FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

December 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Freegold Ventures Limited

Opinion

We have audited the accompanying consolidated financial statements of Freegold Ventures Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 31, 2022

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

As at December 31,

(Expressed in U.S. Dollars)

ASSETS		2021		2020
Current				
Cash and cash equivalents	**$**	**13,832,580**	$	29,652,808
Restricted cash *(Note 4)*		**165,636**		158,435
Amounts receivable		**22,710**		41,259
Prepaid expenses and deposits		**223,820**		207,870
		14,244,746		30,060,372
Exploration and Evaluation Properties *(Note 5)*		**59,591,516**		43,525,670
Property, Plant and Equipment *(Note 6 (a))*		**421,432**		346,389
Right-of-Use Asset *(Note 6 (b))*		**165,545**		34,164
	$	**74,423,239**	$	73,966,595

LIABILITIES				
Current				
Trade payables	**$**	**306,659**	$	207,688
Accrued liabilities		**39,438**		138,719
Current portion of lease liability *(Note 6 (b))*		**30,437**		37,499
Project cost advance received *(Note 4)*		**165,636**		158,435
		542,170		542,341
Non-Current				
Lease liability (*Note 6(b))*		**136,579**		-
Restoration and environmental obligations *(Note 8)*		**250,000**		250,000
		928,749		792,341
SHAREHOLDERS' EQUITY				
Share Capital *(Note 9)*		**108,591,573**		107,488,759
Reserves		**34,219,347**		32,794,806
Deficit		**(69,316,430)**		(67,109,311)
		73,494,490		73,174,254
	$	**74,423,239**	$	73,966,595

Nature and Continuance of Operations *(Note 1)* and **Subsequent Event** *(Note 14)*

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS:

"Gary Moore", Director *"David Knight"*, Director

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2021 and 2020

(Expressed in U.S. Dollars)

	Common Shares	Amount	Stock Options Reserve	Warrants Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance – December 31, 2019	**220,446,210**	**$ 86,714,664**	**$ 7,743,180**	**$ 10,365,657**	**$ (796,629)**	**$ (65,805,487)**	**$ 38,221,385**
Issuance and allotment of shares for:							
- Private placement *(Note 9a)*	79,942,700	33,731,055	-	-	-	-	33,731,055
- Value assigned to warrants *(Notes 9a and 9b)*	-	(14,409,776)	-	14,409,776	-	-	-
- Exercise of warrants *(Note 9b)*	31,485,456	5,310,441	-	(1,919,952)	-	-	3,390,489
- Exercise of options *(Note 9c)*	1,265,000	259,900	(110,192)	-	-	-	149,708
Share issuance costs – cash *(Note 9a)*	-	(2,576,755)	-	-	-	-	(2,576,755)
Share issuance costs – agents warrants *(Note 9a)*	-	(1,540,770)	-	1,540,770	-	-	-
Foreign currency translation adjustment	-	-	-	-	1,562,196	-	1,562,196
Loss for the year	-	-	-	-	-	(1,303,824)	(1,303,824)
Balance – December 31, 2020	**333,139,366**	**107,488,759**	**7,632,988**	**24,396,251**	**765,567**	**(67,109,311)**	**73,174,254**
Issuance and allotment of shares for:							
- Exercise of warrants *(Note 9b)*	400,000	46,898	-	(9,984)	-	-	36,914
- Exercise of options *(Note 9c)*	3,960,000	1,055,916	(459,790)	-	-	-	596,126
Share-based payments *(Note 9c)*	-	-	1,573,915	-	-	-	1,573,915
Foreign currency translation adjustment	-	-	-	-	320,400	-	320,400
Loss for the year	-	-	-	-	-	(2,207,119)	(2,207,119)
Balance – December 31, 2021	**337,499,366**	**$ 108,591,573**	**$ 8,747,113**	**$ 24,386,267**	**$ 1,085,967**	**$ (69,316,430)**	**$ 73,494,490**

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the Years Ended December 31,

(Expressed in U.S. Dollars)

		2021		2020
General and Administrative Expenses				
Accretion *(Notes 6(b) & 8)*	**$**	**5,806**	$	13,298
Consulting fees *(Note 7)*		**28,003**		21,856
Depreciation *(Notes 6(a) & 6(b))*		**63,548**		55,644
Office and miscellaneous		**72,342**		44,209
Professional fees (*Note 7)*		**144,332**		117,048
Promotion and shareholder relations		**36,086**		27,848
Rent and utilities		**6,803**		2,333
Transfer, filing and other fees		**185,135**		81,058
Travel and transportation		**555**		7,697
Share-based payments *(Notes 7 and 9(c))*		**1,537,440**		-
Wages, salaries and benefits *(Note 7)*		**234,310**		145,571
Total General and Administrative Expenses		**(2,314,360)**		(516,562)
Foreign exchange loss, net		**(268,500)**		(838,634)
Gain on forgiveness of debt		**67,758**		-
Interest and bank charges		**(6,508)**		(3,970)
Interest income		**87,803**		36,387
Management fee revenue (*Note 5 (b))*		**226,688**		18,955
		107,241		(787,262)
Net Loss for the Year	**$**	**(2,207,119)**	$	(1,303,824)
Loss per Share – Basic and Diluted	**$**	**(0.01)**	$	(0.00)
Weighted Average Number of Shares Outstanding – Basic and Diluted		**335,439,107**		265,001,080
Comprehensive Income (Loss)				
Net loss for the year	**$**	**(2,207,119)**	$	(1,303,824)
Foreign currency translation adjustment		**320,400**		1,562,196
Total Comprehensive Income (Loss) for the Year	**$**	**(1,886,719)**	$	258,372

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31,

(Expressed in U.S. Dollars)

