ELEVATION GOLD

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022 and 2021

Independent auditor's report

To the Shareholders of Elevation Gold Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Elevation Gold Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment assessment of mineral properties for the Moss Mine cash generating unit (CGU)
Refer to note 3 – Significant accounting policies, note 4 – Significant accounting estimates and judgments and note 7 – Mineral properties, plant and equipment to the consolidated financial statements.
As at December 31, 2022, the total net book value of the Company’s mineral properties amounted to $36.6 million, of which a significant portion relates to the Moss Mine CGU.
At each reporting date, management reviews the carrying amounts of mineral properties for any indication of impairment. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the CGU to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the carrying amount of an asset or CGU exceeds the recoverable amount.
During the year, management identified an impairment indicator and, accordingly, management estimated the recoverable amount of the Moss Mine CGU and compared it to the carrying value of the CGU.
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Our approach to addressing the matter included the following procedures, among others:
Tested how management determined the recoverable amount of the Moss Mine CGU, which included the following:

Tested the appropriateness of the method used by management.
Tested the mathematical accuracy and underlying data used in the discounted cash flow model.
Evaluated the reasonableness of the gold prices by (i) comparing gold prices with external market and industry data; and (ii) assessing whether this assumption was consistent with evidence obtained in other areas of the audit.
The work of management’s experts was used in performing the procedures to evaluate the reasonableness of the gold and silver recoveries. As a basis for using this work, the competence, capabilities and objectivity of management’s experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management’s experts, tests of the data used by management’s experts and an evaluation of their findings.

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</table>

Key audit matter	How our audit addressed the key audit matter
The recoverable amount of the Moss Mine CGU was based on the fair value less costs of disposal method using a discounted cash flow model. Key assumptions included in the discounted cash flow model included gold prices, gold and silver recoveries and the real after-tax discount rate. Management's estimates of the recoveries are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts). During the year ended December 31, 2022, management recorded an impairment loss amounting to $33.9 million on its mineral properties related to the Moss Mine CGU. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test the key assumptions used by management in determining the recoverable amount of the Moss Mine CGU, which involved significant judgment by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation	– Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the real after-tax discount rate used in the discounted cash flow model.

Other information

Management is responsible for the other information. The other information comprises the Management 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 identified above 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.

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.

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2023

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

As at:	Notes		**December 31, 2022**		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**3,321**	$	1,068
Trade and other receivables			**292**		58
Inventory	6		**26,614**		27,005
Prepaid expenses and deposits			**683**		433
Total current assets			**30,910**		28,564
Non-current assets					
Restricted cash			**1,727**		1,770
Plant and equipment	7		**44,646**		47,376
Mineral properties	7		**36,648**		63,273
Total assets		**$**	**113,931**	$	140,983
LIABILITIES					
Current liabilities					
Trade and other payables	8	**$**	**10,280**	$	10,677
Current portion of debt	9		**6,380**		4,529
Deferred revenue	10		**2,000**		-
Current portion of leases	11		**352**		435
Current portion of silver stream	12		**1,918**		2,271
Current portion of derivatives	14		**4,332**		3,730
Total current liabilities			**25,262**		21,642
Non-current liabilities					
Debt	9		**5,830**		5,871
Leases	11		**369**		468
Silver stream	12		**10,878**		12,378
Provision for reclamation	13		**9,844**		6,714
Derivatives	14		**5,972**		7,905
Total liabilities			**58,155**		54,978
SHAREHOLDERS' EQUITY					
Share capital	15		**113,310**		101,124
Equity reserves			**25,664**		24,471
Deficit			**(83,198)**		(39,590)
Total shareholders' equity			**55,776**		86,005
Total liabilities and shareholders' equity		**$**	**113,931**	$	140,983

Nature of operations and going concern – Note 1
Commitments – Note 26
Subsequent events – Note 28

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD (NOTE 2):

Signed _*"David Peat"*_____, DIRECTOR   Signed __*"Douglas Hurst"*_____, DIRECTOR

