



**Contact Gold Corp.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the three months ended March 31, 2022 and 2021

*(Expressed in Canadian dollars)*

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Contact Gold Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

**Contact Gold Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**

Unaudited  
(Expressed in Canadian dollars)

*As at*

	Notes	March 31, 2022	December 31, 2021
		<u>\$</u>	<u>\$</u>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents		2,084,640	2,684,939
Receivables, prepaids, and deposits	5	332,863	490,232
Total current assets		<u>2,417,503</u>	<u>3,175,171</u>
<i>Non-current assets</i>			
Marketable securities	6(c)	22,500	22,500
Fixed assets		3,118	3,384
Exploration properties	6	28,500,700	28,915,805
Total non-current assets		<u>28,526,318</u>	<u>28,941,689</u>
<b>Total assets</b>		<u>30,943,821</u>	<u>32,116,860</u>
<b>Liabilities and shareholders' equity</b>			
<i>Current liabilities</i>			
Payables and accrued liabilities	7, 9	367,702	307,585
Other current liabilities	6(c)	33,534	32,595
Total current liabilities		<u>401,236</u>	<u>340,180</u>
<i>Non-current liabilities</i>			
Provision for site reclamation	6(a),6(b)	139,060	141,085
Total non-current liabilities		<u>139,060</u>	<u>141,085</u>
<b>Total liabilities</b>		<u>540,296</u>	<u>481,265</u>
<i>Shareholders' equity</i>			
Share capital	8	74,802,861	74,783,060
Contributed surplus	8(c)	7,220,546	7,235,888
Accumulated other comprehensive loss		(2,673,860)	(2,253,867)
Accumulated deficit		(48,946,022)	(48,129,486)
Total shareholders' equity		<u>30,403,525</u>	<u>31,635,595</u>
<b>Total liabilities and shareholders' equity</b>		<u>30,943,821</u>	<u>32,116,860</u>
Nature of operations and going concern	1, 2		
Subsequent events	12		

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

Approved by the Board of Directors:

"Riyaz Lalani", Director

"John Dorward", Director

**Contact Gold Corp.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

Unaudited

(Expressed in Canadian dollars, except share amounts)

	Notes	Three months ended	
		March 31, 2022	March 31, 2021 (as restated - Note 13)
		\$	\$
Operating expenses:			
Wages and salaries		297,384	283,851
Exploration and evaluation expenditures	6	278,061	919,237
Professional, legal, and advisory fees		107,997	201,674
Investor relations, promotion, and advertising		103,041	55,904
Administrative, office and general		69,817	65,249
Accretion of Cobb Creek obligation	6(c)	1,426	2,624
Foreign exchange loss		192	27,138
Interest income		(1,030)	(1,479)
Stock-based compensation expense (recovery)	9(c)	(40,352)	154,915
Loss before income taxes		816,536	1,709,113
Income taxes		-	-
Loss for the year		816,536	1,709,113
Other comprehensive loss			
Items that may be reclassified subsequently to net loss			
Exchange differences on translation of foreign operations	6	419,993	435,285
Items that will not be reclassified subsequently to net loss			
Net unrealized loss on financial assets	6(c)	-	50,000
Total loss and comprehensive loss for the year		1,236,529	2,194,398
Loss per Contact Share	9(e)		
Basic and diluted loss per share		\$ 0.00	\$ 0.01
Weighted average number of Contact Shares (basic and diluted)		246,897,920	240,770,542

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

**Contact Gold Corp.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

Unaudited

(Expressed in Canadian dollars, except share amounts)

	Common Shares					Total shareholders' equity
	Shares	Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	
	(Notes 6(a), 8, and 12)		(Note 8)			
	#	\$	\$	\$	\$	\$
Balance as at December 31, 2020 (as restated - Note 13)	240,757,892	72,387,426	6,075,498	(2,045,437)	(42,455,601)	33,961,886
Shares issued pursuant to exercise of RSUs	79,735	15,150	(15,150)	-	-	-
Stock-based compensation	-	-	257,424	-	-	257,424
Cumulative translation adjustment	-	-	-	(485,285)	-	(485,285)
Loss for the period	-	-	-	-	(1,709,113)	(1,709,113)
Balance as at March 31, 2021	240,837,627	72,402,576	6,317,772	(2,530,722)	(44,164,714)	32,024,912
Balance as at December 31, 2021	301,282,072	74,783,060	7,235,888	(2,253,867)	(48,129,486)	31,635,595
Shares issued pursuant to exercise of RSUs	133,379	19,801	(19,801)	-	-	-
Stock-based compensation	-	-	4,459	-	-	4,459
Cumulative translation adjustment	-	-	-	(419,993)	-	(419,993)
Loss for the period	-	-	-	-	(816,536)	(816,536)
Balance as at March 31, 2022	301,415,451	74,802,861	7,220,546	(2,673,860)	(48,946,022)	30,403,525

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

**Contact Gold Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**

Unaudited  
(Expressed in Canadian dollars)

	Notes	For the three months ended	
		March 31, 2022	March 31, 2021
		\$	\$
<b>Cash flows from operating activities</b>			
Loss for the period		(816,536)	(1,709,113)
Adjusted for:			
Movements in working capital:			
Receivables	5	(24,991)	40,635
Prepays and deposits	5	182,360	102,523
Payables and accrued liabilities	7	60,117	208,036
Stock-based compensation	8(c)	4,459	257,424
Accretion of Cobb Creek obligation	6(c)	1,426	2,624
Foreign exchange impact on Cobb Creek obligation		(487)	(760)
Amortization		220	3,263
Other income		-	(823)
Net cash used in operating activities		(593,431)	(1,096,191)
<b>Cash flows from investing activities</b>			
Change in working capital related to exploration property interests			18,863
Cash received from farm-out of South Carlin Projects	6(d)		25,432
Net cash due to investing activities		-	44,295
Effects of exchange rate changes on the balance of cash held in foreign currencies		(6,868)	16,958
Net increase (decrease) in cash		(600,299)	(1,034,938)
Cash and cash equivalents, beginning of period		2,684,939	4,753,148
Cash and cash equivalents, end of the period		2,084,640	3,718,210

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

**CONTACT GOLD CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended March 31, 2022, and 2021**

**(Expressed in Canadian dollars, unless otherwise noted - unaudited)**

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**1. NATURE OF OPERATIONS**

Originally incorporated as Winwell Ventures Inc. ("Winwell") under the *Business Corporations Act (Yukon)* on May 26, 2000, Contact Gold Corp. (the "Company," or "Contact Gold") was continued under the laws of the State of Nevada on June 7, 2017 as part of a series of transactions that included a reverse acquisition of a non-operating company (the "RTO Transaction"), and the acquisition of a 100% interest in Clover Nevada II LLC ("Clover"), a Nevada limited liability company holding a portfolio of gold properties (the "Contact Properties") located on Nevada's Carlin, Independence and Northern Nevada Rift gold trends (the "Clover Acquisition").

