Talisker
RESOURCES

# Condensed Interim Consolidated Financial Statements
# (Unaudited)

## As at and for the three and six months ended June 30, 2022 and 2021

(in Canadian dollars)

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

| As at, | Notes | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | $ | **4,839,864** | $ | 12,571,890 |
| Marketable securities | 5 | | **1,579,561** | | - |
| Amounts receivable | 6 | | **668,741** | | 763,346 |
| Inventory | | | **71,809** | | 76,026 |
| Prepaid expenses | | | **502,261** | | 608,321 |
| Total current assets | | | **7,662,236** | | 14,019,583 |
| Marketable securities | 5 | | **526,519** | | - |
| Reclamation deposits | 12 | | **1,468,300** | | 1,468,300 |
| Long term receivable | 6 | | **319,181** | | 319,181 |
| Property, plant and equipment | 7 | | **8,146,307** | | 8,779,795 |
| Exploration and evaluation assets | 8 | | **34,897,250** | | 34,820,625 |
| Investment in associate | 9 | | **-** | | 1,332,266 |
| **TOTAL ASSETS** | | $ | **53,019,793** | $ | 60,739,750 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 10, 17 | $ | **5,805,886** | $ | 7,000,088 |
| RSU Liability | 16 | | **117,407** | | 159,675 |
| Current portion of lease obligation | 11 | | **310,414** | | 301,362 |
| Total current liabilities | | | **6,233,707** | | 7,461,125 |
| Provision for site reclamation and closure | 12 | | **23,601,797** | | 23,312,532 |
| Lease payable | 11 | | **131,361** | | 288,162 |
| Flow through premium liability | 14 | | **1,637,000** | | 6,986,000 |
| Total liabilities | | | **31,603,865** | | 38,047,819 |
| **Shareholders' equity** | | | | | |
| Issued capital | 13 | | **93,560,331** | | 83,302,460 |
| Share-based payment reserve | 16 | | **3,854,040** | | 4,152,000 |
| Warrant reserve | 15 | | **4,357,200** | | 4,357,200 |
| Accumulated deficit | | | **(80,355,643)** | | (69,119,729) |
| Total shareholders' equity | | | **21,415,928** | | 22,691,931 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ | **53,019,793** | $ | 60,739,750 |

Nature of operations and going concern (note 1)
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, **2022** | 2021 | Six months ended June 30, **2022** | 2021 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Exploration and evaluation expenditures | | $ **6,319,541** | $ 8,081,057 | $ **15,155,914** | $ 14,510,303 |
| Mine care and maintenance costs | | **468,694** | 411,095 | **1,002,175** | 739,214 |
| Consulting and wages | 18 | **902,927** | 888,772 | **1,765,080** | 1,709,263 |
| Administration | | **285,051** | 409,189 | **742,372** | 718,538 |
| Share-based expense | 16 | **44,794** | 29,915 | **93,277** | 59,502 |
| Public company costs | | **434,493** | 215,605 | **725,025** | 704,506 |
| Travel and other | | **86,065** | 53,802 | **138,388** | 84,171 |
| Depreciation of property, plant and equipment | 7 | **311,396** | 177,081 | **620,873** | 342,928 |
| **Total expenses** | | **8,852,961** | 10,266,516 | **20,243,104** | 18,868,425 |
| **Other income and expense** | | | | | |
| Finance expense (income) | | **9,454** | (10,765) | **20,197** | (20,979) |
| Foreign currency translation (gain) loss | | **2,372** | (782) | **4,259** | 1,715 |
| Realized (gain) on marketable securities | 5 | **(1,119,286)** | - | **(1,119,286)** | - |
| Unrealized (gain) on marketable securities | 5 | **(1,678,575)** | - | **(1,678,575)** | - |
| Gain on revaluation of RSU liability | | **(35,152)** | - | **(59,173)** | - |
| Loss from investment in associate | 9 | **-** | 352,000 | **749,073** | 371,000 |
| Loss from disposal of assets | | **71,010** | - | **71,010** | - |
| Accretion on site reclamation and closure | 12 | **145,432** | 66,452 | **289,265** | 132,174 |
| | | **(2,604,745)** | 406,905 | **(1,723,230)** | 483,910 |
| Loss before income taxes | | **6,248,216** | 10,673,421 | **18,519,874** | 19,352,335 |
| Income tax recovery | | **-** | - | **(6,986,000)** | (5,480,000) |
| **Net loss and comprehensive loss** | | $ **6,248,216** | $ 10,673,421 | $ **11,533,874** | $ 13,872,335 |
| **Loss per share - basic and diluted** | | **$ 0.02** | $ 0.04 | **$ 0.04** | $ 0.01 |
| **Weighted average common shares outstanding** | | **329,747,317** | 249,195,601 | **315,215,665** | 231,432,012 |