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes		Year Ended December 31, 2022		December 31, 2021
Revenue	17	**$**	**62,008**	$	58,845
Cost of sales					
Production costs	18		**(56,396)**		(43,996)
Depletion and depreciation	7		**(10,310)**		(8,754)
Royalties			**(3,196)**		(3,111)
Total cost of sales			**(69,902)**		(55,861)
Income (loss) from mine operations			**(7,894)**		2,984
Corporate administrative expenses	19		**(3,429)**		(4,963)
Operating income (loss)			**(11,323)**		(1,979)
Finance costs	20		**(6,646)**		(5,683)
Gain (loss) on revaluation of derivative liabilities	21		**8,097**		11,067
Impairment of mineral properties	7		**(33,850)**		-
Foreign exchange gain			**114**		170
Income (loss) and comprehensive income (loss) for the year		**$**	**(43,608)**	$	3,575
Income (loss) per share					
Basic	16	**$**	**(0.44)**	$	0.06
Diluted	16	**$**	**(0.44)**	$	0.02
Weighted average number of shares outstanding					
Basic	16		**99,139,280**		58,933,350
Diluted	16		**99,139,280**		62,176,663

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	Number of Shares	Share Capital	Equity Reserves: Share Option Reserve	Equity Reserves: Warrant Reserve	Equity Reserves: Other Comprehensive Income (Loss)	Total Equity Reserves	Deficit	Total Equity
Balance, December 31, 2020		**45,185,895**	**$ 65,518**	**$ 7,385**	**$ 21,928**	**$ (5,743)**	**$ 23,570**	**$ (41,413)**	**$ 47,675**
Shares issued for:									
Purchase of Eclipse Gold Mining Corp	5	18,160,021	39,431	307	-	-	307	-	39,738
Convertible debt interest payment	9	131,604	222	-	-	-	-	-	222
Mineral property acquisition		181,667	385	-	-	-	-	-	385
Mining contractor settlement		60,850	150	-	-	-	-	-	150
Exercise of warrants		4,583	9	-	-	-	-	-	9
Exercise of stock options	15	390,847	801	(356)	-	-	(356)	-	445
Cancellation of shares held by Eclipse Gold Mining Corp		(3,251,840)	(5,392)	-	-	-	-	(1,752)	(7,144)
Share-based compensation	15	-	-	950	-	-	950	-	950
Net income for the year		-	-	-	-	-	-	3,575	3,575
Balance, December 31, 2021		**60,863,627**	**$ 101,124**	**$ 8,286**	**$ 21,928**	**$ (5,743)**	**$ 24,471**	**$ (39,590)**	**$ 86,005**
Balance, December 31, 2021		**60,863,627**	**$ 101,124**	**$ 8,286**	**$ 21,928**	**$ (5,743)**	**$ 24,471**	**$ (39,590)**	**$ 86,005**
Shares issued for:									
Private placements	15	43,585,310	12,085	-	320	-	320	-	12,405
Debt repayment	9	5,760,677	1,568	-	85	-	85	-	1,653
Mineral property acquisition		181,667	90	-	-	-	-	-	90
Share issuance costs		-	(1,557)	-	-	-	-	-	(1,557)
Share-based compensation	15	-	-	788	-	-	788	-	788
Net loss for the year		-	-	-	-	-	-	(43,608)	(43,608)
Balance, December 31, 2022		**110,391,281**	**$ 113,310**	**$ 9,074**	**$ 22,333**	**$ (5,743)**	**$ 25,664**	**$ (83,198)**	**$ 55,776**