The Company began trading on the TSX Venture Exchange ("TSXV") under the symbol "C" on June 15, 2017.

On June 4, 2021, the Company completed an internal reorganization designed to continue and redomicile Contact Gold Corp. from incorporation in the State of Nevada to the Province of British Columbia ("BC") as part of an internal reorganization (the "Repatriation Transaction").

The Company is engaged in the acquisition, exploration, and development of exploration properties in Nevada. The Company is domiciled in Canada and maintains a head office at 1050-400 Burrard St., Vancouver, BC, Canada.

**2. BASIS OF PRESENTATION, RE-ADOPTION OF IFRS, AND GOING CONCERN**

a. Unaudited interim financial data

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 and 2021 (the "Interim Financial Statements"), have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2021 and 2020, and as at January 1, 2020, and related notes thereto (the "AFS") which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

As described at Notes 2(b) and 13, the Company has re-adopted IFRS retrospectively. The Company uses the same accounting policies and methods of computation across all periods presented in the Interim Financial Statements pursuant to the Re-adoption.

These Interim Financial Statements are presented on a historical cost basis, except for derivative financial instruments which have been measured at fair value, and are presented in Canadian dollars ("C\$"), except where otherwise indicated. Amounts in United States dollars are presented as "USD".

b. Change of Accounting Policies: Re-adoption of IFRS

Pursuant to a decision document dated December 24, 2019 (2019 BCSECCOM 451), issued by the British Columbia Securities Commission (as principal regulator) and the Ontario Securities Commission under National Policy 11, 203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* (the "Order"), in order to streamline regulatorily-required reporting obligations as an entity incorporated in the United States, the Company was granted an exemption from the Canadian securities commissions in each jurisdiction where the Company is a reporting issuer (the "Commissions") from having to prepare its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board, and the interpretations of the International Financial Reporting Interpretations Committee.

Pursuant to the Order, the Company was permitted to file its consolidated financial statements in accordance with United States Generally Accepted Auditing Principles ("US GAAP"), and have such financial statements audited pursuant to the rules and standards of the United States Public Company Accounting Oversight Board. The first annual period of which the Company reported using US GAAP was for, and as at, the year ended December 31, 2019. The exemptive relief provided under the Order was conditional on the Company meeting certain conditions and requirements, including, among other things, a requirement for the Company to be incorporated under the laws of a jurisdiction in the United States (meeting the definition of a U.S. domestic entity).

On June 4, 2021, the Company completed an internal reorganization that redomiciled Contact Gold Corp. from incorporation in the State of Nevada to the Province of BC (the "Repatriation Transaction"). As a consequence, the exemption under the Order ceased to be available to the Company, and Contact Gold reverted to preparing and reporting its consolidated financial statements pursuant to IFRS beginning with the interim period ended June 30, 2021.

Prior to receipt of the Order the Company had prepared its financial statements in accordance with IFRS. For ease of transition, the Company has elected not to adopt IFRS 1, *First-time Adoption of IFRS* ("IFRS 1"), and with reference to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"), has instead applied IFRS retrospectively as if Contact Gold had continued to report its consolidated financial statements pursuant to IFRS on an uninterrupted basis (the "Re-adoption"). Accordingly, the Company has elected to change all of its accounting policies to comply with IFRS.

## **2. BASIS OF PRESENTATION, RE-ADOPTION OF IFRS, AND GOING CONCERN (continued)**

### **b. Change of Accounting Policies: Re-adoption of IFRS (continued)**

Financial information filed under the Company's issuer profile on SEDAR for the years ended December 31, 2019 and December 31, 2020, and for each of the interim periods for the year 2020, and the three-months ended March 31, 2021, inclusive were prepared in accordance with US GAAP. IFRS differs in some respects from US GAAP and thus may not be comparable to those previously filed financial statements. Further discussion is provided in the AFS.

In the opinion of management, the Interim Financial Statements reflect all normal and recurring adjustments necessary for the fair presentation of the Company's financial position as at March 31, 2022, and March 31, 2021, and results of its operations for each of the three-month periods there ended. The results for three-month periods ended March 31, 2022 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2022, or for any other future annual or interim period.

The Board of Directors of the Company (the "Board") authorized the Interim Financial Statements for issuance on May 30, 2022.

### **c. Going concern**

The Interim Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to mutate and spread has adversely affected workforces, economies, and financial markets globally, giving rise to broad market volatility and uncertainty, and potentially leading to an economic downturn. The effect of the COVID-19 virus, the impact of mutations and variants thereof, and the actions recommended to combat the virus are changing constantly. As of the date these financial statements are issued, management doesn't believe that COVID-19 has had a negative impact on the Company's operations, but are aware that it may impact the Company's ability to raise money or ability to access and explore its properties should travel restrictions be extended or expanded in scope. It is not possible for the Company to predict the duration, evolution, or magnitude of the adverse results of the outbreak or its effects on the Company's business or ability to raise funds.

Recent events in Europe prompted by the conflict in Ukraine, and the response from multiple countries, corporations and governmental agencies may have far reaching impacts on commodity prices, foreign currency exchange rates, and the price of publicly traded companies. The uncertainty and increasing volatility of the situation in Europe, and consequentially in the capital markets may impact the Company's business and the ability to raise new capital.