*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, 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 (Note 13) | 37,366,932 | 18,406,263 | - | - | - | 18,406,263 |
| Flow through premium liability (Note 13) | - | (6,726,000) | - | - | - | (6,726,000) |
| Issue of shares for acquisition of mineral properties | 100,000 | 32,000 | - | - | - | 32,000 |
| Exercise of warrants (Note 13) | 4,531,674 | 1,626,214 | - | (269,300) | - | 1,356,914 |
| Exercise of options (Note 13) | 350,000 | 107,000 | (35,000) | - | - | 72,000 |
| Exercise of RSU's (Note 13) | 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** |
| Issue of shares pursuant to private placement, net of issue costs (Note 13) | 5,200,000 | 1,937,758 | - | - | - | 1,937,758 |
| Flow through premium liability (Note 13) | - | (260,000) | - | - | - | (260,000) |
| Issue of shares for acquisition of mineral properties | 5,519,170 | 1,488,580 | - | - | - | 1,488,580 |
| Shares and warrants issued on corporate acquisition | 18,575,790 | 5,108,342 | 56,000 | 168,000 | - | 5,332,342 |
| Exercise of warrants (Note 13) | 136,807 | 29,953 | - | (10,800) | - | 19,153 |
| Exercise of options (Note 13) | 542,383 | 151,053 | (48,000) | - | - | 103,053 |
| Share-based expense - options | - | - | 1,093,000 | - | - | 1,093,000 |
| Expiry of stock options | - | - | (178,000) | - | 178,000 | - |
| Net loss for the period | - | - | - | - | (23,821,563) | (23,821,563) |
| **Balance as at December 31, 2021** | **285,690,605** | **$ 83,302,460** | **$ 4,152,000** | **$ 4,357,200** | **$ (69,119,729)** | **$ 22,691,931** |
| Issue of shares pursuant to private placement, net of issue costs (Note 13) | 43,593,000 | 11,742,646 | - | - | - | 11,742,646 |
| Flow through premium liability (Note 13) | - | (1,637,000) | - | - | - | (1,637,000) |
| Issue of shares for acquisition of mineral properties (Note 8) | 125,000 | 31,625 | - | - | - | 31,625 |
| Issued pursuant to agreement | 170,213 | 40,000 | - | - | - | 40,000 |
| Exercise of RSU's (Note 13) | 260,000 | 80,600 | - | - | - | 80,600 |
| Expiry of stock options | - | - | (297,960) | - | 297,960 | - |
| Net loss for the period | - | - | - | - | (11,533,874) | (11,533,874) |
| **Balance as at June 30, 2022** | **329,838,818** | **$ 93,560,331** | **$ 3,854,040** | **$ 4,357,200** | **$ (80,355,643)** | **$ 21,415,928** |

