Talisker RESOURCES

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2021 and 2020

(in Canadian dollars)

Talisker Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

As at,	Notes		June 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents	4	**$**	**25,444,763**	$	24,974,407
Amounts receivable	6		**1,097,593**		345,767
Inventory			**58,660**		64,212
Prepaid expenses			**714,067**		438,196
Total current assets			**27,315,083**		25,822,582
Reclamation deposits	12		**1,248,300**		1,190,000
Long term receivable	6		**319,181**		319,181
Property, plant and equipment	7		**6,037,599**		4,055,238
Exploration and evaluation assets	8, 12		**24,583,561**		24,532,611
Investment in associate	9		**4,137,688**		4,508,688
TOTAL ASSETS		**$**	**63,641,412**	$	60,428,300
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	10, 17	**$**	**4,549,930**	$	2,123,784
RSU Liability			**86,622**		8,619
Current portion of lease obligation	11		**312,354**		269,316
Total current liabilities			**4,948,906**		2,401,719
Provision for site reclamation and closure	12		**14,725,124**		14,592,950
Lease payable	11		**441,774**		422,865
Flow through premium liability	14		**6,726,000**		5,480,000
Total liabilities			**26,841,804**		22,897,534
Shareholders' equity					
Issued capital	13		**74,846,774**		61,393,068
Share-based payment reserve	16		**3,229,000**		3,422,838
Warrant reserve	15		**4,200,000**		4,469,300
Accumulated deficit			**(45,476,166)**		(31,754,440)
Total shareholders' equity			**36,799,608**		37,530,766
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**63,641,412**	$	60,428,300

Events after the reporting period (note 20)

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

Talisker Resources Ltd.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Expenses					
Exploration and evaluation expenditures		$ **8,081,057**	$ 1,532,853	$ **14,510,303**	$ 2,995,182
Mine care and maintenance costs		**411,095**	309,614	**739,214**	633,607
Consulting and wages	18	**888,772**	332,749	**1,709,263**	1,073,554
Administration		**409,189**	519,388	**718,538**	876,525
Share-based expense	16	**29,915**	-	**59,502**	225,847
Public company costs		**215,605**	93,494	**704,506**	326,482
Travel and other		**53,802**	21,844	**84,171**	162,323
Depreciation of property, plant and equipment	7	**177,081**	133,518	**342,928**	217,129
Total expenses		**10,266,516**	2,943,460	**18,868,425**	6,510,649
Other income and expense					
Finance expense (income)		**(10,765)**	9,863	**(20,979)**	4,014
Foreign currency translation (gain) loss		**(782)**	756	**1,715**	426
Realized (gain) on marketable securities	5	**-**	(65,064)	**-**	(90,580)
Unrealized loss on marketable securities	5	**-**	(125,653)	**-**	-
Loss from investment in associate	9	**352,000**	-	**371,000**	-
Accretion on site reclamation and closure	12	**66,452**	81,552	**132,174**	171,970
		406,905	(98,546)	**483,910**	85,830
Loss before income taxes		**10,673,421**	2,844,914	**19,352,335**	6,596,479
Income tax recovery		**-**	-	**(5,480,000)**	(494,000)
Net loss and comprehensive loss		$ **10,673,421**	$ 2,844,914	$ **13,872,335**	$ 6,102,479
Loss per share - basic and diluted		**$ 0.04**	$ 0.02	**$ 0.06**	$ 0.04
Weighted average common shares outstanding		**249,195,601**	168,093,925	**231,432,012**	159,171,496

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

Talisker Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian dollars)