Contact Gold recorded a loss of \$0.82 million and a comprehensive loss of \$0.42 million for the three months ended March 31, 2022. As at March 31, 2022, Contact Gold has an accumulated deficit of \$48.95 million, and working capital of \$2.02 million. The Company has not generated significant revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

Contact Gold's continuation as a going concern depends on its ability to successfully raise capital. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether Contact Gold's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these Financial Statements. Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures, or divest of certain mineral property assets, to preserve working capital and alleviate any going concern risk. In order to satisfy its capital requirements and undertake its planned exploration program into 2022 the Company acknowledges that it will likely be necessary to raise funds through the issuance of new Contact Shares. There is no guarantee that any contemplated transaction will be concluded.



### 3. MATERIAL ACCOUNTING POLICY INFORMATION

See Note 3 – Material Accounting Policy Information contained in the AFS.

#### a. Basis of consolidation

The Interim Financial Statements include the financial statements of the parent company, Contact Gold Corp., and its subsidiaries, as listed below:

Name of subsidiary	Principal activity	Location	Ownership interest
Carlin Opportunities Inc. ("Carlin")	Holding company	Canada	100%
Contact Gold US Holding Corp. ("CGUS") <sup>1</sup>	Holding company	United States	100%
Clover Nevada II LLC ("Clover")	Mineral exploration	United States	100%

<sup>1</sup> Incorporated on April 19, 2021

Pursuant to having completed the RTO Transaction on June 7, 2017, Carlin was identified as the accounting acquirer and is presented in the Interim Financial Statements as the parent company.

All significant intercompany transactions are eliminated on consolidation.

#### b. Foreign exchange

Items included in the Interim Financial Statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). Each of Carlin and Contact Gold Corp. raise financing and incur expenditures in Canadian dollars, giving rise to a \$ functional currency; Clover and CGUS generally incur expenditures and receive funding from the Company in United States dollars ("USD"), and accordingly have a USD functional currency.

Determination of functional currency involves certain judgments to determine the primary economic environment in which the company operates, and management of the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

In preparing the Interim Financial Statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are in a currency other than \$ are retranslated at the rates prevailing at that date, giving rise to foreign exchange gains and losses in the consolidated statements of loss and comprehensive loss. Foreign currency non-monetary items that are measured in terms of historical cost are not retranslated.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used.

#### c. Exploration property acquisition costs

Exploration property acquisition costs are capitalized. The application of the Company's accounting policy for exploration property acquisition and transaction costs requires judgment to determine the type and amount of such costs to be capitalized. Capitalized acquisition costs are written down in the period in which it is determined that the exploration property has no future economic value. Capitalized amounts may be impaired if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property. Management of Contact Gold reviews the carrying value of each exploration property interest periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, the amount is adjusted. Judgment is required to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

The acquisition of title to exploration properties is a complicated and uncertain process. Although management of Contact Gold take steps to verify title to exploration properties in which it holds an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Property title may be subject to unregistered prior transfer, agreements or net smelter returns ("NSR") royalty interests, and/or may be affected by undetected defects. Furthermore, resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by Contact Gold in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

#### **c. Exploration property acquisition costs (continued)**

There is no assurance that management of the Company will be able to arrange sufficient financing to bring ore bodies into production.

Upon abandonment or disposal (including farm-out transaction), any consideration received is credited against the carrying amount of the exploration and evaluation property interests, with any excess consideration greater than the carrying amount included as a gain in profit or loss.

#### **d. Exploration property claims maintenance fees**

Claims maintenance fees paid to the United States' Department of Interior's Bureau of Land Management (the "BLM") and similar fees paid to state and municipal agencies, as well as fees paid annually pursuant to private property lease and other similar land use arrangements (together, "Claims Maintenance fees"), are accounted for as prepaid assets and amortized over the course of the period through which they provide access and title.

Such fees, paid to the BLM, cover the twelve-month period ranging from September 1 to August 31 of the subsequent year. Fees paid to the respective Nevada counties cover the twelve-month period from November 1 to October 31 of the subsequent year. Prepaid Claims Maintenance fees are written down in the period in which it is determined that the related exploration property has no future economic value.

Fees paid pursuant to private property lease and other similar land use arrangements are expensed in the period in which they are due and paid.

#### **e. Exploration and evaluation expenditures**

With the exception of Claims Maintenance fees, exploration expenditures, including property lease, and advance royalty payments, are expensed as incurred. When it has been established that a mineral deposit can be commercially mined and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine prior to the start of mining operations will be capitalized. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to an exploration property are estimated to be less than the carrying value of the property.

None of the Company's properties have any known body of commercial ore or any established economic deposit; all are currently in the exploration stage. Capital expenditures to bring a property to a commercial production stage are also significant. To date, no amounts have been capitalized in respect of development activities. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that management of the Company will be able to arrange sufficient financing to bring ore bodies into production.

Contact Gold's election to expense exploration and evaluation expenditures, will likely result in the Company reporting larger losses than other companies in the exploration stage who have elected to capitalize expenditures relating to the exploration and advancement of mineral property interests. As a result, the Company's financial results may not be directly comparable to the financial statements of companies in the exploration stage.

#### **f. Recently adopted accounting standards and pronouncements**

On February 12, 2021, the IASB issued, "*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*" providing guidance intended to help preparers in deciding which accounting policies to disclose in their financial statements. IAS 1, "*Presentation of Financial Statements*" has been amended in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of what was outlined as a 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

Although the amendment guidance is effective for annual periods beginning on or after January 1, 2023, the Company has early adopted this updated disclosure beginning January 1, 2021.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

g. Accounting policies not yet adopted

On January 23, 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. On July 15, 2020, the IASB issued an amendment to defer the effective date by one year. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently assessing the impact of the standard on the financial statements.

### **4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND RISKS**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of expenses during the reporting period. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from the amounts estimated in these Interim Financial Statements; uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

The more significant areas requiring the use of management's judgments, estimates, and assumptions include: the type and amount of exploration property acquisition and transaction costs eligible for capitalization; the assessment of indicators of impairment of exploration properties; the valuation of share-based compensation; and whether accounting policies are material enough to merit disclosure or not.