*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 | 2022 | 2021 |
|---|---|---|---|
| **Cash provided by (used in):** | | | |
| **Operating activities** | | | |
| Net loss for the period | | $ **(11,533,874)** | $ (13,872,335) |
| Items not involving cash: | | | |
| Income tax recovery | 13 | **(6,986,000)** | (5,480,000) |
| Loss from investment in associate | 9 | **749,073** | 371,000 |
| Gain on revaluation of RSU liability | | **(59,173)** | - |
| Share based payments | 16 | **97,505** | 78,003 |
| Shares issued pursuant to agreement | | **40,000** | - |
| Accretion on site reclamation and closure | 12 | **289,265** | 132,174 |
| Depreciation of property, plant and equipment | 7 | **620,873** | 342,928 |
| Loss from disposal of assets | | **71,010** | - |
| Realized gain on marketable securities | 5 | **(1,119,286)** | - |
| Unrealized loss on marketable securities | 5 | **(1,678,575)** | - |
| Working capital changes | | | |
| Change in amounts receivable | | **94,605** | (751,826) |
| Change in inventory | | **4,217** | 5,552 |
| Change in prepaid expenses | | **106,060** | (275,871) |
| Change in accounts payable and accrued liabilities | | **(1,194,202)** | 2,426,146 |
| **Cash flows used in operating activities** | | **(20,498,502)** | (17,024,229) |
| **Investing activities** | | | |
| Acquisition of exploration and evaluation assets | 8 | **(45,000)** | (18,950) |
| Acquisition of property, plant and equipment, net of sales | 7 | **(58,395)** | (2,098,852) |
| Reclamation deposits | 12 | **-** | (58,300) |
| (Purchase) Sales of marketable securities, net | 5 | **1,274,974** | - |
| **Cash flows provided by (used in) investing activities** | | **1,171,579** | (2,176,102) |
| **Financing activities** | | | |
| Issue of shares pursuant to private placement | 13 | **12,521,752** | 19,057,135 |
| Share issue costs | 13 | **(779,106)** | (650,872) |
| Issue of shares pursuant to exercise of warrants and options | 13 | **-** | 1,428,914 |
| Repayment of lease and equipment loans | 11 | **(147,749)** | (164,490) |
| **Cash flows from financing activities** | | **11,594,897** | 19,670,687 |
| **Net increase (decrease) in cash and cash equivalents for the period** | | **(7,732,026)** | 470,356 |
| **Cash and cash equivalents, beginning of the period** | | **12,571,890** | 24,974,407 |
| **Cash and cash equivalents, end of the period** | | $ **4,839,864** | $ 25,444,763 |
| **Supplementary cash flow information** | | | |
| Interest received | | $ **585** | $ 52,344 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

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 are traded on the Toronto Stock Exchange (the "TSX") under the symbol TSK. The head office and registered address of the Company is located at 350 Bay Street, Suite 400, Toronto, Ontario, M5H 2S6.

The consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, the ability to raise public equity or other financing to meet expenditure commitments in the next twelve months. There is no assurance that these activities will be successful. As at June 30, 2022 and for the six month-period then ended, the Company recorded an accumulated deficit of $80,355,643 (December 31, 2021: $69,119,729), net loss of $11,533,874 (2021: $13,872,335), and net cash used in operating activities of $20,498,502 (2021: $17,024,229). Notwithstanding the financing activities that the Company is currently undertaking (see note 20), the combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. However, the Company is confident that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. These adjustments would be material to the financial statements.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 11, 2022.

## 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 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

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, 2021 annual financial statements.

## 2. BASIS OF PRESENTATION (continued)

### Principles of Consolidation

These condensed interim consolidated financial statements for the three and six month periods ended June 30, 2022 and 2021 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 |
| New Carolin Gold Corp. | 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.

- ***Determination of investments in associate*** – The Company follows the guidance of IAS 28, Investments in Associates and Joint Ventures to assess whether there is significant influence with respect to its net investment in an associate. This determination requires significant judgement in evaluating significant influence. In making this judgement, the Company's management evaluates, among other factors, the percent ownership in the associate as well as its board membership and involvement in decision making activities.

- **COVID-19 -** The outbreak of the novel coronavirus ("COVID-19") in December 2019 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 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. As of June 30, 2022, the Company was to be required to spend approximately $nil to be spent by December 31, 2022 in connection with its flow-through offerings (December 31, 2021 - $897,000).

## 4. CASH AND CASH EQUIVALENTS

The balance at June 30, 2022 consists of cash on deposit with major Canadian banks in interest bearing accounts totaling $4,739,864 (December 31, 2021 - $9,860,732) and guaranteed investment certificates with major Canadian banks of $100,000 (December 31, 2021 - $2,711,158) for total cash and cash equivalents of $4,839,864 (December 31, 2021 - $12,571,890).

During the six month period ended June 30, 2022, the Company recognized interest income related to the various investments of $585 (2021 - $52,344).

**(Expressed in Canadian dollars)**

## 5. MARKETABLE SECURITIES

In April 2022, the Company assessed that it no longer had significant influence over TDG Gold Corp. ("TDG Gold") and stopped to account for it as an associate and changed to account for the investment at fair value through profit or loss. As at June 30, 2022, the Company held 11,384,219 shares of TDG Gold (December 31, 2021 – 14,230,274) with a fair market value of $2,106,081.

