCHASE OPTIONS (CONTINUED)

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

	YEAR ENDED JUNE 30, 2022		232-DAY PERIOD ENDED JUNE 30, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	2,264,000	1.00	–	–
Granted	2,466,000	0.69	2,264,000	1.00
Cancelled	(18,750)	1.00		
Outstanding, end of year	**4,711,250**	**0.84**	2,264,000	1.00
Exercisable, end of year	**566,000**	**1.00**	–	–

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

NUMBER OF OPTIONS OUTSTANDING AS AT JUNE 30, 2022		EXERCISE PRICE	EXPIRATION DATE
OUTSTANDING	EXERCISABLE	$	
2,030,250	512,250	1.00	March 2026
50,000	12,500	1.00	May 2026
165,000	41,250	1.00	June 2026
114,000	–	1.00	October 2026
2,352,000	–	0.67	February 2027
4,711,250	566,000		

For the year ended June 30, 2022, the application of the fair value model resulted in an expense of $712,516 ($188,006 in 2021) recorded in share-based compensation in the consolidated statement of net loss and comprehensive loss.

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

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
Risk-free interest rate	**2.38%**	0.87%
Expected dividend yield	**– %**	– %
Expected volatility	**80%**	80%
Expected life of the options	**5 years**	5 years
Weighted average price per share	**$0.61**	$0.85
Weighted average exercise price of options granted	**$0.69**	$1.00
Weighted average fair value of options granted	**$0.43**	$0.52

16. Commitments and Contingencies

The Company had the following commitments at the date of the report:

Royalties

Properties	NSR Royalties
Beaufor	➢ 4.0% ➢ Other
Croinor Gold	➢ 1.5% ➢ 2.75%
McKenzie Break	➢ 1.5% (0.5% redeemable for $750,000) ➢ 2.75%
Swanson	➢ 1.5% (0.5% redeemable for $750,000) ➢ 2.0% (1% redeemable for $1 million USD) ➢ 2.75%
Beacon	➢ $2.50 per tonne milled from the Beaufor property ➢ $1.25 per tonne milled

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	Cash reserved as at June 30, 2022	Flow-through share liability as at June 30, 2022
	$		$	$
November 22, 2021	5,992,941	December 31, 2022	4,976,102	829,349

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to taking all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such an event, the Company would indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

17. Other Information on the Consolidated Statement of Net Loss and Comprehensive Loss

A) Operating Expenses

	Year ended June 30, 2022	232-day period ended June 30, 2021
	$	$
Mining operations	**5,069,261**	–
Impairment of ore inventories (Note 7)	**7,402,002**	–
	12,473,263	–

17. OTHER INFORMATION ON THE CONSOLIDATED STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS (CONTINUED)

B) ADMINISTRATION EXPENSES

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Salaries, directors' fees and related benefits	**3,501,088**	820,101
Share-based compensation	**1,467,341**	404,571
Consultants and professional fees	**1,809,464**	360,952
Office expenses, rent, maintenance and others	**711,730**	166,943
Insurance, taxes and permits	**903,987**	(82,753)
Investor relations and representation expenses	**436,040**	53,360
Amortization	**73,260**	38,292
	8,902,910	1,761,466

C) FINANCE EXPENSE

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Interest on royalty buy-back option	**273,111**	85,094
Interest on lease liabilities	**18,391**	1,944
Interest on bonds	**86,827**	37,589
Accretion expense	**104,153**	28,096
Other	**35,783**	11,871
	518,265	164,594

18. OTHER CASH-FLOW INFORMATION

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Changes in non-cash working capital items:		
Commodity taxes and other receivables	**2,883,876**	(548,116)
Inventories	**(1,235,223)**	(35,161)
Prepaid expenses and deposits	**(78,323)**	115,230
Trade and other payables	**6,855,062**	2,393,716
	8,425,392	1,925,669

18. OTHER CASH-FLOW INFORMATION (CONTINUED)

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Item not affecting cash flow:		
Change in trade and other payables related to property, plant and equipment	**2,648,345**	–
Change in trade and other payables related to exploration and evaluation assets	**(230,116)**	718,330
Change in lease liabilities for property, plant and equipment	**1,330,844**	–

19. COMPENSATION

A) TOTAL COMPENSATION

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Salaries, directors' fees and other benefits	**11,484,244**	1,741,722
Share-based compensation	**1,467,341**	404,571
Defined contribution plan	**257,303**	64,315
Government plans	**1,476,280**	251,020
	14,685,168	2,461,628

As at June 30, 2022, trade and other payables included $3,485,894 payable for salaries, directors' fees and other benefits (June 30, 2021 - $690,688).

An amount of $6,618,028 of salaries for the year ended June 30, 2022 is capitalized in mining assets under construction (June 30, 2021 - nil).