Cash Resources Provided By (Used In)	2021	2020
Operating Activities		
Loss for the year	$ (2,207,119)	$ (1,303,824)
Items not affecting cash:		
Depreciation	63,548	55,644
Accretion	5,806	13,298
Gain on forgiveness of debt	(67,758)	-
Share-based payments	1,537,440	-
Net changes in non-cash working capital components:		
Amounts receivable	18,726	(19,467)
Prepaid expenses and deposits	(15,891)	(186,269)
Trade payables	12,175	69,017
Accrued liabilities	6,066	6,188
Due to related parties	-	(654,554)
	(647,007)	(2,019,967)
Investing Activities		
Exploration and evaluation property acquisition costs	(1,635,291)	(1,514,678)
Exploration and evaluation property exploration costs	(16,722,606)	(4,415,920)
Exploration and evaluation property exploration cost recovery	2,493,570	212,715
Purchase of equipment	(95,612)	-
	(15,959,939)	(5,717,883)
Financing Activities		
Share capital issued	633,040	37,271,252
Share issuance costs	(105,488)	(2,471,267)
Repayment of lease liability	(50,649)	(52,474)
Restricted cash	(7,201)	(86,485)
	469,702	34,661,026
Effect of Foreign Currency on Cash and Cash Equivalents	317,016	1,561,543
Net (Decrease) Increase in Cash and Cash Equivalents	(15,820,228)	28,484,719
Cash and Cash Equivalents - Beginning of Year	29,652,808	1,168,089
Cash and Cash Equivalents - End of Year	$ 13,832,580	$ 29,652,808
Interest received	$ 87,803	$ 29,623
Income taxes paid	$ -	$ -
Supplemental Disclosure of Non-Cash Items		
Exploration expenditures included in trade payables	$ 196,176	$ 38,330
Fair value of agent's warrants	$ -	$ 1,540,770
Recognition of right-of-use asset	$ 174,360	$
Share issuance costs included in accrued liabilities	$ -	$ 105,488
Share-based payments included in exploration and evaluation properties	$ 36,475	$ -

-See Accompanying Notes-

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious and base metal properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring mineral properties is dependent upon future profitable production or selling the property.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company's consolidated financial statements as at December 31, 2021 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a comprehensive loss of $1,886,719 for the year ended December 31, 2021 (December 31, 2020 – comprehensive income $258,372) and had working capital of $13,702,576 at December 31, 2021 (December 31, 2020 – $29,518,031).

The Company had cash and cash equivalents of $13,832,580 at December 31, 2021 (December 31, 2020 - $29,652,808), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. However, management believes it has sufficient working capital to continue operations for the next 12 months. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

a) **Consolidation**

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., McGrath Gold Inc. and Dolphin Gold Inc. (inactive). Alaska Mining & Development Co., Inc. was acquired on September 30, 2020 and dissolved on December 31, 2020. All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company transactions and balances are eliminated upon consolidation.

b) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

<u>Determination of functional currency</u>
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

<u>Going concern of operations</u>
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation
The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Business combination versus asset acquisition
Determination of whether a set of assets acquired and liabilities assumed constitute a business may required the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with Alaska Mining & Development Co., Inc. was determined to constitute an acquisition of assets (Note 5 vii).

c) **Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at December 31, 2021, the Company holds cash of $13,790,054 (December 31, 2020 - $29,610,777) and cash equivalents of $42,526 (December 31, 2020 - $42,031).

d) **Financial Instruments**

Financial instruments consist of financial assets and financial liabilities, and are initially recognized at fair value net of transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
b) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. The Company's cash and cash equivalents, restricted cash and amounts receivable are recorded at amortized cost.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of Financial Assets

An expected credit loss (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. The Company's financial assets, measured at amortized cost and subject to the ECL model, include cash and cash equivalents, and amounts receivable.

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs.

The Company's trade payables, accrued liabilities, lease liability and project cost advance received are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

e) **Exploration and Evaluation Properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

f) **Impairment**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

g) **Restoration and Environmental Obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

h) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates:

Automotive	30%
Computer equipment	30%
Exploration office	4%
Land	N/A
Office equipment	20%
Exploration office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

i) **Share Capital**

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve.

j) **Share-Based Payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods using graded vesting. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options, as determined using the Black-Scholes option pricing model which incorporates all market vesting conditions, is expensed. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

k) **Earnings (loss) per Share**

Basic earnings (loss) per share ("EPS") is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting year.

In a year where the Company reports a net loss, the effect of outstanding stock options and warrants would be considered anti-dilutive. For the periods presented, the calculations proved to be anti-dilutive.

l) **Income Taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

m) **Foreign Currency Translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in the consolidated statement of loss and comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, the Company's financial statements are translated into the presentation currency, being the U.S. dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in comprehensive income (loss) as a separate component of equity.

n) **Leases**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of income (loss) and comprehensive loss on a straight-line basis over the lease term.

The right-of-use asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of income (loss) and comprehensive income (loss).

o) **Future Changes in Accounting Policies**

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2021 reporting period. These standards have been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on March 31, 2022.

4. Restricted Cash

Restricted cash consists of an advance from an earn-in partner who has forwarded funds to the Company for use on a specific property.

(Expressed in U.S. Dollars)

5. Exploration and Evaluation Properties

		Golden Summit Property		Shorty Creek Property		Total
Acquisition costs						
Balance, December 31, 2019	$	3,222,819	$	198,546	$	3,421,365
Additions		1,514,678		-		1,514,678
Balance, December 31, 2020	$	4,737,497	$	198,546	$	4,936,043
Exploration and evaluation costs						
Balance, December 31, 2019	$	28,941,211	$	5,504,527	$	34,445,738
Assaying		184,894		16,952		201,846
Camp costs		426,304		-		426,304
Drilling		2,255,098		-		2,255,098
Engineering and consulting		184,645		15,049		199,694
Environmental studies		18,931		-		18,931
Geological and field expenses		419,776		48,025		467,801
Land maintenance and tenure		72,567		122,438		195,005
Legal		122,252		-		122,252
Metallurgical studies		-		12,310		12,310
Overhead cost		-		19,336		19,336
Personnel		364,954		43,607		408,561
Travel		24,926		4,540		29,466
Total incurred during the year ended December 31, 2020	$	4,074,347	$	282,257	$	4,356,604
Less:						
Expenditure recovery		-		(212,715)		(212,715)
Balance, December 31, 2020	$	33,015,558	$	5,574,069	$	38,589,627
Total	**$**	**37,753,055**	**$**	**5,772,615**	**$**	**43,525,670**

(Expressed in U.S. Dollars)