In April 2022, the Company sold 2,846,055 shares of TDG Gold for proceeds of $1,274,974 resulting in a realized gain on disposal of investment in associate of $1,119,286 for the three month period ended June 30, 2022.

During the three month period ended June 30, 2022, the Company recognized an unrealized gain of $1,678,575 as the market value of the shares increased following the change in accounting.

## 6. AMOUNTS RECEIVABLE

| As at, | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| HST receivable | **$** | **321,920** | $ | 416,846 |
| Other receivables | | **346,821** | | 346,500 |
| | **$** | **668,741** | $ | 763,346 |

At June 30, 2022, 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, 2022 and December 31, 2021.

### Long Term Receivable

As at June 30, 2022, the Company recognized a receivable of $319,181 (December 31, 2021 - $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, 2020 | 1,148,053 | 689,509 | 315,000 | 977,000 | 177,060 | 1,270,039 | 4,576,661 |
| Additions | 275,907 | 5,137,662 | - | 15,121 | - | 226,437 | 5,655,127 |
| Disposals | (94,608) | (13,776) | - | (50,800) | (2,500) | - | (161,684) |
| Balance at December 31, 2021 | 1,329,352 | 5,813,395 | 315,000 | 941,321 | 174,560 | 1,496,476 | 10,070,104 |
| Additions | 14,024 | 50,533 | - | - | - | - | 64,557 |
| Disposals | (77,172) | - | - | - | - | - | (77,172) |
| Balance at June 30, 2022 | 1,266,204 | 5,863,928 | 315,000 | 941,321 | 174,560 | 1,496,476 | 10,057,489 |
| **ACCUMULATED DEPRECIATION** | | | | | | | |
| Balance at December 31, 2020 | 145,411 | 56,490 | - | 68,661 | 20,501 | 230,360 | 521,423 |
| Additions | 279,452 | 76,950 | - | 86,464 | 23,725 | 339,415 | 806,006 |
| Disposals | (28,147) | (2,065) | - | (6,341) | (567) | - | (37,120) |
| Balance at December 31, 2021 | 396,716 | 131,375 | - | 148,784 | 43,659 | 569,775 | 1,290,309 |
| Additions | 184,458 | 217,791 | - | 31,030 | 11,766 | 175,828 | 620,873 |
| Disposals | - | - | - | - | - | - | - |
| Balance at June 30, 2022 | 581,174 | 349,166 | - | 179,814 | 55,425 | 745,603 | 1,911,182 |
| **NET BOOK VALUE** | | | | | | | |
| At December 31, 2021 | 932,636 | 5,682,020 | 315,000 | 792,537 | 130,901 | 926,701 | 8,779,795 |
| **At June 30, 2022** | **685,030** | **5,514,762** | **315,000** | **761,507** | **119,135** | **750,873** | **8,146,307** |

As at June 30, 2022, included under buildings is $nil (December 31, 2021 - $5,123,886) in construction in process related to construction of a camp. The camp came into use during the current period and started to be depreciated.

(Expressed in Canadian dollars)

## 8. EXPLORATION AND EVALUATION ASSETS

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

**Six month period ended June 30, 2022**

| Project | January 1, 2022 | Additions | Disposals | June 30, 2022 |
|---|---|---|---|---|
| **Bralorne Gold Camp** | | | | |
| Bralorne Gold Project | 15,211,923 | $ - | $ - | **$ 15,211,923** |
| 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 | 96,650 | 31,000 | - | **127,650** |
| WCGG Properties (1) | 109,338 | - | - | **109,338** |
| Golden Hornet Property | - | 45,625 | - | **45,625** |
| SC Property | 78,750 | - | - | **78,750** |
| **Ladner Gold Project** | 12,492,178 | - | - | **12,492,178** |
| | 34,820,625 | $ 76,625 | $ - | **$ 34,897,250** |

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

During the six month period ended June 30, 2022, the Company issued 125,000 shares with a value of $31,625 and made cash payments of $45,000 for property acquisitions on the Golden Hornet property.

**(Expressed in Canadian dollars)**

## 9. INVESTMENT IN ASSOCIATE

On December 11, 2020, The Company sold several properties to TDG Gold resulting in the issuance to Talisker of 18,973,699 TDG Gold Shares.