Further information on management's judgments, estimates, and assumptions and how they may impact results are described in the relevant notes to these Interim Financial Statements.

### **5. RECEIVABLES, PREPAIDS, AND DEPOSITS**

The amounts receivable relate to recoverable provincial sales taxes.

Prepaid expenses include \$129,992 (December 31, 2021: \$208,908; and January 1, 2021: \$256,298) in Claims Maintenance fees.

The Company is party to a surety bonding arrangement with a third-party (the "Surety Agent") whereby the Company's reclamation bonding obligations are met by deposits made by the Surety Agent. A finance fee of \$5,290 (USD 4,178) for the three months ended March 31, 2022 (March 31, 2021: \$4,570 (USD 3,375)) was charged on the balance of the amount advanced and deposited by the Surety Agent. As at March 31, 2022, a total of \$698,239 (USD 558,770) (December 31, 2021: USD 558,770) in bonding had been placed by the Surety Agent.

## 6. EXPLORATION PROPERTIES

The Contact Properties include exploration property claims contiguous to the original tenure and new property interests ("Additions"). The Company has also either vended ("Disposals") or determined to abandon or impair certain properties.

	Green Springs (a)	Pony Creek (b)	Cobb Creek (c)	Portfolio properties (d)	Total
	\$	\$	\$	\$	\$
December 31, 2020	574,510	26,150,458	27,356	2,470,054	29,222,378
Additions	61,970	-	-	-	61,970
Recovery from earn-in	-	-	(27,208)	(56,939)	(84,147)
Impairments	-	-	-	(161,733)	(161,733)
Foreign Exchange	(1,017)	(110,910)	(148)	(10,588)	(122,663)
<b>December 31, 2021</b>	<b>635,463</b>	<b>26,039,548</b>	<b>-</b>	<b>2,240,794</b>	<b>28,915,805</b>
Foreign Exchange	(9,123)	(373,814)	-	(32,168)	(415,015)
<b>March 31, 2022</b>	<b>626,340</b>	<b>25,665,734</b>	<b>-</b>	<b>2,208,626</b>	<b>28,500,700</b>

With the exception of the Cobb Creek property (nil%), the Contact Properties each carry an NSR royalty of between 2% and 4.5%, some of which include buy-down options.

Specific Contact Properties for which there were changes during the periods presented:

### a) *Green Springs*

The past-producing Green Springs gold property ("Green Springs") is located at the southern end of Nevada's Carlin Trend. On July 23, 2019, Contact Gold and Clover entered into a purchase option agreement (the "Green Springs Option") with subsidiaries of Gold Royalty Corp. ("GRC"), whereby Clover shall have an option to purchase a 100% interest in the property.

A payment of 362,941 Contact Shares (\$66,960) was made to GRC on July 23, 2020, in satisfaction of the first anniversary payment obligation of USD 50,000. The USD 50,000 (\$61,970) second anniversary payment was made in cash in July 2021. A further USD 50,000 is due on the third anniversary, and a final USD 100,000 is due on the fourth anniversary of the agreement to satisfy the Green Springs Option.

Anniversary payment amounts may be made in cash or in Contact Shares at Contact Gold's election, subject to regulatory and contractual minimum values of the Contact Shares. Payment of all amounts can be accelerated and completed at any time. Certain claims within Green Springs are the subject of lease agreements with third-parties, one of which requires an annual USD 25,000 payment, whilst the other requires an annual payment in cash equal to the value of 20 ounces of gold. Existing royalties on certain mineral property claims that comprise Green Springs range from 3% to 4.5%, based on historical underlying agreements.

An estimate for reclamation costs of \$79,421 (December 31, 2021: \$80,577) is included in the value of Green Springs (Note 7).

### b) *Pony Creek*

The Pony Creek project is located within the Pinion Range, in western Elko County, Nevada. There is a 3% NSR royalty in favour of an affiliate of Sandstorm Gold Ltd ("Sandstorm") on those claims that comprise Pony Creek acquired in the Clover Acquisition.

Pony Creek also includes the claim packages formerly known as Lumps, Umps, and East Bailey (together, "East Bailey"). There are NSR royalties of 2% and 3% on certain of the East Bailey claims, up to 2% of which can be bought back for USD 1,000,000 per 1%, prior to September 2030. Advance royalty payments are also due annually; the amount paid in September 2021 was USD 25,000 (\$31,507). The payment originally due in September 2022 has been waived by the counterparty.

An estimate for reclamation costs of \$59,639 (December 31, 2021: \$60,508) is included in the value of Pony Creek (Note 7).

## **6. EXPLORATION PROPERTIES (continued)**

### *c) Cobb Creek*

The Cobb Creek exploration property ("Cobb Creek") is located along the Independence Trend in Elko County, Nevada. The Company acquired a 49% interest in Cobb Creek pursuant to the Clover Acquisition, and the remaining 51% interest, and related historic data in a separate transaction from the "Cobb Counterparty". Consideration due to the Cobb Counterparty is payable as six annual payments of USD 30,000, the first of which was paid on closing of the agreement (\$38,379), and the final USD 30,000 payment is due in November 2022. The discounted value of the annual payments at the time of the transaction was \$114,329 (the "Cobb Creek obligation"). The total value of the Cobb Creek obligation was recognized as a financial liability at amortized cost, determined with an interest rate of 18.99%, in line with the effective rate determined for the Company's previously issued non-voting preferred shares.

The remaining Cobb Creek obligation is recorded to the consolidated statements of financial position as a current (\$32,595) and non-current liability (\$nil) as at March 31, 2022 (\$32,733 and \$27,509, respectively as at December 31, 2020). Accretion expense of \$10,522, and a foreign exchange gain of \$253 have been recorded within loss and other comprehensive loss for the three months ended March 31, 2022 (2020: accretion of \$15,927 and foreign exchange gain of \$2,487).