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2020	$ 4,737,497	$ 198,546	$ 4,936,043
Additions	1,635,291	-	1,635,291
Balance, December 31, 2021	$ 6,372,788	$ 198,546	$ 6,571,334
Exploration and evaluation costs			
Balance, December 31, 2020	$ 33,015,558	$ 5,574,069	$ 38,589,627
Assaying	1,067,978	79,437	1,147,415
Camp costs	1,487,281	293,897	1,781,178
Drilling	9,264,252	908,983	10,173,235
Engineering and consulting	260,713	185,575	446,288
Environmental studies	100,411	-	100,411
Geological and field expenses	316,810	117,999	434,809
Helicopter support	-	536,914	536,914
Land maintenance and tenure	80,302	114,847	195,149
Legal	98,226	-	98,226
Overhead cost	-	226,688	226,688
Personnel	1,637,061	50,093	1,687,154
Travel	57,100	39,558	96,658
Total incurred during the year ended December 31, 2021	$ 14,370,134	$ 2,553,991	$ 16,924,125
Less:			
Expenditure recovery	-	(2,493,570)	(2,493,570)
Balance, December 31, 2021	$ 47,385,692	$ 5,634,490	$ 53,020,182
Total	**$ 53,758,480**	**$ 5,833,036**	**$ 59,591,516**

(Expressed in U.S. Dollars)

a) **Golden Summit Property, Alaska, USA**

By various agreements dated from December 1, 1992 to May 9, 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property. In the deed conveying its remaining interest, FEI reserved a 7% working interest which is held in trust for FEI by the Company. The property is controlled by the Company through long-term lease agreements or outright claim ownership.

The Company will fund 100% of the costs until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR"), unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

(i) **Keystone Claims**

By an agreement dated May 17, 1992, the Company entered into a lease with Keystone Mines Partnership ("Keystone") whereby the Company agreed to make advance royalty payments of US$15,000 per year. In May 2000, the agreement was renegotiated and on October 15, 2000, a US$50,000 signing bonus was paid. On November 30, 2001, the Company restructured the advance royalty payments as follows:

1992 – 1998 ($15,000 per year)	$	105,000		(paid)
2000	$	50,000		($25,000 paid in cash and $25,000 with 9,816 treasury shares issued)
2001 - 2006 ($50,000 per year)	$	300,000		(paid)
2007	$	150,000		(paid)
2008	$	150,000		(paid)
2009	$	150,000		(paid)
2010	$	150,000		(paid)
2011	$	150,000		(paid)
2012	$	150,000		(paid)
2013	$	150,000		(paid)
2014	$	112,500		(paid)
2014	$	37,500		(paid)
2015	$	75,000		(paid)
2015	$	75,000	*	(paid)
2016	$	150,000	**	(paid $75,000)
2017	$	150,000	**	(paid $75,000)
2018	$	150,000	***	(paid $15,000)
2019	$	150,000	***	(paid $15,000)
2020	$	150,000	***	(paid $15,000 and $180,000)
2021	$	75,000	***	(paid $75,000)

The property is subject to a 3% NSR.

In 2011, the Company negotiated an extension of the lease. As long as there is either permitting, development mining or processing being conducted on a continuous basis or advance royalties being paid, the lease shall be renewable for successive 10 year terms.

* $75,000 was paid during the year ended December 31, 2016.

** On December 8, 2015, the Company renegotiated the lease to reduce the annual royalty payments to $75,000 payable in two equal installments on August 1 and November 1, until such time as the price of gold averages $1,400 per ounce for a period of 3 months, at which time the original agreement will be re-instated. In addition, the Company will undertake $75,000 in annual exploration expenditures as consideration for the reduced payments, until such time as the advance royalty payments are resumed at $150,000 per year.

*** In 2018, the Company negotiated a reduction of payment to $15,000. Pursuant to a forbearance agreement in March 2019, the Company renegotiated the lease to decrease the annual royalty payments of $75,000 to $15,000, payable on August 1 for 2019 and 2020. On November 3, 2020, the Company further renegotiated the lease to reduce the annual royalty payments from $150,000 per annum to $75,000 beginning in 2021. As consideration, the Company made a good faith lump sum payment of $180,000.

(ii) **Newsboy Claims**

By lease agreement dated February 28, 1986 and amended March 26, 1996, the Company assumed the obligation to make advance royalty payments of $2,500 per year until 1996 (paid) and $5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions.

On October 12, 2012, the Company amended the lease agreement and the lease term was extended for an additional 5 years from March 1, 2011 to February 29, 2016. The minimum royalty payable under the amended lease was $12,000 per year for the term of the lease. The Company amended the lease agreement whereby the $12,000 due on February 29, 2016 was deferred to May 31, 2016 (paid), and the lease term was extended for an additional 5-year term from March 1, 2016 to February 28, 2021. The lease payments are $12,000 for 2017 (paid), $12,000 for 2018 (paid), $5,000 for 2019 (paid), $5,000 for 2020 (paid) and $5,000 (paid) for 2021. As consideration, the Company had agreed to a one-time payment of $50,000 (the “Signing Bonus”) due on or before February 28, 2017. The Company renegotiated the agreement to defer payments of the Signing Bonus to two installments of $25,000 due on February 28, 2017 ($25,000 paid) and $25,000 due on February 28, 2018 ($25,000 paid).

On February 22, 2022, the Company amended the lease agreement and the lease term was extended for an additional 5 years from March 1, 2022 to February 28, 2027. The minimum royalty payable under the amended lease will be $12,000 per year for the term of the lease.

The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US$1,000,000 less all advance royalty payments completed to date.

(iii) **Tolovana Claims**

In May 2004, the Company entered into an agreement with a third party (the “Seller”) whereby the Seller transferred 100% of the rights via a Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller’s obligations under the lease, which include making annual payments of $1,000 per month for the first 23 months, increasing to $1,250 per month for the 24th to the 48th months, and $1,500 per month after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a cash payment to the Seller of $7,500 on signing, and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property, if the resource was established in 5 years or less from the date of the agreement. No resource was calculated during the prescribed timeframe; therefore, these shares were not issued to the Seller.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below $300 per ounce, 2.0% NSR in the event the price of gold is between $300 to $400, and 3.0% NSR in the event that the price of gold is above $400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property claims and NSR for $1,000,000 less any amounts paid.