Due to these shareholdings and the director it has appointed to the board of TDG Gold, the Company determined that it had significant influence over TDG Gold and has accounted for its continuing investment as an Investment in Associate using the equity basis of accounting.

The shares are subject to release based on the following schedule:

| | Shares Released | Cumulative Released |
|---|---|---|
| April 12, 2021 | 1,897,370 | 1,897,370 |
| June 14, 2021 | 2,846,055 | 4,743,425 |
| December 14, 2021 | 2,846,055 | 7,589,480 |
| June 14, 2022 | 2,846,055 | 10,435,535 |
| December 14, 2022 | 2,846,055 | 13,281,591 |
| June 14, 2023 | 2,846,055 | 16,127,647 |
| December 14, 2023 | 2,846,051 | 18,973,699 |

Changes in the investment in associate for the six month period ended June 30, 2022 and year ended December 31, 2021 were as follows:

| | |
|---|---|
| **Balance – December 31, 2020** | **$ 4,508,688** |
| Shares sold | (1,138,422) |
| Proportionate share of net loss | (2,038,000) |
| **Balance – December 31, 2021** | **$ 1,332,266** |
| Proportionate share of net loss | (749,073) |
| Shares sold | (116 ,639) |
| Reclassification | (466,554) |
| **Balance – June 30, 2022** | **$ -** |

During April 2022, the Company determined it no longer had significant influence, as such, the investment was reclassified to marketable securities.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| **As at,** | | **June 30, 2022** | | December 31, 2021 |
|---|---|---|---|---|
| Accounts payable | **$** | **3,592,787** | $ | 2,474,255 |
| Accrued liabilities | | **2,213,099** | | 4,525,833 |
| | **$** | **5,805,886** | $ | 7,000,088 |

(Expressed in Canadian dollars)

## 11. LEASES PAYABLE

The Company has entered into equipment leases expiring between 2022 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, 2022 | December 31, 2021 |
|---|---|---|
| Not later than one year | **$ 334,155** | $ 337,063 |
| Later than one year and not later than five years | **134,553** | 300,175 |
| Less: Future interest charges | **(26,933)** | (47,714) |
| Present value of lease payments | **441,775** | 589,524 |
| Less: current portion | **(310,414)** | (301,362) |
| Non-current portion | **$ 131,361** | $ 288,162 |

Reconciliation of debt arising from lease liabilities:

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Lease liability at beginning of year | **$ 589,524** | $ 692,181 |
| Principal payments on lease liabilities | **(147,749)** | (329,094) |
| Additions to lease liabilities | **-** | 226,437 |
| | **$ 441,775** | $ 589,524 |

## 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, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | **Bralorne** | **New Carolin** | **Total** | Bralorne | New Carolin | Total |
| Balance, beginnning of period/year | **15,784,000** | **7,528,532** | **23,312,532** | 14,592,950 | - | 14,592,950 |
| Acquisition of properties | **-** | **-** | **-** | - | 220,000 | 220,000 |
| Change in estimate | **-** | **-** | **-** | 924,511 | 7,308,532 | 8,233,043 |
| Accretion | **199,054** | **90,211** | **289,265** | 266,539 | - | 266,539 |
| Balance, end of period/year | **15,983,054** | **7,618,743** | **23,601,797** | 15,784,000 | 7,528,532 | 23,312,532 |

(Expressed in Canadian dollars)

## 12. PROVISION FOR SITE RECLAMATION AND CLOSURE (continued)

The present value of the obligation for Bralorne of $15,983,054 (December 31, 2021 – $15,784,000) is based on an undiscounted obligation of $54,575,381, out of which $8,688,132 is expected to be incurred in 2027 with the remaining $45,887,249 to be incurred on water treatment and quality monitoring throughout 2126. The provision was calculated using a weighted average risk-free interest rate of 2.2% (December 31, 2021 – 2.2%) and a weighted average inflation rate of 2.25% (December 31, 2021 – 2.25%). Reclamation activities are estimated to begin in 2027 and are expected to be incurred over a period of 100 years.

The present value of the obligation for Ladner Lake of $7,618,743 (December 31, 2021 – $7,528,532). The provision was calculated using a weighted average risk-free interest rate of 2.2% and a weighted average inflation rate of 2.25%.