By an agreement dated September 27, 2019, as amended (the "Cobb Creek Option"), Clover agreed to farm-out 100% of its interest in Cobb Creek to Fremont Gold Ltd. and its U.S. subsidiary (together, "Fremont"). Pursuant to the Cobb Creek Option, and for so long as it remains in good standing, the Company has assigned its agreement with the Cobb Counterparty, and all associated obligations to Fremont. Upon completion of the farm-out, Fremont will award to Clover a 2% NSR royalty on Cobb Creek. Initial consideration included: (i) 750,000 common shares of Fremont ("Fremont Shares") (\$41,250), (ii) reimbursement of USD 6,000 (\$7,949) for a portion of the prior year payment to the Cobb Counterparty, and (iii) reimbursement for the November 2019 payment to the Cobb Counterparty of USD 30,000 (\$38,964). Fremont also reimbursed the Company USD 29,569 (\$38,407) in 2019 for certain claims-related holding costs, the amount of which was applied against prepaid Claims Maintenance fees. In satisfaction of the first anniversary payment obligation under the Cobb Creek Option, Fremont issued 750,000 Fremont Shares to the Company on September 25, 2020 (USD 50,388 (\$67,500)).

Pursuant to an amendment to the Cobb Creek Option, Contact Gold agreed to defer payment to December 31, 2020, and reduce the amount payable for that year by Fremont from USD 30,000 to USD 15,000 in exchange for 500,000 additional Fremont Shares (the "Additional Shares"). The Additional Shares were issued to the Company on October 26, 2020 (\$45,000). Fremont paid the USD 20,000 second anniversary payment to the Company in September 2021.

In order to continue to keep the Cobb Creek Option in good standing, and to complete the acquisition of Cobb Creek, Fremont must keep all claims in good standing, make the annual payments to the Cobb Counterparty, and remit the following remaining consideration to the Company:

- Anniversary 3 (Year 4) USD 20,000
- Anniversary 4 (Year 5) USD 25,000
- Anniversary 5 (Year 6) USD 35,000
- Anniversary 6 (Year 7) USD 45,000
- Anniversary 7 (Year 8) USD 55,000
- Anniversary 8 (Year 9) USD 65,000
- Anniversary 9 (Year 10) USD 75,000

The value of the Fremont Shares and cash amounts received from Fremont, including payments by Fremont to the Cobb Counterparty, have been applied against the carrying value of Cobb Creek.

The net fair value loss on the value of those Fremont Shares still held by the Company for the three months ended March 31, 2022, of \$65,000 (December 31, 2021: 65,000) is recognized in other comprehensive loss.

### *d) Portfolio Properties*

#### *South Carlin Projects (North Star, Dixie Flats and Woodruff)*

The North Star property is located approximately eight kilometres north of the northern-most point of Pony Creek, in western Elko County, Nevada. An affiliate of Sandstorm holds a 3% NSR royalty on the North Star property.

The Dixie Flats property sits immediately to the north of the North Star property. There is a 2% NSR on the Dixie Flats property payable to an affiliate of Sandstorm.

**6. EXPLORATION PROPERTIES (continued)**

*d) Portfolio Properties (continued)*

*South Carlin Projects (North Star and Dixie Flats and Woodruff)(continued)*

By an agreement dated January 11, 2021 (the "South Carlin and Woodruff Agreement"), Clover granted an arms' length private company (the "Optionor") the sole and exclusive option to acquire a 100% interest in the Dixie Flats, North Star, and Woodruff properties (the "South Carlin Projects"), subject to a 0.25% in addition to those payable to an affiliate to Waterton Nevada Splitter, LLC ("Waterton Nevada"), the entity from whom Contact Gold initially acquired most of the Contact Properties. The Company received USD 20,000 (\$25,432) and a reimbursement of Claims Maintenance fees of USD 31,417 (\$39,950), upon execution of the agreement.

The Optionor must make the following payments staged over several years to keep the option in good standing:

<b>Amount</b>	<b>Due Date of Payment</b>
USD 30,000	18-month anniversary of the agreement
USD 40,000	second anniversary of the agreement
USD 50,000	third anniversary of the agreement
USD 60,000	fourth anniversary of the agreement
USD 75,000	annually on each of the fifth through the eighth anniversaries of the agreement

Once the Optionor has made an aggregate of USD 500,000 in cash payments to the Company, it shall be deemed to have earned in to a 100% interest in the South Carlin Projects, subject to existing NSR royalties payable to Sandstorm, and an additional 0.25% NSR royalty on the Dixie Flats property, payable to the Company.

If the Optionor should sub-option any or all of the South Carlin Projects to a third-party whose shares trade on a stock exchange or quotation system at the time of the transaction, or subsequent thereto (a "Trading Sub-Optionee"), that Trading Sub-Optionee shall be obligated to issue one million of its common shares to the Company, or at least 5% of the Trading Sub-Optionee's then issued and outstanding common shares, subject to any required regulatory approval. On January 11, 2021, the Optionor assigned the South Carlin and Woodruff Option to a third-party, however, as the third-party is currently not publicly traded, no share consideration has been received by the Company Pursuant to the Company's assessment of the value of the South Carlin Projects, the Company wrote-down the value of North Star by \$585,651 to \$nil, and Dixie Flats by \$2,612,547 to \$738,044 as at December 31, 2020. The Woodruff property had previously been written down, and was determined to hold -nil value in the South Carlin and Woodruff Agreement.

*Remaining balance*

The remaining balance of the Portfolio Properties includes the value of the Wilson Peak property, and the Rock Creek property.

Exploration and evaluation expenditures, including ongoing amortization of prepaid Claims Maintenance fees (Note 5), have been expensed in the consolidated statements of loss and comprehensive loss. Details of exploration and evaluation activities, and related expenditures incurred are as follows:

	Three months ended	
	March 31, 2022	March 31, 2021
Amortization of Claims Maintenance fees	\$ 114,911	\$ 118,836
Wages and salaries, including share-based compensation	97,022	182,036
Geological contractors/consultants & related crew care costs	46,600	241,681
Permitting and environmental monitoring	19,527	11,253
Drilling, assaying & geochemistry	-	365,431
<b>Expenditures for the period</b>	<b>\$ 278,060</b>	<b>\$ 919,237</b>
Cumulative balance	\$ 18,081,674	\$ 15,933,771

Wages and salaries during the three months ended March 31, 2022, include stock-based compensation of \$4,812 (three months ended March 31, 2021: \$53,759) (Note 9(c)). An amount of \$220 in amortization expense arising from the use of fixed assets at Pony Creek and Green Springs has been included in the amount reported as geological contractors/consultants & related crew care costs for the three months ended March 31, 2022 (three months ended March 31, 2021: \$1,824).