	Number of Shares	Issued Capital (Note 13)	Share-based Payment Reserve (Note 16)	Warrant Reserve (Note 15)	Retained earnings (deficit)	Total
Balance as at December 31, 2019	127,042,296	$ 33,071,000	$ 1,662,044	$ 1,640,000	$ (16,064,824)	$ 20,308,220
Issue of shares pursuant to private placement, net of issue costs	31,494,920	12,128,464	-	85,000	-	12,213,464
Flow through premium liability	-	(2,667,000)	-	-	-	(2,667,000)
Issue of shares for acquisition of mineral properties (Note 8)	2,200,000	677,000	-	-	-	677,000
Exercise of warrants	7,595,003	2,898,300	-	(987,100)	-	1,911,200
Exercise of options	75,000	26,045	(8,000)	-	-	18,045
Share-based expense - options	-	-	367,000	-	-	367,000
Expiry of stock options	-	-	(44,435)	-	44,435	-
Net loss for the period	-	-	-	-	(6,102,479)	(6,102,479)
Balance as at June 30, 2020	168,407,219	$ 46,133,809	$ 1,976,609	$ 737,900	$ (22,122,868)	$ 26,725,450
Issue of shares pursuant to private placement, net of issue costs	43,885,870	17,724,938	-	3,756,000	-	21,480,938
Flow through premium liability	-	(2,813,000)	-	-	-	(2,813,000)
Issue of shares for acquisition of mineral properties (Note 8)	475,000	169,125	-	-	-	169,125
Issue of shares for community relations	109,589	36,164	-	-	-	36,164
Exercise of warrants	390,171	136,261	-	(24,600)	-	111,661
Exercise of RSU's	41,220	5,771	(5,771)	-	-	-
Share-based expense - options	-	-	1,452,000	-	-	1,452,000
Net loss for the period	-	-	-	-	(9,631,572)	(9,631,572)
Balance as at December 31, 2020	213,309,069	$ 61,393,068	$ 3,422,838	$ 4,469,300	$ (31,754,440)	$ 37,530,766
Issue of shares pursuant to private placement, net of issue costs	**37,366,932**	**18,406,263**	**-**	**-**	**-**	**18,406,263**
Flow through premium liability	**-**	**(6,726,000)**	**-**	**-**	**-**	**(6,726,000)**
Issue of shares for acquisition of mineral properties (Note 8)	**100,000**	**32,000**	**-**	**-**	**-**	**32,000**
Exercise of warrants	**4,531,674**	**1,626,214**	**-**	**(269,300)**	**-**	**1,356,914**
Exercise of options	**350,000**	**107,000**	**(35,000)**	**-**	**-**	**72,000**
Exercise of RSU's	**58,780**	**8,229**	**(8,229)**	**-**	**-**	**-**
Expiry of stock options	**-**	**-**	**(150,609)**	**-**	**150,609**	**-**
Net loss for the period	**-**	**-**	**-**	**-**	**(13,872,335)**	**(13,872,335)**
Balance as at June 30, 2021	**255,716,455**	**$ 74,846,774**	**$ 3,229,000**	**$ 4,200,000**	**$ (45,476,166)**	**$ 36,799,608**

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

Talisker Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

For the six month periods ended June 30,	Notes	2021	2020
Cash provided by (used in):			
Operating activities			
Net loss for the period		$ **(13,872,335)**	$ (6,102,479)
Items not involving cash:			
Income tax recovery	14	**(5,480,000)**	(494,000)
Loss from investment in associate	9	**371,000**	-
Share based payments	16	**78,003**	367,000
Accretion on site reclamation and closure	12	**132,174**	171,970
Depreciation of property, plant and equipment	7	**342,928**	217,129
Realized gain on marketable securities	5	**-**	(90,580)
Working capital changes			
Change in amounts receivable		**(751,826)**	(59,348)
Change in inventory		**5,552**	-
Change in prepaid expenses		**(275,871)**	(416,894)
Change in accounts payable and accrued liabilities		**2,426,146**	(162,195)
Cash flows used in operating activities		**(17,024,229)**	(6,569,397)
Investing activities			
Acquisition of exploration and evaluation assets		**(18,950)**	(150,000)
Acquisition of property, plant and equipment		**(2,098,852)**	(25,232)
Reclamation deposits		**(58,300)**	(1,200,000)
(Purchase) Sales of marketable securities, net		**-**	90,580
Cash flows used in investing activities		**(2,176,102)**	(1,284,652)
Financing activities			
Issue of shares pursuant to private placement		**19,057,135**	13,059,988
Share issue costs		**(650,872)**	(846,524)
Issue of shares pursuant to exercise of warrants and options		**1,428,914**	1,929,245
Repayment of lease and equipment loans		**(164,490)**	(148,749)
Cash flows from financing activities		**19,670,687**	13,993,960
Net increase (decrease) in cash and cash equivalents for the period		**470,356**	6,139,911
Cash and cash equivalents, beginning of the period		**24,974,407**	9,702,490
Cash and cash equivalents, end of the period		$ **25,444,763**	$ 15,842,401
Supplementary cash flow information			
Interest received		$ **52,344**	$ 12,325

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

1. NATURE OF OPERATIONS

Talisker Resources Ltd. ("Talisker" or the "Company") is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia. The Company's shares were listed on the Canadian Securities Exchange (the "CSE") under the symbol "TSK" and the OTCQB Venture Market under the symbol "TSKFF" as at December 31, 2020. On October 14, 2020 the Company's shares began trading on the Toronto Stock Exchange (the "TSX") under the symbol TSK and the Company voluntarily delisted from the CSE. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. Talisker is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Talisker's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that Talisker's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of mineral properties and deferred exploration.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 10, 2021.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement and Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2020 annual financial statements, other than as noted below.