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:

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Salaries, directors' fees and other benefits	**1,825,235**	393,879
Share-based compensation	**1,028,831**	234,269
Defined contribution plan	**45,762**	15,100
Government plans	**108,651**	45,005
	3,008,479	688,253

20. NET LOSS PER SHARE

RSUs, warrants and share options were excluded from the calculation of the diluted weighted average number of common shares outstanding for the years ended June 30, 2022 and 2021 because the Company is in a loss position. Therefore, their effect would have been anti-dilutive.

21. DEFERRED INCOME TAXES AND MINING TAXES

Income tax expense differs from the amounts computed by applying the combined provincial income tax rate of 26.5% to loss before income taxes due to the following items:

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	$	$
Loss before income taxes	**(22,093,739)**	(7,365,309)
Expected tax recovery	**(5,854,841)**	(1,951,807)
Increase in income taxes resulting from:		
Non-deductible share-based payments	**188,817**	107,211
Deferred tax arising from exploration and evaluation assets financed through flow-through shares	**1,324,706**	291,413
Non-deductible expenses and other	**11,505**	(65,232)
Deduction of mining tax recovery	**(52,991)**	8,670
Permanent difference arising from other income related to flow-through shares	**(486,803)**	(154,865)
Deferred mining tax expense	**14,043**	(2,297)
Change in unrecognized deferred income tax assets	**3,895,331**	–
Income tax recovery and deferred mining taxes	**(960,233)**	(1,766,907)

Changes in temporary differences during the year ended June 30, 2022 and the 232-day period ended June 30, 2021 are detailed as follows

	BALANCE AS AT JUNE 30, 2021	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN SHAREHOLDERS' EQUITY	BALANCE AS AT JUNE 30, 2022
	$	$	$	$
Deferred income tax assets				
Property, plant and equipment	(1,122,768)	5,196,554	–	**4,073,786**
Operating losses	3,994,190	(3,225,672)	–	**768,518**
Asset retirement obligations	1,200,179	(70,206)	–	**1,129,973**
Deferred mining taxes	484,904	(14,043)	–	**470,861**
Share issuance expenses	258,249	(132,885)	–	**125,364**
Royalties	–	1,421,000	–	**1,421,000**
	4,814,754	3,174,748	–	**7,989,502**
Deferred income tax liabilities				
Deferred mining taxes	(1,829,830)	52,991	–	**(1,776,839)**
Mining properties	(1,742,880)	(495,040)	–	**(2,237,920)**
Exploration and evaluation assets	(3,972,116)	(1,779,466)	–	**(5,751,582)**
Debt and others	(7,000)	7,000	–	–
	(7,551,826)	(2,214,515)	–	**(9,766,341)**
	(2,737,072)	**960,233**	**–**	**(1,776,839)**

21. DEFERRED INCOME AND MINING TAXES (CONTINUED)

	BALANCE AT BEGINNING	RECOGNIZED IN THE BUSINESS COMBINATION (NOTE 5)	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED IN SHAREHOLDERS' EQUITY	BALANCE AS AT JUNE 30, 2021
	$	$	$	$	$
Deferred income tax assets					
Operating losses	–	2,460,172	1,534,018	–	3,994,190
Asset retirement obligations	–	1,142,176	58,003	–	1,200,179
Deferred mining taxes	–	482,607	2,297	–	484,904
Share issuance expenses	–	30,000	(69,562)	297,811	258,249
	–	4,114,955	1,524,756	297,811	5,937,522
Deferred income tax liabilities					
Deferred mining taxes	–	(1,821,160)	(8,670)	–	(1,829,830)
Mining properties	–	(2,308,579)	565,699	–	(1,742,880)
Property, plant and equipment	–	(1,113,376)	(9,392)	–	(1,122,768)
Exploration and evaluation assets	–	(3,666,630)	(305,486)	–	(3,972,116)
Debt and others	–	(7,000)	–	–	(7,000)
	–	(8,916,745)	242,151	–	(8,674,594)
	–	(4,801,790)	1,766,907	297,811	(2,737,072)

Deferred tax assets have not been recognized in respect of the following items:

	JUNE 30, 2022	JUNE 30, 2021
	$	$
Operating losses	3,921,003	–
Share issuance expenses	342,100	–
Deferred mining taxes	2,943,869	861,331
Balance, end of year	7,206,972	861,331

As of June 30, 2022, the Company has accumulated the following non-capital losses, which may reduce taxable income in future years:

YEAR OF LOSS	FEDERAL	PROVINCIAL	EXPIRATION DATE
	$	**$**	
2018	433,667	433,667	2038
2019	853,341	853,341	2039
2020	1,306,887	1,306,887	2040
2021	6,408,079	6,408,079	2041
2022	13,181,756	13,209,138	2042
	22,183,730	**22,211,112**	

22. IMPAIRMENT OF NON-FINANCIAL ASSETS

Due to the delays in restarting the mining operations, the higher-than-expected restart costs and the higher mining dilution on tonnes already extracted, the Company concluded that an impairment test had to be performed at June 30, 2022 on the Beaufor mining property and its related buildings and equipment and the Beacon processing plant and its related equipment ("Beaufor / Beacon CGU"). As at June 30, 2022, the carrying amount of the Beaufor / Beacon CGU exceeded its estimated recoverable amount, resulting in an impairment charge of $13 million.