(Expressed in U.S. Dollars)

(iv) **Green Claims**

On December 16, 2010, the Company entered into a 20-year lease agreement with Christina Mining Company, LLC ("Christina Mining") to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	Cumulative Exploration Expenditures
December 1, 2010	$100,000 (paid)	-
December 1, 2011	$100,000 (paid)	$250,000 (incurred)
December 1, 2012	$100,000 (paid)	$500,000 (incurred)
December 1, 2013	$100,000 (paid)	$750,000 (incurred)
December 1, 2014	$50,000 (paid)	$1,000,000 (incurred)
December 1, 2014	$50,000 (paid)	-
December 1, 2015	$50,000 * (paid)	-
December 1, 2016	$50,000 ** (paid)	-
December 1, 2017	$50,000 ** (paid)	-
December 1, 2018	$50,000*** (paid)	-
December 1, 2019	$50,000*** (paid)	-
December 1, 2020	$200,000 *** (paid)	-
December 1, 2021	$200,000 *** (paid)	-
December 1, 2022 to 2028	$200,000 per year	-
December 1, 2029	$250,000 per year	-
Total	$2,800,000	

*In December 2015, an amendment was negotiated to reduce the annual advance royalty for 2015 to $50,000, with the payment deferred until March 31, 2016.

** In 2016, the Company renegotiated the lease to reduce the annual royalty payments to $50,000 until such time as the price of gold averages $1,400 per ounce for a period of 3 months at which time the original agreement will be re-instated. In addition, the Company guaranteed to pay the 2017 and 2018 land maintenance costs as consideration for the reduced payments or until such time as the advance royalty payments are resumed pursuant to the original agreement.

*** The Company amended the lease to waive the 2018 and 2019 advance royalty payments however, in May 2021 the Company agreed to pay $50,000 as full consideration for the 2018 advance royalty and $50,000 for the 2019 advance royalty. The Company further agreed to pay an additional $100,000 so the advance royalty payment would increase to $200,000 after 10 years.

(Expressed in U.S. Dollars)

(v) **Chatham Claims**

On July 11, 2011, the Company entered into a 4-year lease agreement to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims were subject to a 2% NSR. The Company was required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	$20,000 (paid)	-
July 11, 2012	$30,000 (paid)	$50,000 (incurred)
July 11, 2013	$40,000 (paid)	$50,000 (incurred)
July 11, 2014	$50,000 (paid)	$50,000 (waived)
July 11, 2015	-	$50,000 (waived)
Total	$140,000	$200,000

On July 11, 2015, the Company renegotiated and extended the lease agreement for an additional 4 years. The Company is now required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
September 30, 2016	$25,000 (paid)	$20,000 (incurred)
September 30, 2017	$50,000 (paid)	$20,000 (incurred)
September 30, 2018	$50,000* (paid $15,000)	$20,000*
September 30, 2019	$50,000* (paid $15,000)	$20,000*
Total	$175,000	$80,000

*A payment of $15,000 was made in 2018 and, on March 27, 2019, the Company renegotiated and extended the lease agreement for an additional 2 years. The Company is now required to make annual cash payments as follows:

	Payments
September 30, 2019	$15,000 (paid)
September 30, 2020	$35,000 (paid)
September 30, 2021	$35,000 (paid)
Total	$85,000

The Company has the option to purchase the property for $750,000 less the annual payments made under the amended lease agreements. On June 29, 2021, the Company agreed to purchase the property for $610,000 ($750,000 less $140,000 annual payments made under the amended lease agreement). On July 7, 2021, a $200,000 deposit was made and on November 12, 2021 the balance of $410,000 was paid. As consideration for the early exercise of the option, the seller agreed to reduce the NSR to 1.75% of returns from the production or sale of minerals from Parcel II only of the Property.

(Expressed in U.S. Dollars)

(vi) **Alaska Mental Health Trust Property**

By lease agreement effective June 1, 2012, the Company entered into a mining lease to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property is controlled by the Company through a 3-year lease agreement and may be extended for two extensions of 3 years. On February 1, 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. On June 1, 2015, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 1,576 acres. On June 1, 2018, the Company entered into an agreement to amend the terms of the lease to reflect a decrease in the size of the lease to 1,030 acres. On June 1, 2020, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 1,576 acres. On June 1, 2021, the Company entered into an agreement to extend the term of the 403 acre amendment and the 627 acre amendment for an additional 3-year term to May 31, 2024. On January 1, 2022, the Company entered into an agreement to acquire an additional 1,818 acres through a 3-year lease agreement that may be extended for two extensions of 3 years. As a result, the work commitment schedule and annual cash payments have been modified. The Company is required to make annual cash payments and exploration expenditures as follows:

For the amendment to 403 acres:

	Payments	Exploration Expenditures
Execution of agreement	$25,000 (paid)	-
Year 1 (2012)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 2 (2013)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 3 (2014)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 4 (2015)	$10 per acre per year (paid)	$235 per acre per year (incurred)
Year 5 (2016)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 6 (2017)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 7 (2018)	$20 per acre per year (paid)	$355 per acre per year (incurred)
Year 8 (2019)	$20 per acre per year (paid in 2020)	$355 per acre per year (incurred)
Year 9 (2020)	$20 per acre per year (paid)	$355 per acre per year (incurred)
Year 10 (2021)	$25 per acre per year (paid)	$355 per acre per year (incurred)
Year 11 (2022)	$25 per acre per year	$355 per acre per year
Year 12 (2023)	$25 per acre per year	$355 per acre per year
Year 13 (2024)	$25 per acre per year	$355 per acre per year

(Expressed in U.S. Dollars)

For the amendment for an additional 627 acres:

	Payments	Exploration Expenditures
Year 1 (2015)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 2 (2016)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 3 (2017)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 4 (2018)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 5 (2019)	$15 per acre per year (paid in 2020)	$235 per acre per year (incurred)
Year 6 (2020)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 7 (2021)	$18.75 per acre per year (paid)	$235 per acre per year (incurred)
Year 8 (2022)	$18.75 per acre per year	$355 per acre per year
Year 9 (2023)	$18.75 per acre per year	$355 per acre per year
Year 10 (2024)	$18.75 per acre per year	$355 per acre per year

For the amendment for an additional 546 acres:

	Payments	Exploration Expenditures
Year 1 (2020)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 2 (2021)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 3 (2022)	$10 per acre per year	$125 per acre per year
Year 4 (2023)	$15 per acre per year	$235 per acre per year
Year 5 (2024)	$15 per acre per year	$235 per acre per year
Year 6 (2025)	$15 per acre per year	$235 per acre per year
Year 7 (2026)	$20 per acre per year	$355 per acre per year
Year 8 (2027)	$20 per acre per year	$355 per acre per year
Year 9 (2028)	$20 per acre per year	$355 per acre per year