Amendments to IAS 16

Amendments to IAS 16, Property, Plant and Equipment—Proceeds before Intended Use Effective on January 1, 2022, the amendments to IAS 16 require that entities are no longer able to deduct the net proceeds from selling any items from an asset's carrying amount before it is capable of operating in the manner intended by management. Instead, the proceeds should be recognised in accordance with applicable standards and in particular applying the measurement requirements of IAS 2 for the cost of those items. The Amendments to IAS 16 may impact the Company's development projects. The Company early adopted the amendment in January 2021. There was no impact to the current period or comparative periods presented as a result of the amendment.

2. BASIS OF PRESENTATION (continued)

Principles of Consolidation

These condensed interim consolidated financial statements for the three and six month periods ended June 30, 2021 and 2020 include the financial position, financial performance and cash flows of the Company and its subsidiary detailed below:

Subsidiary	Country of Incorporation	Economic Interest	Basis of Accounting
Bralorne Gold Mines Ltd.	Canada	100%	Full consolidation

Subsidiaries - Subsidiaries are entities over which the Company has control, whereby control is defined as the power to direct activities of an entity that significantly affect the entity's returns so as to obtain benefit from its activities. Control is presumed to exist where the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date at which control ceases.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Exploration and Evaluation ***Assets' carrying values and impairment charges*** - The Company assesses its cash-generating units at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is the higher of the fair value less costs of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

- ***Share-based payments*** – The Company determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- ***Provision for site reclamation and closure*** – Provisions for site reclamation and closure have been created based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 12. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

- **Impairment of investments in associate** – The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

- **COVID-19 -** The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern. Based on current legislation, as of June 30, 2021, the Company is required to spend approximately $15,813,000 to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2020 - $11,000,000). On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including extending the filing requirement for the Part XII.6 tax for the same period. The amendments to enact these proposals were enacted on June 29, 2021. The Corporation will be required to spend $15,813,000 of flow-through funds by December 31, 2022, instead of December 31, 2021.

4. CASH AND CASH EQUIVALENTS

The balance at June 30, 2021 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling $3,146,099 (December 31, 2020 - $13,169,564) and guaranteed investment certificates with major Canadian banks of $22,298,664 (December 31, 2020 - $11,804,843) for total cash and cash equivalents of $25,444,763 (December 31, 2020 - $24,974,407).

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES

During the six month period ended June 30, 2021, the Company recognized interest income related to the various investments of $52,344 (2020 - $12,325).

During the six month period ended June 30, 2021, the Company recognized a realized gain of $nil (2020 - $90,580) on sale of various common shares.

6. AMOUNTS RECEIVABLE

As at,		June 30, 2021		December 31, 2020
HST receivable	$	**351,093**	$	345,767
Other receivables		**346,500**		-
Promissory note receivable		**400,000**		-
	$	**1,097,593**	$	345,767

At June 30, 2021, the Company anticipates full recovery of these amounts and therefore no expected credit loss has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at June 30, 2021 and December 31, 2020.

Promissory Note Receivable

The promissory note receivable balance relates to a loan of $400,000 to an arm's-length third party. The loan is secured by a general security agreement over the assets of the third party, and, in certain circumstances and subject to regulatory approval, is convertible to shares of the company at a price of five cents per share at the option of either party. See note 20 for additional details.

As at June 30, 2021, the balance owing amounts to $400,000 (December 31, 2020 - $nil). The Company has determined expected credit losses are expected to be minimal and no provision has been recorded.

Long Term Receivable

As at June 30, 2021, the Company recognized a receivable of $319,181 (December 31, 2020 - $319,181) related to B.C. tax mining credits. The Company expects to receive the refund pending the standard review process by CRA which is expected to take longer than 12 months.