### 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, 2022** | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Talisker** | **Bralorne** | **New Carolin** | **Total** | Talisker | Bralorne | New Carolin | Total |
| Balance, beginnning of period/year | **58,300** | **1,190,000** | **220,000** | **1,468,300** | - | 1,190,000 | - | 1,190,000 |
| Additions | **-** | **-** | **-** | **-** | 58,300 | - | 220,000 | 278,300 |
| Disposals | **-** | **-** | **-** | **-** | - | - | - | - |
| Balance, end of period/year | **58,300** | **1,190,000** | **220,000** | **1,468,300** | 58,300 | 1,190,000 | 220,000 | 1,468,300 |

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, 2022, the surety amounted to $2,400,000 and the Company has placed $1,190,000 in cash (December 31, 2021 - $1,190,000), totalling $3,590,000 to cover estimated future costs related to the ground disturbance at the Company's Bralorne Gold Project. As at June 30, 2022 the Company is current with all its obligations with the MEM.

In connection with the Ladner Gold Project, under New Carolin, the Company has a total of $220,000 placed with the Province of British Columbia in environmental and mining bonds.

(Expressed in Canadian dollars)

## 13. ISSUED CAPITAL

**Authorized** Unlimited common shares without par value

| | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Issued capital | **$** | **93,560,331** | $ | 83,302,460 |
| Fully paid common shares [1] | | **329,838,818** | | 285,690,605 |

(1) As at June 30, 2022 and December 31, 2021, there are 250,000 shares awaiting issuance, the proceeds for which were received in 2008 and are included in share capital.

### Common Shares Issued

| | Number of Shares | | Value of Shares |
|---|---|---|---|
| Balance as at December 31, 2020 | 213,309,069 | $ | 61,393,068 |
| Issue of shares pursuant to private placement, net of issue costs | 42,566,932 | | 20,344,021 |
| Flow through premium liability | - | | (6,986,000) |
| Exercise of warrants | 4,668,481 | | 1,656,167 |
| Exercise of options | 892,383 | | 258,053 |
| Exercise of RSU's | 58,780 | | 8,229 |
| Issue of shares for acquisition of mineral properties | 5,619,170 | | 1,520,580 |
| Shares and warrants issued on corporate acquisition | 18,575,790 | | 5,108,342 |
| Balance as at December 31, 2021 | 285,690,605 | $ | 83,302,460 |
| Issue of shares pursuant to private placement, net of issue costs | 43,593,000 | | 11,742,646 |
| Flow through premium liability | - | | (1,637,000) |
| Issue of shares for acquisition of mineral properties (Note 8) | 125,000 | | 31,625 |
| Issued pursuant to agreement | 170,213 | | 40,000 |
| Exercise of RSU's | 260,000 | | 80,600 |
| Balance as at June 30, 2022 | 329,838,818 | $ | 93,560,331 |

### Financings

**For the six month period ended June 30, 2022:**

On March 2, 2022, the Company closed a bought deal private placement for gross proceeds of $12,535,515. In connection with the offering, the Company issued an aggregate of 28,000,000 common shares at a price of $0.25 for gross proceeds of $7,000,000 and 15,593,000 charity flow-through shares at a price of $0.355 for gross proceeds of $5,535,515.

In consideration for their services, the Company has paid the agents a cash commission and incurred other closing costs totalling $779,106.

**(Expressed in Canadian dollars)**

## 13. ISSUED CAPITAL (continued)

### Diluted Weighted Average Number of Shares Outstanding

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **June 30, 2022** | June 30, 2021 | **June 30, 2022** | June 30, 2021 |
| Basic weighted average shares outstanding: | **329,747,317** | 249,195,601 | **315,215,665** | 231,432,012 |
| Effect of outstanding securities | **-** | - | **-** | - |
| Diluted weighted average shares outstanding | **329,747,317** | 249,195,601 | **315,215,665** | 231,432,012 |

During the three and six month periods ended June 30, 2022 and 2021, 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.

## 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 months ended June 30, 2022**

For the six month period ended June 30, 2022, the Company recognized a $1,637,000 as a flow-through premium liability on issuance in connection with private placements closed during the six month period ended June 30, 2022. The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

During the six month period ended June 30, 2022, the Company recognized an amount of $6,986,000, 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, 2022.