(Expressed in U.S. Dollars)

For the January 1, 2022 agreement for an additional 1,818 acres:

	Payments	Exploration Expenditures
Year 1 (2022)	$10 per acre per year	$125 per acre per year
Year 2 (2023)	$10 per acre per year	$125 per acre per year
Year 3 (2024)	$10 per acre per year	$125 per acre per year
Year 4 (2025)	$15 per acre per year	$250 per acre per year
Year 5 (2026)	$15 per acre per year	$250 per acre per year
Year 6 (2027)	$15 per acre per year	$250 per acre per year
Year 7 (2028)	$20 per acre per year	$375 per acre per year
Year 8 (2029)	$20 per acre per year	$375 per acre per year
Year 9 (2030)	$20 per acre per year	$375 per acre per year

The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
$500 or below	1.0%
$500.01 - $700.00	2.0%
$700.01 - $900.00	3.0%
$900.01 - $1,200.00	3.5%
above $1,200.00	4.5%

(vii) **Alaska Mining and Development Property**

By agreement effective September 9, 2020, the Company completed the acquisition of Alaska Mining & Development Co., Inc. (“Alaska Mining”), by purchasing all the issued and outstanding shares of Alaska Mining in exchange for cash consideration of $1,100,000 (the “Acquisition”). Alaska Mining owned certain mineral claims in the Fairbanks Mining District of Alaska.

The Company determined that Alaska Mining did not qualify as a business at the time of Acquisition; therefore, the transaction was considered an acquisition of the net assets of Alaska Mining and accounted for using the acquisition method, whereby the purchase consideration was allocated to the estimated fair value of the identifiable assets acquired at the date of the Acquisition. The purchase price was allocated to the net asset acquired in the Acquisition as follows:

<u>Fair value of consideration paid:</u>	
Cash	$1,100,000
<u>Net asset acquired:</u>	
Exploration and evaluation properties	$1,100,000

(viii) **Discovery Claims**

By agreement effective June 23, 2021, the Company purchased certain mineral claims in the Fairbanks Mining District of Alaska for cash consideration of $500,000.

b) **Shorty Creek Property, Alaska, USA**

By agreement dated July 17, 2014, the Company entered into a renewable 10-year lease agreement to acquire certain mineral claims located 100 km northwest of Fairbanks, Alaska known as the Shorty Creek Property. On August 8, 2014, the Company issued 750,000 common shares as consideration. The vendor will retain a 2% NSR and is responsible for the annual State of Alaska rents for the first 5 years after which the Company will be responsible. In 2014 and 2016, additional claims were staked within and outside the area of interest and the Company will be responsible for these annual State of Alaska rents.

On March 5, 2019, the Company entered into an agreement (the “SC Option Agreement”) with a wholly-owned subsidiary of South32 Limited (“South32”) whereby South32 has the option to earn a 70% interest in the Shorty Creek Property. To maintain the option in good standing under the SC Option Agreement, South32 is required to contribute minimum exploration funding of $10 million over a 4-year option period with minimum exploration expenditures of $2 million in Years 1 and 2, and $3 million in Years 3 and 4 for an aggregate of $10 million. The first year expenditure of a minimum of $2 million was completed.

On November 2, 2020, the Company and South32 entered into an amendment to the SC Option Agreement (the “Amending Agreement”) to modify and defer South 32’s funding obligations for Years 2, 3 and 4 in light of safety concerns presented by the COVID-19 pandemic. Pursuant to the Amending Agreement, Year 2, which was originally to have expired on January 31, 2021, was divided into two parts: Year 2, Part 1, which expires on March 31, 2021 and Year 2, Part 2, which expires on January 31, 2022. In order to maintain the option in good standing, South32 must contribute minimum exploration funding of $300,000 in Year 2, Part 1 (received) and an additional $2 million in Year 2, Part 2 (completed). The Year 3 and Year 4 expiry dates have been deferred for one year and now expire on January 31, 2023 and January 31, 2024, respectively.

Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing $30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company, the parties will contribute funding on a pro rata basis (70% and 30% to South 32 and the Company, respectively), as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the option period and will provide annual reports and budgets to a technical committee formed by the Company and South32, for the purpose of reviewing and approving each year’s program.

During the year ended December 31, 2021, management fee revenue of $226,688 (December 31, 2020 - $18,955) was earned pursuant to the 10% operator fee.

(Expressed in U.S. Dollars)

6 (a) Property, Plant and Equipment

	Automotive	Computer Equipment	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs							
Balance, December 31, 2019	$ 33,602	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 464,701
Additions	-	-	-	-	-	-	-
Balance, December 31, 2020	$ 33,602	$ 12,209	$ 6,658	$ 179,944	$ 13,396	$ 218,892	$ 464,701
Accumulated Depreciation							
Balance, December 31, 2019	$ (31,955)	$ (10,026)	$ (5,367)	$ (52,733)	$ (11,373)	$ -	$ (111,454)
Depreciation	(494)	(686)	(185)	(5,089)	(404)	-	(6,858)
Balance, December 31, 2020	$ (32,449)	$ (10,712)	$ (5,552)	$ (57,822)	$ (11,777)	$ -	$ (118,312)
Net Book Value	$ **1,153**	**$** **1,497**	**$** **1,106**	**$** **122,122**	**$** **1,619**	**$** **218,892**	**$** **346,389**

(Expressed in U.S. Dollars)

		Automotive		Computer Equipment		Office Equipment		Exploration Office		Exploration Office Equipment		Land		Total
Costs														
Balance, December 31, 2020	$	33,602	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	464,701
Additions		95,612		-		-		-		-		-		95,612
Balance, December 31, 2021	$	129,214	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	560,313
Accumulated Depreciation														
Balance, December 31, 2020	$	(32,449)	$	(10,712)	$	(5,552)	$	(57,822)	$	(11,777)	$	-	$	(118,312)
Depreciation		(14,688)		(514)		(158)		(4,885)		(324)		-		(20,569)
Balance, December 31, 2021	$	(47,137)	$	(11,226)	$	(5,710)	$	(62,707)	$	(12,101)	$	-	$	(138,881)
Net Book Value	**$**	**82,077**	**$**	**983**	**$**	**948**	**$**	**117,237**	**$**	**1,295**	**$**	**218,892**	**$**	**421,432**

(Expressed in U.S. Dollars)

6 (b) Right-of-Use Asset and Lease Liability

The Company has an office lease for its head office in Vancouver, BC, with a lease term to September 30, 2021. On September 21, 2021, the Company renewed the office lease for an additional five-year term and recognized a right-of-use asset of $174,360 and a lease liability of $174,360 until September 30, 2026.