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment $	Buildings $	Land $	Water Treatment Facility $	Vehicles $	Right-of-Use Asset $	Total $
Balance at December 31, 2019	849,210	312,500	-	977,000	96,700	575,000	2,810,410
Additions	309,979	377,009	315,000	-	80,360	695,039	1,777,387
Disposals	(11,136)	-	-	-	-	-	(11,136)
Balance at December 31, 2020	1,148,053	689,509	315,000	977,000	177,060	1,270,039	4,576,661
Additions	68,321	2,159,946	-	15,121	-	226,437	2,469,825
Disposals	(128,600)	-	-	(800)	(2,500)	-	(131,900)
Balance at June 30, 2021	1,087,774	2,849,455	315,000	991,321	174,560	1,496,476	6,914,586
ACCUMULATED DEPRECIATION							
Balance at December 31, 2019	5,021	2,133	-	2,739	778	3,264	13,935
Additions	140,516	54,357	-	65,922	19,723	227,096	507,614
Disposals	(126)	-	-	-	-	-	(126)
Balance at December 31, 2020	145,411	56,490	-	68,661	20,501	230,360	521,423
Additions	99,617	34,796	-	33,045	11,883	163,587	342,928
Impairment	45,162	-	-	-	-	-	45,162
Disposals	(31,885)	-	-	(74)	(567)	-	(32,526)
Balance at June 30, 2021	258,305	91,286	-	101,632	31,817	393,947	876,987
NET BOOK VALUE							
At December 31, 2020	1,002,642	633,019	315,000	908,339	156,559	1,039,679	4,055,238
At June 30, 2021	**829,469**	**2,758,169**	**315,000**	**889,689**	**142,743**	**1,102,529**	**6,037,599**

As at June 30, 2021, included under buildings is $2,146,170 (December 31, 2020 - $nil) in construction in process related to construction of a camp, which is not being amortized until ready for its intended use.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets for the Company are summarized as follows:

Six months ended June 30, 2021

Project	January 1, 2021	Additions	Disposals	June 30, 2021
Bralorne Gold Camp				
Bralorne Gold Project	$ 17,376,462	$ -	$ (1,050)	**$ 17,375,412**
Royalle Property	243,000	-	-	**243,000**
NaiKun Wind Crown Grant	36,000	-	-	**36,000**
Congress Property	295,000	-	-	**295,000**
Big Sheep Property	120,000	-	-	**120,000**
Southern BC Properties				
Spences Bridge	5,701,823	-	-	**5,701,823**
Blustry Mountain Property	30,000	-	-	**30,000**
Tulox Property	405,963	-	-	**405,963**
Merritt Property	70,150	26,500	-	**96,650**
WCGG Properties[1]	109,338	-	-	**109,338**
Golden Hornet Property	66,125	25,500	-	**91,625**
SC Property	78,750	-	-	**78,750**
	$ 24,532,611	$ 52,000	$ (1,050)	**$ 24,583,561**

During the six months ended June 30, 2021, the Company issued 100,000 shares with a value of $32,000 and made cash payments of $20,000 for property acquisitions.

[1] WCGG Properties include the Tulameen South, Bluejay and Sauchi Creek properties.

(Expressed in Canadian dollars)

9. INVESTMENT IN ASSOCIATE

On December 11, 2020, The Company sold several properties located in the Toodoggone region of the Province of British Columbian to TDG Gold. The Properties being acquired by TDG Gold consist of: the Baker Project, the Shasta Mine and the Baker mill infrastructure and equipment; the Chappelle property, the Mets lease, and the Bot property. Pursuant to the Purchase Agreement, TDG Gold acquired the Properties by issuing to Talisker 18,973,699 TDG Gold Shares.

As a result of the issuance of 18,973,699 shares, Talisker held 33% of the issued and outstanding shares of TDG Gold as at December 11, 2020. Due to these shareholdings and the director it has appointed to the board of TDG Gold, the Company has determined that it has significant influence over TDG Gold and has accounted for its continuing investment as an Investment in Associate using the equity basis of accounting. The Company recorded a fair value of $4,553,688 for its interest in the 18,973,699 TDG Gold shares issued to Talisker on December 11, 2020 at a price of $0.24 per TDG Gold share, which resulted in a gain on sale of properties of $4,255,849 which was recognized in the statement of loss and comprehensive loss for the year ended December 31, 2020.