The recoverable amount of the Beaufor / Beacon CGU as of June 30, 2022 was determined based on its value in use. The value in use was calculated based on expected future cash flows using the most recent information available and estimates, including estimates of gold production, operating and capital costs required for gold production, forecasted gold prices and foreign exchange rates, and a discount rate.

The expected cash flows were determined using an estimated inflation rate of 2.5% and an discount rate of 20%, which represents the estimated weighted average market cost of capital.

Sensitivity

The value in use may be affected by one or more variations in the assumptions used. Changes in estimates of gold production, operating and capital costs required for gold production, forecasted gold prices and foreign exchange rates, and the discount rate have the greatest impact on the valuation of the Beaufor / Beacon CGU. Thus, individually a +/- 2% change in gold production would result in a change of approximately +/- $5.1 million in the recoverable amount, a 5% change operating and capital costs would result in a change of approximately +/- $9.4 million in the recoverable amount, a +/- $50 change in forecasted gold prices per ounce would result in a change of approximately +/- $6.3 million in the recoverable amount, a +/- 2.5% change in the forecasted foreign exchange rate would result in a change of approximately +/- $4.8 million in the recoverable amount, and a +/- 50 basis point change in the discount rate would result in a change of approximately +/- $0.7 million in the recoverable amount.

23. 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 and trade and other payables, approximate their fair value due to its nature or short-term maturity. Accordingly, no details regarding their fair value are presented below.

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

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 JUNE 30, 2022	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
	$	$	$	$	$
Financial liabilities measured at amortized cost					
Term loans (excluding financing costs)	18,500,000	18,500,000	–	18,500,000	–
Financial liabilities on tonnes milled at the Beacon Mill	5,362,754	5,362,754	–	–	5,362,754

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

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 changes in prices, such as interest rates, foreign exchange rates, gold price and equity prices on shares owned 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 returns.

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, deposits in trust and long-term debt bear interest at a fixed rate. With respect to trust deposits, the Company is exposed to a limited change in fair value due to the nature of the asset.

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

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 cash and cash equivalents, restricted cash and deposits in trust and the carrying amount of these financial assets represents the Company's maximum exposure to credit risk at the date of the consolidated financial statements. The credit risk on cash and cash equivalents, restricted cash and deposits in trust is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and the Government of Canada.

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 monitors actual and projected cash flows. See Note 2.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

C) LIQUIDITY RISK (CONTINUED)

The following table presents the Company's financial liabilities by contractual maturity, including interest payable, as at June 30, 2022:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	0 TO 12 MONTHS	12 TO 24 MONTHS	OVER 24 MONTHS
	$	$	$	$	$
Trade and other payables	12,972,813	12,972,813	12,972,813	–	–
Term loans (excluding financing costs)	18,500,000	20,273,504	7,825,986	2,214,530	10,232,988
Financial liabilities on tons milled at the Beacon Mill	5,362,754	8,052,726	1,011,199	1,064,292	5,977,235
	36,835,567	**41,299,043**	**21,809,998**	**3,278,822**	**16,210,223**

D) PRICE RISK

The Company is exposed to the risk of share price fluctuations due to its investments in other companies listed on the CDNX. Investments are affected by various underlying factors, including commodity prices. Based on the investments held by the Company as at June 30, 2022, a 5% increase (decrease) in the share price of these investments would have increased (decreased) the net loss by $42,616 for the year ended June 30, 2022.

24. SUBSEQUENT EVENT

On September 27, 2022, the Company announced that it has suspended its operations at the Beaufor Mine due to financial and operational challenges. The mine will be put on care and maintenance for an undetermined period. Following a review of its operations, the Company received confirmation of continuing significant discrepancies between the reported grade of the ore mined at the Beaufor Mine and the grade of ore processed at the Beacon Mill, which is causing continued lower cash flow from operations than expected and generating insufficient funds for the Company to continue its operations. In addition, the Company is planning a complete review of its operations, including stockpile management and its mining and processing methods, in order to find solutions to resolve the dilution issues. The Company has also started a strategic review of its assets and operations and is currently working closely with its lenders, suppliers, customers and potential investors to develop a strategy to fund its activities.