**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.

**(Expressed in Canadian dollars)**

## 15. WARRANTS RESERVE

The following is a summary of changes in warrants from January 1, 2021 to June 30, 2022:

| | Number of Warrants | Weighted average exercise price per warrant | Amount |
|---|---|---|---|
| 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 | (27,837,935) | 0.62 | - |
| Exercise of broker warrants | (152,981) | 0.14 | (12,100) |
| Issue of New Carolin replacement warrants | 7,111,748 | 0.42 | 168,000 |
| Balance, December 31, 2021 | 7,722,476 | $ 0.42 | $ 4,357,200 |
| Expiry of warrants | (2,721,174) | 0.32 | - |
| Balance, June 30, 2022 | 5,001,302 | $ 0.47 | $ 4,357,200 |

As at June 30, 2022, the Company had outstanding warrants as follows:

| Expiry Date | Exercise Price | Outstanding and exercisable |
|---|---|---|
| August 27, 2022 – New Carolin replacement warrants * | $0.47 | 5,001,302 |
| **Balance, June 30, 2022** | | **5,001,302** |

* The New Carolin warrants are warrants issued as replacement warrants to New Carolin warrant holders as part of the transaction as described in Note 9. The warrants were ascribed a fair value of $168,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.43%; volatility 50%-61% and an expected life of 8-11 months.

During the six month period ended June 30, 2022, 610,728 warrants expiring February 4, 2022 and 2,110,446 warrants expiring May 8, 2022, expired unexercised.

## 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.

**(Expressed in Canadian dollars)**

## 16. SHARE-BASED PAYMENT RESERVE (continued)

The following options were outstanding as at June 30, 2022:

| 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 |
| 4,750,000 | 4,750,000 | December 27, 2019 | December 27, 2024 | $ 0.295 | 1,046,960 |
| 1,100,000 | 1,100,000 | February 14, 2020 | February 14, 2025 | $ 0.390 | 367,000 |
| 850,000 | 850,000 | August 20, 2020 | August 20, 2025 | $ 0.460 | 262,080 |
| 3,285,000 | 3,285,000 | December 11, 2020 | December 11, 2025 | $ 0.330 | 803,000 |
| 4,880,000 | 4,880,000 | December 7, 2021 | December 7, 2026 | $ 0.315 | 1,067,000 |
| 18,015,000 | 18,015,000 | | | | 3,854,040 |

The share options outstanding as at June 30, 2022 had a weighted exercise price of $0.30 (December 31, 2021: $0.31) and a weighted average remaining contractual life of 3.14 years (December 31, 2021: 3.65 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.

### Movements in Share Options During the Period

The following reconciles the share options outstanding for the six month period ended June 30, 2022 and year ended December 31, 2021:

| | Number of options | Weighted average exercise price |
|---|---|---|
| Balance as at December 31, 2020 | 15,568,750 | $ 0.31 |
| Granted | 5,000,000 | $ 0.315 |
| Exercised | (350,000) | $ 0.21 |
| Expired | (1,023,750) | $ 0.41 |
| Granted as replacement options to New Carolin holders | 976,378 | $ 0.53 |
| Replacement options exercised | (542,383) | $ 0.19 |
| Replacement options expired | (433,995) | $ 0.95 |
| Balance as at December 31, 2021 | 19,195,000 | $ 0.31 |
| Expired | (1,180,000) | $ 0.35 |
| Balance as at June 30, 2022 | 18,015,000 | $ 0.30 |

(Expressed in Canadian dollars)

## 16. SHARE-BASED PAYMENT RESERVE (continued)

### 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.

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

| | Number of RSU's | Weighted average fair value |
|---|---|---|
| Balance, December 31, 2020 | 838,780 | $ 0.33 |
| Granted | 650,000 | $ 0.31 |
| Exercised | (58,780) | $ 0.14 |
| Balance, December 31, 2021 | 1,430,000 | $ 0.32 |
| Exercised | (260,000) | $ 0.31 |
| Balance, June 30, 2022 | 1,170,000 | $ 0.32 |

**RSU liability:**

As at June 30, 2022 a liability of $117,407 (December 31, 2021 - $159,675) has been recorded for RSUs.