Fair value of the 18,973,699 TDG Gold shares ($4,553,688) was estimated using the specifics of the TDG Gold private placement completed on the same date Talisker received the 18,973,699 shares ("TDG Gold Private Placement"). The TDG Gold Private Placement consisted of a unit priced at $0.30 with each unit comprising of one common share and one half common share purchase warrant. The fair value calculation of $0.24 per share, included a deduction for the value of the warrants in the private placement of one half common share purchase warrant which was valued at $0.06 using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%; risk free interest 0.31%; volatility 100% and an expected life of 36 months.
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Fair value of one TDG Gold share as at June 30, 2021 was $0.44. The shares are subject to release based on the following schedule:

	Shares Released	Cumulative Released
April 12, 2021	4,743,425	4,743,425
June 14, 2021	4,743,425	9,486,850
December 14, 2021	4,743,425	14,230,275
June 14, 2022	4,743,424	18,973,699
	18,973,699	18,973,699

Changes in the investment in associate for the six month period ended June 30, 2021 and year ended December 31, 2020 were as follows:

Acquisition December 11, 2020, at fair value	**$ 4,553,688**
Proportionate share of net loss	(45,000)
Balance – December 31, 2020	**$ 4,508,688**
Proportionate share of net loss	(371,000)
Balance – June 30, 2021	**$ 4,137,688**

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at,		June 30, 2021		December 31, 2020
Accounts payable	$	**2,197,815**	$	1,306,538
Accrued liabilities		**2,352,115**		817,246
	$	**4,549,930**	$	2,123,784

11. LEASES PAYABLE

The Company has entered into equipment leases expiring between 2020 and 2023, with interest rates ranging from 4.95% to 5.90% per annum. The Company has the option to purchase the equipment at the end of the lease term for a nominal amount. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

The contractual maturities and interest charges in respect of the Company's finance lease obligations are as follows:

		June 30, 2021		December 31, 2020
Not later than one year	$	**360,925**	$	315,534
Later than one year and not later than five years		**468,706**		454,576
Less: Future interest charges		**(75,503)**		(77,929)
Present value of lease payments		**754,128**		692,181
Less: current portion		**(312,354)**		(269,316)
Non-current portion	$	**441,774**	$	422,865

Reconciliation of debt arising from lease liabilities:

		June 30, 2021		December 31, 2020
Lease liability at beginning of year	$	**692,181**	$	216,213
Principal payments on lease liabilities		**(164,490)**		(219,071)
Additions to lease liabilities		**226,437**		695,039
	$	**754,128**	$	692,181

12. PROVISION FOR SITE RECLAMATION AND CLOSURE

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

The breakdown of the provision for site reclamation and closure is as per below:

	June 30, 2021			December 31, 2020		
	Talisker	**Bralorne**	**Total**	Talisker	Bralorne	Total
Balance, beginnning of period/year	**-**	**14,592,950**	**14,592,950**	1,157,832	14,194,124	15,351,956
Acquisition of properties	**-**	**-**	**-**	-	-	-
Disposition of properties (Note 8)	**-**	**-**	**-**	(1,157,832)	-	(1,157,832)
Change in estimate		**-**	**-**		61,958	61,958
Accretion	**-**	**132,174**	**132,174**	-	336,868	336,868
Balance, end of period/year	**-**	**14,725,124**	**14,725,124**	-	14,592,950	14,592,950

(Expressed in Canadian dollars)

12. PROVISION FOR SITE RECLAMATION AND CLOSURE (continued)

The Company's determination of the environmental rehabilitation provision arising from its activities at the Baker, Bot, and Tulox projects (Sable Resources) at June 30, 2021 was $nil (December 31, 2020: $nil). The environmental rehabilitation provision was eliminated upon the sale of the properties to TDG Gold, see note 9. As part of the Company's agreement with Sable, Sable is required to cover any environmental liability in excess of the agreed upon amount of $316,266. As at June 30, 2021, the excess over this amount is equal to $841,566 which was assigned to TDG Gold upon sale.

The present value of the obligation for Bralorne of $14,725,124 (December 31, 2020 – $14,592,950) is based on an undiscounted obligation of $54,054,730, out of which $8,537,452 is expected to be incurred in 2027 with the remaining $45,517,278 to be incurred on water treatment and quality monitoring throughout 2126. The provision was calculated using a weighted average risk-free interest rate of 0.58% (December 31, 2020 – 0.58%) and a weighted average inflation rate of 1% (December 31, 2020 – 1%). Reclamation activities are estimated to begin in 2027 and are expected to be incurred over a period of 100 years.

Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

	June 30, 2021			December 31, 2020		
	Talisker	**Bralorne**	**Total**	Talisker	Bralorne	Total
Balance, beginnning of period/year	**-**	**1,190,000**	**1,190,000**	50,437	25,000	75,437
Additions	**58,300**	**-**	**58,300**	14,963	1,165,000	1,179,963
Disposals	**-**	**-**	**-**	(65,400)	-	(65,400)
Balance, end of period/year	**58,300**	**1,190,000**	**1,248,300**	-	1,190,000	1,190,000

Under the Ministry of Energy, Mines and Petroleum Resources ("MEM"), the Company is required to hold reclamation bonds that cover the estimated future cost to reclaim the ground disturbed. Bralorne is required to pay $250,000 every six months until a cumulative security equal to $12,300,000. At June 30, 2021, the surety amounted to $2,400,000 and the Company has placed $1,190,000 in cash (December 31, 2020 - $1,190,000), totalling $3,590,000 to cover estimated future costs related to the ground disturbance at the Company's Bralorne project. As at June 30, 2021 the Company is current with all its obligations with the MEM.

13. ISSUED CAPITAL

Authorized Unlimited common shares without par value

	June 30, 2021	December 31, 2020
Issued capital	**$ 74,846,774**	$ 61,393,068
Fully paid common shares (1)	**255,716,455**	213,309,069

(1) As at June 30, 2021 and December 31, 2020, there are 250,000 shares awaiting issuance, the proceeds for which were received in 2008 and are included in share capital.

(Expressed in Canadian dollars)

13. ISSUED CAPITAL (continued)

Common Shares Issued

Balance as at December 31, 2019	127,042,296	$	33,071,000
Issue of shares pursuant to private placement, net of issue costs	75,380,790		29,853,402
Flow through premium liability	-		(5,480,000)
Issue of shares for acquisition of mineral properties (Note 8)	2,675,000		846,125
Issue of shares for community relations	109,589		36,164
Exercise of warrants	7,985,174		3,034,561
Exercise of RSU's	41,220		5,771
Exercise of options	75,000		26,045
Balance as at December 31, 2020	213,309,069	$	61,393,068
Issue of shares pursuant to private placement, net of issue costs	37,366,932		18,406,263
Flow through premium liability	-		(6,726,000)
Exercise of warrants	4,531,764		1,626,214
Exercise of options	350,000		107,000
Exercise of RSU's	58,780		8,229
Issue of shares for acquisition of mineral properties (Note 8)	100,000		32,000
Balance as at June 30, 2021	255,716,545	$	74,846,774

Financings

On April 15, 2021, the Company closed a non-brokered private placement raising total gross proceeds of $19,057,135. The private placement consisted of 37,366,932 common shares of the Company, which qualify as "flow-through shares" within the meaning of the *Income Tax Act* (Canada), at a price of $0.51 per flow through share.

In consideration for their services, the Company has paid the Agents a cash commission and incurred other closing costs totalling $650,872.

Diluted Weighted Average Number of Shares Outstanding

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Basic weighted average shares outstanding:	**249,195,601**	168,093,925	**231,432,012**	159,171,496
Effect of outstanding securities	**-**	-	**-**	-
Diluted weighted average shares outstanding	**249,195,601**	168,093,925	**231,432,012**	159,171,496

During the three and six month periods ended June 30, 2021 and 2020, the Company had a net loss, as such, the diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

(Expressed in Canadian dollars)

14. FLOW-THROUGH PREMIUM LIABILITY

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company's common shares and compared it to determine if there was a premium paid on the shares.

Six month period ended June 30, 2021

For the six month period ended June 30, 2021, the Company recognized a $6,726,000 as a flow-through premium liability on issuance in connection with private placements closed during the six month period ended June 30, 2021. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

For the six month period ended June 30, 2021, the Company recognized an amount of $5,480,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as income tax recovery upon filing of renunciation documents with the Canada Revenue Agency which occurred during the six month period ended June 30, 2021.