## 6. EXPLORATION PROPERTIES (continued)

Details of exploration and evaluation expenditures incurred and expensed on the Contact Properties in the respective years ended, are as follows:

	Three months ended	
	March 31, 2022	March 31, 2021
Green Springs	\$ 168,391	\$ 828,247
Pony Creek	103,964	80,660
Portfolio properties	5,705	10,330
<b>Expenditures for the period</b>	<b>\$ 278,060</b>	<b>\$ 919,237</b>
Cumulative balance	\$ 18,081,674	\$ 15,933,771

## 7. PAYABLES AND ACCRUED LIABILITIES

	As at March 31, 2022	As at December 31, 2021
Payables	\$ 187,973	\$ 128,338
Accrued liabilities	179,729	179,247
	<b>\$ 367,702</b>	<b>\$ 307,585</b>

Payables and accrued liabilities are non-interest bearing. The Company's normal practice is to settle payables within 30-days, or as credit arrangements will allow.

### Non-current liabilities

As at March 31, 2022, the Company recognised a reclamation obligation of \$139,060 (December 31, 2021: \$141,085) relating to disturbance at Green Springs and Pony Creek (Notes 6(a) and 6(b)). The balance has been included as a non-current obligation reflective of the estimated future timing of related reclamation and remediation activities.

## 8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company's authorized share capital consists of an unlimited number of Contact Shares with no par value,:

### a) Issued and outstanding common shares

Changes in issued common share capital during the year ended March 31, 2022:

- (i) *Exercise of restricted share units ("RSUs")*: On January 18<sup>th</sup>, 2022, 133,379 RSUs were exercised, resulting in the issuance of 133,379 Contact Shares (Note 8(c)(iii)).

Changes in issued common share capital during the year ended March 31, 2022:

- (ii) *Exercise of RSUs*: On March 10, 2021, 54,215 RSUs were exercised, and on March 31, 2021, a further 25,520 RSUs were exercised, resulting in the aggregate issuance of 79,735 Contact Shares (Note 8(c)(iii)).

### b) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at January 1, 2021	53,550,125	\$ 0.24
Warrants issued November 25, 2021	28,800,000	\$ 0.075
Warrants issued December 6, 2021	1,200,000	\$ 0.075
Outstanding as at December 31, 2021	83,550,125	\$ 0.18
<b>Outstanding as at March 31, 2022</b>	<b>83,550,125</b>	<b>\$ 0.18</b>

Warrants issued on November 25, 2021 and December 6, 2021 entitle the holder to purchase an additional Contact Share at a price of \$0.075 per share for a period of 24 months from the closing date of the respective tranche (the "Expiry Date"). In the event that at any time between four months and one day following the closing date and the Expiry Date, the Contact Shares trade on the TSXV at a closing price which is equal to or greater than \$0.15 for a period of ten consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30<sup>th</sup> day after the date such notice is provided.

**8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

*b) Warrants (continued)*

The remaining contractual life of Warrants outstanding as at March 31, 2022 is 0.85 years (December 31, 2021 is 1.10 years).

The fair value of each Warrant issued was determined using the Black Scholes valuation model; the significant inputs into the model were:

	2021 Warrants	2020 Warrants	Prospectus Warrants	Broker Warrants
Share price	\$0.05	\$0.145	0.185	0.185
Exercise price	\$0.075	\$0.15	0.27	0.27
Volatility	94% <sup>(1)</sup>	67% <sup>(2)</sup>	67% <sup>(2)</sup>	67% <sup>(2)</sup>
Annual risk-free interest rate	1.06%	0.32%	0.24%	0.24%
Fair value per Warrant	\$0.02	\$0.05	\$0.05	\$0.05
Total value of issued Warrants	\$590,525	\$667,106	\$1,720,799	\$198,246

<sup>(1)</sup> Volatility determined with reference to the Company's historical data matching the period of the Warrant's expected life.

<sup>(2)</sup> Volatility determined with reference to the Company's historical data matching the period of the Warrant's expected life and adjusted to better align with that which was recognized in determining the original value of the host instrument of the Preferred Shares.

*c) Equity remuneration*

Pursuant to the "Contact Gold Omnibus Stock and Incentive Plan" (the "Incentive Plan"), the "Contact Gold Restricted Share Unit Plan", and the "Contact Gold Deferred Share Unit Plan", the Company has established equity remuneration plans, that contemplate the award of stock options to purchase a Contact Share ("Options"), Restricted Shares, RSUs, or DSUs, all in compliance with the TSXV's policy for granting such awards.

A recovery value (net) relating to stock-based compensation was recorded for the three months ended March 31, 2022, reflective of \$31,801 in expense for the period, and the reversal of \$74,813 previously recorded as a result of a forfeiture of certain options (stock-based compensation expense for the three months ended March 31, 2021: \$154,915). An additional amount of stock-based compensation expense of \$4,812 was recognized in exploration and evaluation expenditures for three months ended March 31, 2022 (three months ended March 31, 2021: \$53,759) (Note 6). An expense of \$40,000 was charged to wages and salaries relating to the award of DSUs during the three months ended March 31, 2022 (three months ended March 31, 2021: \$48,750).

*i) Options*

Under the Incentive Plan, the maximum number of Contact Shares reserved for issuance may not exceed 16,500,000 Contact Shares together with any other security-based compensation arrangements, and further subject to certain maximums to individual optionees on a yearly basis. The exercise price of each Option shall not be less than the market price of the Contact Shares at the date of grant. All Options granted to date have a five-year expiry from the date of grant. Vesting of Options is determined by the Board at the time of grant.

Subject to discretion of the Board and normal course regulatory approvals, Contact Shares are issued from treasury in settlement of Options exercised; otherwise, the value of such Contact Shares may be payable in cash.