**(Expressed in Canadian dollars)**

## 16. SHARE-BASED PAYMENT RESERVE (continued)

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

| | | |
|---|---|---|
| Balance as at December 31, 2020 | $ | 3,422,838 |
| Share-based expense - options | | 1,093,000 |
| Exercise of stock options | | (35,000) |
| Exercise of RSU's | | (8,229) |
| Expiry of stock options | | (320,609) |
| Value of replacement options issued to New Carolin holders | | 56,000 |
| Exercise of replacement stock options | | (48,000) |
| Expiry of replacement stock options | | (8,000) |
| Balance as at December 31, 2021 | $ | 4,152,000 |
| Expiry of stock options | | (297,960) |
| Balance as at June 30, 2022 | $ | 3,854,040 |

## 17. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at June 30, 2022 and December 31, 2021 were as follows:

| | Fair value through profit of loss | Amortized cost | Other financial liabilities | Total |
|---|---|---|---|---|
| **As at June 30, 2022** | | | | |
| Cash and cash equivalents | $ - | $ 4,839,864 | $ - | $ 4,839,864 |
| Marketable securities | 2,106,080 | - | - | 2,106,080 |
| Amounts receivable | - | 346,821 | - | 346,821 |
| Reclamation deposits | - | 1,468,300 | - | 1,468,300 |
| Accounts payable and accrued liabilities | - | - | 5,805,886 | 5,805,886 |
| RSU liability | 117,407 | - | - | 117,407 |
| Leases payable | - | - | 441,775 | 441,775 |
| **As at December 31, 2021** | | | | |
| Cash and cash equivalents | $ - | $ 12,571,890 | $ - | $ 12,571,890 |
| Amounts receivable | - | 346,500 | - | 346,500 |
| Reclamation deposits | - | 1,468,300 | - | 1,468,300 |
| Accounts payable and accrued liabilities | - | - | 7,000,088 | 7,000,088 |
| RSU liability | 159,675 | - | - | 159,675 |
| Leases payable | - | - | 589,524 | 589,524 |

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

(Expressed in Canadian dollars)

## 17. FINANCIAL INSTRUMENTS (continued)

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, 2022 and 2021:

The Company incurred rent costs in the amount of $9,000 for the six month period ended June 30, 2022 (2021 - $24,000) paid to Millennial Precious Metals Corp., a company with certain common directors and officers.

The Company incurred operations costs in the amount of $56,075 for the six month period ended June 30, 2022 (2021 - $56,508) 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.

The remuneration of directors and other members of key management personnel during the six month periods ended June 30, 2022 and 2021 were as follows:

| | **June 30, 2022** | June 30, 2021 |
|---|---|---|
| Short term employee benefits, director fees | **$ 923,741** | $ 1,134,569 |
| Share based payments | **97,504** | 78,004 |
| | **$ 1,021,245** | $ 1,212,573 |

As at June 30, 2022, an amount of $211,931 (December 31, 2021 - $155,534) 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, 2022, the Company was committed to spending approximately $nil to be spent by December 31, 2022 in connection with its flow-through offerings (December 31, 2021 - $897,000). 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.

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 August 11, 2022, the Company announced that it had closed the "best efforts" private placement previously announced on July 20, 2022, August 4, 2022, and August 5, 2022, raising total gross proceeds of approximately $9.15 million. In connection with the Offering, the Company issued an aggregate of 28,398,000 units (the "**Units**") at a price of $0.16 per Unit and 25,576,000 flow-through common shares (the "**FT Shares**", and together with the Units, the "**Offered Securities**") of the Company at a price of $0.18 per FT Share.

Each Unit consisted of one common share of the Company (a "**Common Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.24 for a period of 2.5 years (30 months) from the date of issuance. The FT Shares will qualify as "flow-through shares" within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**").

An amount equal to the gross proceeds from the sale of the FT Shares will be used by the Company to incur eligible "Canadian exploration expenses" that will qualify as "flow-through mining expenditures" (as such terms are defined in the Tax Act) (the "**Qualifying Expenditures**") related to the Company's projects in Canada. The Company will renounce the Qualifying Expenditures in favour of the subscribers of the FT Shares, effective December 31, 2022. The Company will use the net proceeds from the sale of the Units for working capital and general corporate purposes.