Year ended December 30, 2020

For the year ended December 31, 2020, the Company recognized a $5,480,000 as a flow-through premium liability on issuance in connection with private placements closed during the year ended December 31, 2020. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

15. WARRANTS RESERVE

The following is a summary of changes in warrants from January 1, 2020 to June 30, 2021:

	Number of Warrants	Weighted average exercise price per warrant	Amount
Balance, December 31, 2019	18,538,566	$ 0.28	$ 1,640,000
Exercise of warrants	(7,985,174)	0.25	(1,011,700)
Issue of broker warrants (Note 13)	620,817	0.33	85,000
Issue of warrants	21,942,935	0.70	3,756,000
Balance, December 31, 2020	33,117,144	$ 0.56	$ 4,469,300
Exercise of warrants	(4,515,500)	0.30	(268,000)
Expiry of warrants	(5,895,000)	0.30	-
Exercise of broker warrants	(16,174)	0.14	(1,300)
Balance, June 30, 2021	22,690,470	$ 0.69	$ 4,200,000

As at June 30, 2021, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
August 13, 2021	$0.70	21,942,935
August 29, 2021	$0.14	136,807
February 4, 2022	$0.33	610,728
Balance, June 30, 2021		**22,690,470**

During the six month period ended June 30, 2021, 4,515,500 warrants were exercised for proceeds of $1,354.650 as well as 16,174 broker warrants for proceeds of $2,264. During the year ended December 31, 2020, 7,985,174 warrants were exercised for proceeds of $2,022,861.

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE

Stock Option Plan

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 10% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with regulatory policies.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant or in accordance with regulatory requirements.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were outstanding as at June 30, 2021:

Number of options outstanding	Number of exercisable options	Grant date	Expiry date	Exercise price	Fair value at grant date
50,000	50,000	August 22, 2018	August 22, 2023	$ 0.24	5,000
3,100,000	3,100,000	June 18, 2019	June 18, 2024	$ 0.20	303,000
5,000,000	5,000,000	December 27, 2019	December 27, 2024	$ 0.295	1,102,000
1,100,000	1,100,000	February 14, 2020	February 14, 2025	$ 0.390	367,000
1,100,000	1,100,000	August 20, 2020	August 20, 2025	$ 0.460	339,000
200,000	200,000	August 20, 2020	August 20, 2022	$ 0.460	32,000
4,425,000	4,425,000	December 11, 2020	December 11, 2025	$ 0.330	1,081,000
14,975,000	14,975,000				3,229,000

The share options outstanding as at June 30, 2021 had a weighted exercise price of $0.31 (December 31, 2020: $0.31) and a weighted average remaining contractual life of 3.69 years (December 31, 2020: 4.10 years).

All options vested on their date of issue and expire within five years of their issue, or 90 days after the resignation of the director, officer, employee or consultant.

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE (continued)

Movements in Share Options During the Period

The following reconciles the share options outstanding for the six month period ended June 30, 2021 and year ended December 31, 2020:

	Number of options		Weighted average exercise price
Balance as at December 31, 2019	9,031,250	$	0.27
Granted	7,025,000	$	0.37
Exercised	(75,000)	$	0.24
Expired	(93,750)	$	0.52
Forfeited	(318,750)	$	0.47
Balance as at December 31, 2020	15,568,750	$	0.31
Exercised	(350,000)	$	0.21
Expired	(243,750)	$	0.60
Balance as at June 30, 2021	14,975,000	$	0.31

Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (each, an "**RSU**") convertible into a maximum number of common shares equal to ten percent (10%) of the number of common shares then issued and outstanding, provided, however, the number of common shares reserved for issuance from treasury under the RSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed ten percent (10%) of the number of common shares then issued and outstanding. Any common shares subject to a RSU which has been cancelled or terminated in accordance with the terms of the RSU Plan without settlement will again be available under the RSU Plan. When vested, each RSU entitles the holder to receive, subject to adjustments as provided for in the RSU Plan, one common Share or payment in cash for the equivalent thereof based on the volume weighted average trading price of the common shares on the five trading days immediately preceding the redemption date. The terms and conditions of vesting (if applicable) of each grant are determined by the Board at the time of the grant, subject to the terms of the RSU Plan. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals. Any such performance incentives or long term performance goals are subject to determination by the Board and specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the liability.

(Expressed in Canadian dollars)

16. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's	Weighted average fair value
Balance, December 31, 2019	100,000	$ 0.14
Granted	780,000	$ 0.33
Exercised	(41,220)	$ 0.14
Balance, December 31, 2020	838,780	$ 0.33
Exercised	(58,780)	$ 0.14
Balance, June 30, 2021	780,000	$ 0.33

RSU liability:

As at June 30, 2021 a liability of $86,623 (December 31, 2020 - $8,619) has been recorded for RSUs.