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

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash flows from operating activities			
Income (loss) for the year		**$ (43,608)**	$ 3,575
Items not affecting cash:			
Share-based compensation	15	**796**	760
Other share-based payments		**-**	150
Loss on disposal of fixed assets			162
Depletion and depreciation	7	**10,418**	8,803
Fair value change on derivative liabilities	14	**(8,097)**	(11,067)
Interest expense, including accretion		**3,887**	3,934
Drawdown of silver stream obligation		**(4,396)**	(4,579)
Impairment of mineral properties	7	**33,850**	-
Unrealized foreign exchange loss (gain)		**(392)**	30
Changes in non-cash working capital:			
Trade and other receivables		**(234)**	44
Inventory	6	**1,552**	(3,546)
Proceeds from deferred revenue		**2,000**	-
Prepaid expenses and deposits		**(398)**	443
Trade and other payables		**211**	708
Cash used in operating activities		**(4,411)**	(583)
Cash flows from financing activities			
Proceeds from issuance of share capital, net	15	**17,090**	-
Proceeds from debt		**6,000**	4,338
Proceeds from exercise of options and warrants		**-**	454
Repayment of debt		**(2,420)**	(191)
Repayment of lease obligation		**(444)**	(2,136)
Interest paid		**(518)**	(387)
Cash provided by financing activities		**19,708**	2,078
Cash flows from investing activities			
Mineral property expenditures		**(5,515)**	(6,271)
Plant and equipment expenditures		**(7,585)**	(15,153)
Cash acquired in purchase of Eclipse		**-**	13,083
Restricted cash		**44**	570
Eclipse transaction costs		**-**	(894)
Cash used in investing activities		**(13,056)**	(8,665)
Effect of foreign exchange on cash and cash equivalents		**12**	(47)
Change in cash and cash equivalents during the year		**2,253**	(7,217)
Cash and cash equivalents, beginning of the year		**1,068**	8,285
Cash and cash equivalents, end of the year		**$ 3,321**	$ 1,068

Supplemental disclosure of non-cash activities – Note 23

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Elevation Gold Mining Corporation (the "Company") is incorporated under the laws of the province of British Columbia, Canada and its principal business activity is the production, exploration, and development of precious metals. The address of the Company's registered office is Suite 1920 – 1188 West Georgia Street, Vancouver, British Columbia, Canada. The Company's common shares are listed on the Toronto Stock Venture Exchange ("TSXV") in Canada under the ticker symbol ELVT and on the OTCQX in the United States under the ticker symbol EVGDF.

The Company's principal operation is the production of gold and silver from its 100% owned Moss Mine in the Mohave County of Arizona. Through the Company's acquisition of Eclipse Gold Mining Corporation ("Eclipse"), Elevation also holds the title to the Hercules exploration property, located in Lyon County, Nevada. Effective September 24, 2021, the Company changed its name from Northern Vertex Mining Corp. to Elevation Gold Mining Corporation. Prior to the change in the Company's name, the Company's common shares were trading on the TSXV under the ticker symbol NEE.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from December 31, 2022. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

As at December 31, 2022, the Company had working capital (current assets less current liabilities) of $5,648 (2021: $6,922) and in the year ended December 31, 2022, the Company incurred a loss of $43,608 (2021: income of $3,575), which included an impairment of mineral properties totaling $33,850 (see Note 7, 2021: $nil). In the year ended December 31, 2022, the Company used cash in operations of $4,411 (2021: $583), used cash for investing activities of $13,056 (2021: $8,665), and added $19,708 in cash from financing activities (2021: $2,078).

The ongoing operations and capital expenditures of the Moss Mine are dependent on the Company's ability to generate sufficient cash flow from production, which is subject to commodity price risk from fluctuations in the market prices for gold and silver. In the year ended December 31, 2022, the Company had a loss from mine operations of $7,894, which included $10,310 of depreciation. To continue operations at the Moss Mine, the Company will require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used which may be required should the Company be unable to continue as a going concern. Such adjustments may be material.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

2. BASIS OF PRESENTATION

Basis of Presentation and Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The accounting policies and basis of presentation applied in the preparation of these consolidated financial statements are presented in Note 3 and have been applied consistently to all years presented, unless otherwise noted.