A summary of the changes in Options is presented below:

	Number of Options	Weighted Average Exercise Price \$
Outstanding as at January 31, 2021	11,532,500	0.27
Granted	125,000	0.08
Forfeited or cancelled	(712,500)	0.27
Outstanding as at December 31, 2021	10,945,000	0.27
Forfeited or cancelled	(562,500)	0.24
<b>Outstanding as at March 1, 2022</b>	<b>10,382,500</b>	<b>0.27</b>



**8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

*c) Equity remuneration (continued)*

*i) Options (continued)*

Options outstanding as of March 31, 2022:

Grant Date	Number of Options	Exercise Price	Vesting
September 11, 2017	150,000	\$ 0.75	vesting in thirds over a period of three years
November 24, 2017	200,000	\$ 0.58	vesting in thirds over a period of three years
March 27, 2018	3,675,000	\$ 0.39	vesting in thirds over a period of three years
May 28, 2018	150,000	\$ 0.295	vesting in thirds over a period of three years
April 3, 2019	1,470,000	\$ 0.275	vesting in thirds over a period of three years
January 16, 2020	1,875,000	\$ 0.19	vesting in thirds over a period of three years
December 23, 2020	2,737,500	\$ 0.12	vesting in thirds over a period of three years
August 16, 2021	125,000	\$ 0.08	vesting in thirds over a period of three years

As at March 31, 2022, 7,317,500 Options have vested (December 31, 2021: 7,013,333).

For the purposes of estimating the fair value of Options using the Black-Scholes option-pricing model ("Black-Scholes"), certain assumptions are made such as expected dividend yield, volatility of the market price of the Contact Shares, risk-free interest rates and expected average life of the Options. To date, Contact Gold has based its expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of the Company's Options exceeds the Company's trading history.

There were no Options awarded during the three-months ended March 31, 2022 (Note 12). The weighted average fair value of Options granted during the year ended December 31, 2021, determined using Black-Scholes was \$0.05 (weighted average fair value to date: \$0.26) per Option. The remaining average contractual life of Options outstanding is 2.21 years.

*ii) Deferred Share Units*

DSUs granted under the Contact Gold Deferred Share Unit Plan to Directors of the Company, have no expiration date and are redeemable upon termination of service. Transactions relating to DSUs are summarised below:

Outstanding as at December 31, 2020	1,429,494
Granted	2,083,122
Exercised	(444,445)
Outstanding as at December 31, 2021	3,068,171
Granted	888,887
<b>Outstanding as at March 31, 2022</b>	<b>3,957,058</b>

During the three months ended March 31, 2022, an amount of \$40,000 was recognized to the value of contributed surplus relating to the award of these DSUs (2021: \$48,750).

*iii) Restricted Share Units*

There were no RSUs awarded during the three-months ended March 31, 2022 (Note 12). The Company awarded a total of 561,710 RSUs in the year ended December 31, 2020, with an aggregate fair value of \$84,150 to certain employees and officers of the Company. The RSUs vest in thirds over a period of three years, and each has an expiry date of December 31, 2023.

On January 18, 2022, 133,379 RSUs were exercised resulting in the aggregate issuance of 133,379 Contact Shares.

On March 10, 2021, 54,215 RSUs were exercised, and on March 31, 2021, a further 25,520 RSUs were exercised, resulting in the aggregate issuance of 79,735 Contact Shares.

During the three months ended March 31, 2022, a total of \$25,018 was recognized in stock-based compensation relating to the RSUs, including \$5,217 recognised in exploration and evaluation (three months ended December 2020: \$14,787, and \$4,718, respectively).

## 8. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

### d) Escrowed Contact Shares and other restrictions and obligations

So long as Waterton Precious Metals Fund II, Cayman ("Waterton"), holds at least 15% of the issued and outstanding Contact Shares it has the right to maintain its pro rata interest in the Company in subsequent financings. Waterton Nevada also holds certain registration rights as it relates to offerings of Contact Shares.

### e) Gain or loss per share

Gain or loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of Contact Shares outstanding during the reporting period. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase Common Shares at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share relative to basic earnings per share and is only recognized when the effect is dilutive.

The calculation of basic and diluted gain or loss per Contact Share for the three months ended March 31, 2022, was based on the loss attributable to common shareholders of \$816,536 (three months ended March 31, 2021: \$1,709,113), and a weighted average number of common shares outstanding of 246,897,920 (three months ended March 31, 2021: 240,770,542).

Diluted gain or loss per share did not include the effect of 10,382,500 Options (2021: 10,945,000) as they are anti-dilutive.

## 9. RELATED PARTIES

In addition to the officers and directors of the Company, Contact Gold's related parties include (i) its subsidiaries; (ii) Waterton as a reflection of its approximate 33.4% ownership interest in the Company at March 31, 2022, and the right it holds to put forward two nominees to the Board; and (iii) Cairn Merchant Partners LP ("Cairn"), an entity in which Andrew Farncomb, a director and officer of the Company, is a principal.

### *Compensation of key management personnel*

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer & VP Strategy, the Company's Executive Vice-President, and the VP Exploration. The aggregate total compensation paid to key management for employee services is shown below:

	Three months ended	
	March 31, 2022	March 31, 2021
Salaries and other short-term employee benefits	\$ 217,630	\$ 217,273
Share-based payments and Restricted Shares	61,715	125,038
<b>Total</b>	<b>\$ 279,345</b>	<b>\$ 342,311</b>

There was no compensation amount payable at March 31, 2022, or December 31, 2021.

Options have previously been granted, and director fees were paid and payable (in the form of DSUs) to each of the independent members of the Board, including Mr. Charlie Davies, one of Waterton Nevada's Board nominees. Mr. Davies is an employee of an affiliate of Waterton Nevada.

An amount of \$60,000 (2021: \$60,000) was invoiced by Cairn for employee service; \$nil is payable at March 31, 2022 (December 31, 2021: \$-nil). Mr. Farncomb's base salary is paid in part directly, and in part to Cairn in consideration of general management and administrative services rendered through Cairn.

## 10. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at Contact Gold making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in the State of Nevada, USA. Accordingly, the Company's operations are in one commercial and two geographic segments. The Contact Properties (Note 6), and prepaids relating to Claims maintenance fees, are held by the Company in Nevada. The remaining assets, including cash and cash equivalents, the remaining balance of prepaids, and receivables reside in both of the Company's two geographic locations.