The continuity of the right-of-use asset for the years ended December 31, 2021 and 2020 is as follows:

	Right-of-Use Asset
January 1, 2020	$ 82,293
Amortization	(48,129)
December 31, 2020	$ 34,164
Additions	174,360
Amortization	(42,979)
December 31, 2021	$165,545

The continuity of the lease liability for the years ended December 31, 2021 and 2022 is as follows:

	Lease Liability
January 1, 2020	$ 86,865
Lease payments	(52,474)
Accretion expense	3,108
December 31, 2020	$ 37,499
Additions	174,360
Lease payments	(50,649)
Accretion expense	5,806
	$ 167,016
Less: Current portion of lease liability	(30,437)
Long-term portion of lease liability – December 31, 2021	$ 136,579

Future minimum lease payments are as follows:

		December 31, 2021
Less than 1 year	$	36,874
1 to 5 years		148,053
Total	$	184,927

(Expressed in U.S. Dollars)

Short-term leases are leases with a lease term of twelve months or less. As at December 31, 2021, the Company did not have any short-term leases. As at December 31, 2021, the Company has a low value photocopier lease with rent expense of $1,847 (2020 - $1,493) included in office and miscellaneous.

The right-of-use asset and corresponding lease liability were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 4.25% per annum.

7. Related Party Balances and Transactions

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of directors and officers of the Company, and any companies controlled by these parties.

A summary of key management compensation is as follows:

		December 31, 2021		December 31, 2020
Professional fees – Chief Financial Officer	**$**	**67,788**	$	59,635
Consulting fees– Corporate Secretary		**23,925**		19,381
Wages, salaries and benefits – President and Vice President*		**440,294**		314,946
Total	**$**	**532,007**	$	393,962

*During the year ended December 31, 2021, $299,067 (2020 – $218,040) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

The Company incurred $11,803 (2020 - $22,959) in legal costs and $Nil (2020 – $133,582) in share issue costs with WeirFoulds LLP, a legal firm of which a Director of the Company was a partner.

The Company granted 4,095,000 (2020 – Nil) stock options to officers and directors for a share-based payment cost of $1,493,664 (2020 - $Nil).

8. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and land rehabilitation costs for the Golden Summit Property *(Note 5a)*. As at December 31, 2021, the present value of the estimated obligations relating to properties is $250,000 (2020 – $250,000) using a discount rate of 2.47% (2020 – 4.25%) and an inflation rate of 7.0% (2020 – none).

The undiscounted reclamation and closure cost obligation at December 31, 2021 is $250,000 (2020 – $250,000). The impacts of inflation and discounting on the obligation and accretion are immaterial.

(Expressed in U.S. Dollars)

Movements in the reclamation and closure cost balance during the year are as follows:

		December 31, 2021		December 31, 2020
Balance, beginning of year	**$**	**250,000**	$	239,808
Accretion		**-**		10,192
Balance, end of year	**$**	**250,000**	$	250,000

9. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At December 31, 2021, the Company had 337,499,366 common shares outstanding (December 31, 2020 – 333,139,366).

a) Share Issuances and Other

On May 26, 2020, the Company closed a brokered private placement of 20,895,674 Units (“First Tranche Units”) at a price of Cdn$0.17 per First Tranche Unit for gross proceeds of Cdn$3,552,265 ($2,647,980) and 8,516,326 subscription receipts (the “First Tranche Subscription Receipts”) at a price of $0.17 per First Tranche Subscription Receipt for gross proceeds of Cdn$1,447,775 ($1,079,221). Paradigm Capital Inc. (“Paradigm”) acted as sole agent on the private placement. Each First Tranche Unit consists of one common share (each a “Common Share”) and one-half of one common share purchase warrant (each whole warrant a “First Tranche Warrant”). Each First Tranche Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.28 until May 26, 2022. Each First Tranche Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration, one Unit *(Note 9b)*.

The Company granted Paradigm 1,462,697 agent warrants relating to the 20,895,674 private placement of First Tranche Units and 596,143 agent warrants relating to the placement of 8,516,326 First Tranche Subscription Receipts. Each agent warrant entitles Paradigm to acquire one Common Share at a price of Cdn$0.225 until May 26, 2022. The Company incurred share issue costs associated with this financing of $1,189,770 of which $500,185 were commissions and related expenses and $689,585 was the value attributable to the agent warrants *(Note 9b)*.

On June 2, 2020, the Company closed a brokered private placement of 19,167,000 subscription receipts (“Second Tranche Subscription Receipts”) at a price of Cdn$0.30 for gross proceeds of Cdn$5,750,100 ($4,286,321). Paradigm acted as sole agent on the placement. Each Second Tranche Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration, one Unit (a “Second Tranche Unit”). Each Second Tranche Unit will consist of one Common Share and one-half of one common share purchase warrant (each whole warrant a “Second Tranche Warrant”). Each Second Tranche Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.45 until June 2, 2022 *(Note 9b)*.

The Company granted Paradigm 1,341,690 agent warrants relating to the 19,167,000 Second Tranche Subscription Receipts. Each agent warrant entitles the agent to acquire one Common Share at a price of Cdn$0.30 until June 2, 2022. The Company incurred share issue costs associated with this financing of $853,069, of which $374,271 were commissions and related expenses and $478,798 was the value attributable to the agent warrants *(Note 9b)*.

(Expressed in U.S. Dollars)

On July 29, 2020, the Company closed a brokered private placement of 31,363,700 subscription receipts ("Third Tranche Subscription Receipts") at a price of Cdn$1.10 for gross proceeds of Cdn$34,500,070 ($25,717,533). Paradigm acted as sole agent on the placement. Each Third Tranche Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration, one Unit (a Third Tranche Unit"). Each Third Tranche Unit will consist of one Common Share and one-half of one common share purchase warrant (each whole warrant a "Third Tranche Warrant"). Each Third Tranche Warrant will entitle the holder thereof to purchase one Common Share at a price of $1.65 until July 29, 2022 *(Note 9b)*.