These consolidated financial statements were approved by the Board of Directors of the Company on April 28, 2022.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases. The Company's subsidiaries names, country of incorporation, percentage ownership, and principal activities are presented below.

Name	Country of Incorporation	Percentage Owned	Principal Activity
Golden Vertex Corp.	United States of America	100%	Precious Metal Production
Golden Vertex (Idaho) Corp.	United States of America	100%	Holding Company
Eclipse Gold Mining Corp.	Canada	100%	Holding Company
Alcmene Mining Inc.	Canada	100%	Holding Company
Hercules Gold USA, LLC	United States of America	100%	Mineral Exploration

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Profit or loss and other loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Share Consolidation

On September 24, 2021 the Company completed a consolidation of the issued and outstanding common shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares. The common shares of the Company commenced trading on the TSXV on a post-consolidation basis on September 24, 2021. The Company's trading symbol is ELVT. The exercise or conversion price and the number of shares issuable under the Company's outstanding stock options, warrants, and other convertible instruments were proportionately adjusted upon completion of the consolidation. All information relating to earnings/loss per share, issued and outstanding common shares, share options, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets and subsequently measured at amortized cost.

Inventory

Inventories include work in progress (ore stockpiles and heap leach ore) as well as finished goods (doré bars including gold and silver) and consumables and supplies. Ore stockpiles, heap leach ore or finished goods inventory are valued at the lower of weighted average production cost and net realizable value based on estimated metal content.

The Company allocates direct and indirect production costs to gold and silver on a weighted average production cost basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

Work in process inventory, including ore stockpiles, represents ore on the surface that has been extracted from the mine and is available for further processing. Heap leach ore inventory represents estimated gold and silver ounces contained in ore that has been placed on the heap leach pad for cyanide irrigation. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, grade and estimated recoveries of the ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost. The estimated recoverable ounces carried on the heap leach pad are adjusted based on actual recoveries being experienced. Actual and estimated recoveries are measured to the extent possible, using various indicators including but not limited to, leach curve recoveries, column tests and current trends in the level of ounces carried on the pad.

Doré inventory represents gold and silver ounces located at the mine, in transit to customers, at the refinery and bullion after it has been refined. Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Plant and Equipment

Plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of the qualifying assets.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Plant and Equipment - *continued*

Depreciation of plant and equipment commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Plant and equipment assets are depreciated or depleted using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of plant and equipment. A majority of mine and site infrastructure assets are depleted using a unit-of-production method over the life of the mine. Depletion is determined each period using gold ounces mined over the estimated contained proven and probable reserves and measured and indicated resources of the mine. Depreciation and depletion is recognized in the consolidated statement of income (loss) and comprehensive income (loss) upon commercial production having been achieved.

Other ancillary assets are depreciated using the straight-line method to allocate cost over their estimated useful lives, as follows:

Description	Estimated useful life
Ancillary machinery and equipment	2-5 years
Light vehicles	3-5 years
Office furniture, leaseholds and computer equipment	3-5 years

Asset useful life and residual values are reviewed on an annual basis and adjusted, if required, on a prospective basis.

Exploration and Evaluation Assets

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration and evaluation activities include the following:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Exploration and Evaluation Assets - *continued*

Exploration and evaluation assets are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- no legal encumbrances exist which would cast significant doubt on the commercial viability of the mineral reserves; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures do not qualify as development or producing mining interests until the above criteria are met.

Mining Interests

Exploration, development and field support costs directly related to mining interests are deferred until the property to which they directly relate is placed into production, sold, abandoned or subject to a condition of impairment. The deferred costs are amortized using the units of production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Stripping Costs

Capitalization of stripping costs requires the Company to make judgments and estimates in determining the amounts to be capitalized. In open pit mining it may be required to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to gold and silver which will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mineral property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the estimated contained proven and probable reserves and measured and indicated resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in production costs.