**10. SEGMENT INFORMATION (continued)**

The Company is not exposed to significant operating risks as a consequence of the concentration of its assets in the United States. The Company is in the exploration stage and accordingly, has no reportable segment revenues.

Net loss is distributed by geographic segment per the table below:

	Three months ended			
	March 31, 2022		March 31, 2021	
Canada	\$	487,195	\$	768,907
United States		329,341		940,206
	<b>\$</b>	<b>816,536</b>	<b>\$</b>	<b>1,709,113</b>

Significant non-cash items reflected in the net loss attributable to Canada, include stock-based compensation expense, and non-cash items which are attributable to the United States includes stock-based compensation expense attributed to mineral properties.

**11. MANAGEMENT OF CAPITAL AND FINANCIAL RISKS**

The Company currently does not produce any revenue and has relied on existing balances of cash and cash equivalents, and capital financing to fund its operations. The Company's current capital consists of equity funding raised through issuances of Contact Shares, and a deficit incurred through operations.

The Company relies upon management to manage capital in order to safeguard the Company's ability to continue as a going concern, to pursue the exploration and development of unproven mineral properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company manages its capital structure in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and Contact Gold's holdings of cash; and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To facilitate this, management prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. The Company believes that this approach is reasonable given its relative size and stage.

There are no known restrictions on the ability of our affiliates to transfer or return funds amongst the group, nor are there any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2022.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and cash equivalents, receivables, payables and accrued liabilities, and the Cobb Creek obligation. It is management's opinion that (i) the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments, and (ii) the fair values of these financial instruments approximate their carrying values.

As the Company is currently in the exploration phase, none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability may be affected by commodity price volatility.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's financial liabilities of payables and accrued liabilities are generally payable within a 90-day period.

The Company has not generated significant revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. Accordingly, Contact Gold is dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund its activities. Significant disruptions to capital market conditions should be expected to increase the risk that the Company can not finance its business.

## **11. MANAGEMENT OF CAPITAL AND FINANCIAL RISKS (continued)**

### Financial Risk Management (continued)

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Contact Gold's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with high credit quality banking institutions in Canada and the USA. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

As at March 31, 2022, the balance of cash and cash equivalents held on deposit was \$2,084,640 (December 31, 2021: \$2,684,939). The Company has not experienced any losses in such amounts and believes the exposure to significant risks on its cash and cash equivalents in bank accounts is relatively limited.

#### *Interest Rate Risk*

Contact Gold is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest, and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

#### *Fair Value Estimation*

Except for other non-current liabilities (Note 6(c)), the carrying value of the Company's financial assets and liabilities approximates their estimated fair value due to their short-term nature.

#### *Market Risk - Foreign Exchange*

The significant market risk to which the Company is exposed is foreign exchange risk. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

A 1% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a \$5,227 increase or decrease respectively, in the Company's cash balance at March 31, 2022. The Company has not entered into any derivative contracts to manage foreign exchange risk at this time.

## **12. SUBSEQUENT EVENTS**

### a. Award of options and RSUs

On May 30, 2022, the Board awarded 2,080,000 Options, with an exercise price of \$0.05 to directors, officers, employees and certain consultants to the Company. These Options vest in thirds over three years, and expire after 5 years from the date of the award.

On May 30, 2022, the Board also awarded 195,000 RSUs to certain officers and employees of the Company. The RSUs vest annually in thirds, and have expiration dates at the end of the calendar year in which the final tranche vests.

### b. Expiry of Warrants

Subsequent to period end, an aggregate of 12,360,000 Warrants, with an exercise price of \$0.15 expired unexercised.

### 13. RE-ADOPTION OF IFRS AND RECLASSIFICATION OF COMPARATIVE PERIOD

IFRS employs a conceptual framework that is similar to US GAAP. However, significant differences exist in certain matters of recognition, measurement, and disclosure. Pursuant to IAS 8, and with general application of and selected disclosures from IFRS 1, the Company has applied IFRS retrospectively, and accordingly, has:

1. adjusted amounts reported previously in consolidated financial statements prepared in accordance with US GAAP;
2. reclassified the comparative financial statements to conform to the presentation of the current period financial statements; and
3. prepared its January 1, 2020 opening IFRS balance sheet, by applying existing IFRS standards in effect at the release of these financial statements, with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied (the "Opening Balance Sheet").

#### Statement of Loss and Comprehensive Loss

While adoption of IFRS has not changed the Company's cash flows, it has resulted in changes to the Company's reported financial position, and results of operations in prior periods. See the Company's AFS for discussion and reconciliation of differences between IFRS and US GAAP for the years ended December 31, 2021, and 2020, and as at January 1, 2020, and related notes thereto.

Although there were no specific differences recognized between the US GAAP statement of loss and comprehensive loss for the year ended March 31, 2021, and that which has been reconciled to, and presented pursuant to IFRS (and thus, no reconciliation is herein presented), the following financial statement impacts are noted:

#### *a. Income and loss per share*

Income and loss per common share is calculated in US GAAP by deducting both the dividends declared in the period (whether or not paid) and the dividends accumulated for the period on preferred shares (whether or not earned) from the income or loss for the period, and dividing the result by the weighted average number of common shares outstanding during the period.

Under IFRS, the inclusion of accumulated dividends on preferred shares is not included; and accordingly, the income or loss per share differs than that reported under US GAAP.

#### *b. Estimates and judgements*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. In the Company's case with Re-adoption, all estimates are consistent with its US GAAP estimates for the same date.

#### Statement of Equity

The US GAAP Statement of Equity as at March 31, 2021 has been reconciled to IFRS as follows:

	<b>Ref.</b>	March 31, 2021
<b>Total Equity (US GAAP)</b>		\$ 32,024,911
Listing expense on RTO Transaction	(a)	(2,200,747)
Accumulated RTO Expense	(a)	(321,268)
Accumulated deficit	(a)	2,522,016
<b>Total Equity (IFRS)</b>		<u>\$ 32,024,912</u>