The Company granted Paradigm 395,454 agent warrants relating to the Third Tranche Subscription Receipts. Each agent warrant entitles the agent to acquire one Common Share at a price of Cdn$1.34 until July 29, 2022. The Company incurred share issue costs associated with this financing of $2,074,686 of which $1,702,299 were commissions and related expenses and $372,387 was the value attributable to the agent warrants *(Note 9b)*.

The exchange of the First Tranche Subscription Receipts, Second Tranche Subscription Receipts and Third Tranche Subscription Receipts (collectively the "Subscription Receipts") for Units was approved by Freegold shareholders on September 15, 2020.

b) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price (Cdn$)	Number of warrants	Weighted average exercise price (Cdn$)
Outstanding, beginning of the year	56,736,460	0.64	44,454,582	0.11
Granted	-	0.28	14,706,000	0.28
Granted	-	0.225	2,058,840	0.225
Granted	-	0.45	9,583,500	0.45
Granted	-	0.30	1,341,690	0.30
Granted	-	1.65	15,681,850	1.65
Granted	-	1.34	395,454	1.34
Exercised	-	0.15	(12,521,300)	0.15
Exercised	-	0.10	(1,252,130)	0.10
Exercised	(400,000)	0.12	(14,535,000)	0.12
Exercised	-	0.081	(224,000)	0.081
Exercised	-	0.28	(1,631,626)	0.28
Exercised	-	0.225	(1,000,000)	0.225
Exercised	-	0.45	(321,400)	0.45
Outstanding, end of the year	56,336,460	0.64	56,736,460	0.64

(Expressed in U.S. Dollars)

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2021:

	Number	Price per Share (Cdn$)	Expiry Date	
	15,522,152	0.081	September 5, 2022	(vii)
	13,074,374	0.28	May 26, 2022	(i)
	1,058,840	0.225	May 26, 2022	(ii)
	9,262,100	0.45	June 2, 2022	(iii)
	1,341,690	0.30	June 2, 2022	(iv)
	15,681,850	1.65	July 29, 2022	(v)
	395,454	1.34	July 29, 2022	(vi)
Total	56,336,460			

(i) During the year ended December 31, 2020, 14,706,000 share purchase warrants having a relative fair value of $1,666,857 were issued relating to the May 26, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.28 per share exercisable until May 26, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.28%, a dividend yield of 0% and historical volatility of 155% *(Note 9a)*.

(ii) During the year ended December 31, 2020, 2,058,840 agent warrants having a fair value of $689,585 were issued relating to the May 26, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.225 per share exercisable until May 26, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.28%, a dividend yield of 0% and historical volatility of 155% *(Note 9a)*.

(iii) During the year ended December 31, 2020, 9,583,500 share purchase warrants having a relative fair value of $1,856,154 were issued relating to the June 2, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.45 per share exercisable until June 2, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.26%, a dividend yield of 0% and historical volatility of 155% *(Note 9a)*.

(iv) During the year ended December 31, 2020, 1,341,690 agent warrants having a fair value of $478,798 were issued relating to the June 2, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.30 per share exercisable until June 2, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.26%, a dividend yield of 0% and historical volatility of 155% *(Note 9a)*.

(v) During the year ended December 31, 2020, 15,681,850 share purchase warrants having a relative fair value of $10,886,765 were issued relating to the July 29, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$1.65 per share exercisable until July 29, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.23%, a dividend yield of 0% and historical volatility of 157% *(Note 9a)*.

(Expressed in U.S. Dollars)

(vi) During the year ended December 31, 2020, 395,454 agent warrants having a fair value of $372,387 were issued relating to the July 29, 2020 private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$1.34 per share exercisable until July 29, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.23%, a dividend yield of 0% and historical volatility of 157% *(Note 9a)*.

(vii) During the year ended December 31, 2019, 15,746,152 share purchase warrants were issued relating to a private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.081 per share exercisable until September 5, 2022.

c) **Stock Options**

The Company has established a stock option plan (the “Stock Option Plan”) whereby the Board of Directors (the “Board”), may from time to time, grant options to directors, officers, employees or consultants. At the Company’s Annual General Meeting held on June 29, 2021, shareholders re-approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a “rolling stock option plan”. Stock options may be granted under the Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant. The policies of the TSX require the approval of all unallocated options, rights or entitlements under the Stock Option Plan by the Company’s shareholders every three years with the next such renewal approval requested by shareholders on or before June 29, 2024.

A summary of the Company’s stock options at December 31, 2021 and the changes for the year are as follows:

Number Outstanding December 31, 2020	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2021	Number Exercisable December 31, 2021	Exercise Price (Cdn$)	Expiry Date
3,570,000	-	(3,570,000)	-	-	-	-	0.21	July 8, 2021
2,735,000	-	(390,000)	-	-	2,345,000	2,345,000	0.10	July 23, 2023
100,000	-	-	-	-	100,000	100,000	0.07	May 15, 2024
-	4,315,000	-	-	-	4,315,000	4,315,000	0.70	Aug. 31, 2026
6,405,000	4,315,000	(3,960,000)	-	-	6,760,000	6,760,000	0.48	

(Expressed in U.S. Dollars)

During the year ended December 31, 2021, the Company granted the following options which vested immediately:

	Exercise Price (Cdn$)	Number of options	2021 Vested Amount
Directors and Officers	0.70	4,095,000	$1,493,664*
Employees	0.70	120,000	43,776*
Consultant	0.70	100,000	36,475**
Total	0.70	4,315,000	$1,573,915

*The $1,537,440 ($0.36 per option) estimated fair value of 4,215,000 options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

**The $36,475 ($0.36 per option) estimated fair value of 100,000 options is recorded in the Company accounts as deferred exploration costs calculated on the vesting date. The offsetting entry was to the stock options reserve.