The following table summarizes information about share-based payment reserve:

Balance as at December 31, 2019	$	1,662,044
Share-based expense - options		1,819,000
Exercise of stock options		(8,000)
Exercise of RSU's		(5,771)
Expiry of stock options		(44,435)
Balance as at December 31, 2020	$	3,422,838
Exercise of stock options		(35,000)
Exercise of RSU's		(8,229)
Expiry of stock options		(150,609)
Balance as at June 30, 2021	$	3,229,000

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at June 30, 2021 and December 31, 2020 were as follows:

	Fair value through profit of loss	Amortized cost	Other financial liabilities	Total
As at June 30, 2021				
Cash and cash equivalents	$ -	$ 25,444,763	$ -	$ 25,444,763
Amounts receivable	746,500	-	-	746,500
Reclamation deposits	-	1,248,300	-	1,248,300
Accounts payable and accrued liabilities	-	-	4,549,930	4,549,930
Leases payable	-	-	754,128	754,128
As at December 31, 2020				
Cash and cash equivalents	$ -	$ 24,974,407	$ -	$ 24,974,407
Reclamation deposits	-	1,190,000	-	1,190,000
Accounts payable and accrued liabilities	-	-	2,123,784	2,123,784
Leases payable	-	-	692,181	692,181

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

The carrying value of cash and cash equivalents, amounts receivable, reclamation deposits, accounts payable and accrued liabilities and leases and loan payables approximate fair value because of the limited terms of these instruments.

18. RELATED PARTY DISCLOSURES

The following is a summary of the Company's related party transactions during the six month periods ended June 30, 2021 and 2020:

The Company incurred administrative and operations costs in the amount of $nil for the six month period ended June 30, 2021 (2020 - $28,957) paid to Sable Resources Ltd., a company with certain common directors and officers.

The Company incurred operations costs in the amount of $56,508 for the six month period ended June 30, 2021 (2020 - $nil) paid to JDS Energy & Mining Inc., a company with certain common directors.

Compensation of Key Management Personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

(Expressed in Canadian dollars)

18. RELATED PARTY DISCLOSURES (continued)

The remuneration of directors and other members of key management personnel during the six month periods ended June 30, 2021 and 2020 were as follows:

	June 30, 2021	June 30, 2020
Short term employee benefits, director fees	**$ 1,134,569**	$ 481,636
Share based payments	**78,004**	169,000
	$ 1,212,573	$ 650,636

As at June 30, 2021, an amount of $176,995 (December 31, 2020 - $279,973) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

19. COMMITMENTS AND CONTINGENCIES

Flow-Through Shares

As at June 30, 2021, the Company is committed to spending approximately $15,813,000 to be spent by December 31, 2021 in connection with its flow-through offerings (December 31, 2020 - $11,000,000). On July 7, 2020, the Department of Finance proposed to extend the flow-through funds spend period and the look-back rule by one year, including extending the filing requirement for the Part XII.6 tax for the same period. The amendments to enact these proposals were enacted on June 29, 2021. The Corporation is required to spend $15,813,000 of flow-through funds by December 31, 2022.

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

20. EVENTS AFTER THE REPORTING PERIOD

On July 26, 2021, the Company entered into a definitive agreement with New Carolin Gold Corp. ("New Carolin"), whereby the Company will acquire all of the issued and outstanding common shares of New Carolin pursuant to a court-approved plan of arrangement.

Under the terms of the transaction, each of the issued and outstanding common shares of New Carolin will be exchanged for 0.3196 of a common share of the Company. New Carolin's 22,267,039 outstanding warrants and 3,880,000 outstanding options will be adjusted so that on exercise the holders will receive Talisker common shares adjusted to reflect the same exchange ratio.

In connection with the transaction, New Carolin entered into agreements to settle approximately $500,000 of New Carolin's outstanding payables following closing of the transaction. In support of the transaction, Talisker advanced $400,000 to New Carolin as at June 30, 2021. The proceeds of the loan were used to repurchase a 5-per-cent net profit interest on the Ladner gold project and for general corporate purposes.

The transaction will be effected by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia), requiring the approval of: (i) at least 66-2/3rds per cent of the votes cast by the shareholders of New Carolin, and (ii) at least 66-2/3rds per cent of the votes cast by the shareholders of New Carolin and the holders of options and warrants, voting together as a single class, at a special meeting of New Carolin security holders that has been called for September 9, 2021 to consider the transaction. In addition to New Carolin shareholder approval and approval by the court, the transaction is subject to applicable regulatory approvals including, but not limited to, Toronto Stock Exchange and TSX Venture Exchange approval and the satisfaction of certain other closing conditions customary in transactions of this nature.