A summary of the Company's stock options at December 31, 2020 and the changes for the year are as follows:

Number Outstanding December 31, 2019	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2020	Number Exercisable December 31, 2020	Exercise Price (Cdn$)	Expiry Date
150,000	-	(150,000)	-	-	-	-	0.12	July 28, 2020
4,220,000	-	(650,000)	-	-	3,570,000	3,570,000	0.21	July 8, 2021
50,000	-	(50,000)	-	-	-	-	0.155	April 6, 2022
3,150,000	-	(415,000)	-	-	2,735,000	2,735,000	0.10	July 23, 2023
100,000	-	-	-	-	100,000	100,000	0.07	May 15, 2024
7,670,000	-	(1,265,000)	-	-	6,405,000	6,405,000	0.16	

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31, 2021	December 31, 2020
Expected dividend yield	**-**	-
Historical volatility	**124.75%**	-
Risk-free interest rate	**0.87%**	-
Expected life of options	**5.00 years**	-

(Expressed in U.S. Dollars)

10. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 27% (2020 – 27%):

		December 31, 2021		December 31, 2020
Loss before income taxes	**$**	**(2,207,119)**	$	(1,303,824)
Expected income tax (recovery)	**$**	**(596,000)**	$	(352,000)
Changes in tax rates and foreign exchange rates		**2,000**		(3,000)
Permanent differences		**418,000**		-
Share issue cost		**-**		(696,000)
Foreign exchange effect on current year provision		**(28,000)**		(156,000)
Adjustment to prior years provision versus statutory tax returns		**1,000**		(6,000)
Expiry of unused losses		**590,000**		351,000
Change in unrecognized deductible temporary differences		**(387,000)**		862,000
Total income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

		December 31, 2021		December 31, 2020
Deferred tax assets (liabilities)				
Exploration and evaluation assets	**$**	**(18,000)**	$	(17,000)
Property and equipment		**(10,000)**		(14,000)
Non-capital losses		**28,000**		31,000
Net deferred tax liability	**$**	**-**	$	-

The significant components of the Company's unrecognized deferred tax assets are as follows:

		December 31, 2021		December 31, 2020
Deferred tax assets				
Share issue costs	**$**	**444,000**	$	619,000
Asset retirement obligation		**53,000**		52,000
Non-capital losses		**6,933,000**		7,107,000
Capital losses		**23,000**		23,000
Property, plant and equipment		**97,000**		97,000
Exploration and evaluation properties		**780,000**		819,000
		8,330,000		8,717,000
Unrecognized deferred tax assets		**(8,330,000)**		(8,717,000)
Net deferred tax assets	**$**	**-**	$	-

(Expressed in U.S. Dollars)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2021	Expiry	2020	Expiry
Temporary Differences				
Share issue costs	$ 1,645,000	2042 to 2044	$ 2,292,000	2041 to 2044
Allowable capital losses	84,000	No expiry date	84,000	No expiry date
Property, plant, and equipment	358,000	No expiry date	357,000	No expiry date
Restoration and environmental Obligations	250,000	No expiry date	250,000	No expiry date
Exploration and evaluation properties	2,887,000	No expiry date	3,034,000	No expiry date
Non-capital losses	27,141,000		28,408,000	
Canada	20,556,000	2026 to 2041	19,029,000	2026 to 2040
USA	6,585,000	2022 to indefinite	9,379,000	2021 to indefinite

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Segmented Information

Details on a geographic basis as at December 31, 2021 are as follows:

		USA		**Canada**		**Total**
Revenue for the year	**$**	**-**	**$**	**226,688**	**$**	**226,688**
(Loss) for the year	**$**	**(22,435)**	**$**	**(2,184,684)**	**$**	**(2,207,119)**
Comprehensive (loss) for the year	**$**	**(22,435)**	**$**	**(1,864,284)**	**$**	**(1,886,719)**
Current assets	**$**	**437,841**	**$**	**13,806,905**	**$**	**14,244,746**
Right-of-use asset	**$**	**-**	**$**	**165,545**	**$**	**165,545**
Property, plant and equipment	**$**	**419,501**	**$**	**1,931**	**$**	**421,432**
Exploration and evaluation properties	**$**	**59,591,516**	**$**	**-**	**$**	**59,591,516**
Total assets	**$**	**60,448,858**	**$**	**13,974,381**	**$**	**74,423,239**

Details on a geographic basis as at December 31, 2020 are as follows:

		USA		Canada		Total
Revenue for the year	$	-	$	18,955	$	18,955
Income (loss) for the year	$	(18,921)	$	(1,284,903)	$	(1,303,824)
Comprehensive income (loss) for the year	$	(18,921)	$	277,293	$	258,372
Current assets	$	492,554	$	29,567,818	$	30,060,372
Right-of-use asset	$	-	$	34,164	$	34,164
Property, plant and equipment	$	343,786	$	2,603	$	346,389
Exploration and evaluation properties	$	43,525,670	$	-	$	43,525,670
Total assets	$	44,362,010	$	29,604,585	$	73,966,595

(Expressed in U.S. Dollars)

12. Comparative Figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

13. Financial Instruments and Risk Management

a) **Financial Instruments**

The carrying value of financial assets and liabilities at December 31, 2021 and 2020 are as follows:

		December 31, 2021		December 31, 2020
Financial Assets				
Amortized cost				
Cash and cash equivalents	**$**	**13,832,580**	$	29,652,808
Restricted cash		**165,636**		158,435
Amounts receivable		**3,125**		7,228
Financial Liabilities				
Amortized cost				
Trade payables	**$**	**306,659**	$	207,688
Accrued liabilities		**39,438**		138,719
Lease liability		**167,016**		37,499
Project cost advance received		**165,636**		158,435

The carrying value of these financial instruments approximates their fair values.

Financial instrument hierarchy

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not carry any financial instruments measured at fair value through profit or loss.

b) **Capital Management**

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, accumulated other comprehensive income (loss) and deficit. The

Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2021. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

c) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31, 2021, amounts receivable of $22,710 (December 31, 2020 - $41,259) was comprised of goods and services tax receivable of $19,585 (December 31, 2020 - $34,031), interest receivable of $Nil (December 31, 2020 - $6,764) and other receivables of $3,125 (December 31, 2020 - $464). As a result, credit risk is considered insignificant.

d) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31, 2021, the Company had cash of $13,832,580 to settle current liabilities of $542,170.

e) **Currency Risk**

Foreign currency exchange risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

(Expressed in U.S. Dollars)

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31, 2021 and 2020:

	December 31, 2021 (Cdn$)	December 31, 2020 (Cdn$)
Cash and cash equivalents	**12,137,569**	15,720,683
Trade payables and accruals	**334,251**	257,939

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $118,033 for the year ended December 31, 2021 (2020 - $154,627).

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

f) **Interest Rate Risk**

The Company is not subject to interest rate risk.

g) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

14. Subsequent Event

The Company issued 50,000 shares for proceeds of Cdn$5,000 on the exercise of options and 208,823 shares for proceeds of Cdn$83,970 on the exercise of warrants.