Impairment of Non-Financial Assets

At each reporting date, management reviews the carrying amounts of assets included in mineral properties, plant and equipment and exploration and evaluation assets to determine whether there is any indication of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors are evaluated by management in determining whether there are any indicators of impairment, including:

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Impairment of Non-Financial Assets - *continued*

i) a significant decline in the market value of the Company's share price;
ii) changes in the quantity and grade of the recoverable reserves or resources;
iii) changes in commodity prices, capital and operating costs; and
iv) changes in interest rates

If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's carrying amount exceeds the recoverable amount, and is recorded as an expense immediately.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of income (loss) and comprehensive income (loss) immediately.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the statements of operations over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Leases - *continued*

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of loss. Short-term leases are leases with a lease term of 12 months or less.

Certain leases contain variable payment terms. Variable lease payments are recognized in the statement of loss in the period in which the condition that triggers those payments occurs.

Silver Stream Obligation

The Company has a silver stream obligation which has been accounted for in accordance with IFRS 9. Management has determined that based on the terms of the agreement there is a financial liability component and an embedded derivative component. The financial liability is measured at amortized cost. The Company values the liability at the present value of its expected future cash outflows at each reporting period. The embedded derivative is valued at fair value with changes in fair value at each reporting period being reflected in the consolidated statements of income (loss) and comprehensive income (loss).

Derivative Liabilities

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in the consolidated statement of income (loss) and comprehensive income (loss).

As the exercise price of the Company's share purchase warrants is fixed in Canadian dollars and the functional currency of the Company is the United States dollars, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. The fair value of the warrants is determined using the Black Scholes option pricing model at the period end date.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Derivative Liabilities - *continued*

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

Provision for Reclamation and Remediation

The Company's activities are subject to laws and regulations relating to the protection of the environment in jurisdictions in which exploration, development and mining activities take place. To comply with such laws and regulations, the Company may be required to make expenditures for reclamation and remediation. In certain cases, the Company could also have a constructive obligation to make such expenditures, where a legal obligation did not otherwise exist. The Company recognizes a provision for reclamation and remediation when: the Company has a present legal or constructive obligation as a result of past events, such as an environmental disturbance; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the net present value of the expenditures expected to be required to settle the obligation using a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Reclamation and remediation provisions include estimates for the costs of restoration activities required under applicable environmental regulations, such as dismantling and demolition of infrastructure, site and land rehabilitation, and security and monitoring. The extent of reclamation and remediation work required is primarily dependent on the prescribed requirements of the applicable environmental authority in the jurisdiction in which the Company's activities take place. Upon initial recognition of the liability, the net present value of the obligation is capitalized as part of the cost of mining interests. Restoration activities will occur primarily upon closure of a mine, but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

Reclamation and remediation provisions are reviewed at least quarterly and take into account the effects of inflation and changes in estimates, with any resulting adjustments to the net present value of the provision correspondingly capitalized to mining interests.

Share Capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued. Proceeds related to the issuance of units are allocated between common shares and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as derivative liabilities, the fair value of the warrants is determined with the residual amount allocated to common shares.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Share-Based Payments

The Company measures equity settled share-based payments based on their fair value at grant date and recognizes compensation expenses in profit or loss over the vesting period. Fair value for cash settled share-based payments, including Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"), is determined using the Company's share price at the grant date and the corresponding liability is marked to market at each subsequent reporting date.

Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate.

Revenue Recognition

Revenue is generated from the sale of gold and silver. The Company produces doré which contains gold and silver. Doré is further processed by a third party refiner to produce refined metals for sale.

Revenue is recognized when control of the refined gold and silver is transferred to the customer. Control is achieved when an irrevocable commitment to sell gold and silver to customers at a specified price occurs upon the Company's third party refiner notifying the customers that they have received irrevocable instructions to deliver refined gold and silver to the customers' bullion account. After this point the customers have full discretion over the product and there is no unfulfilled obligation that could affect the acceptance of the product.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense if applicable, is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period, adjusted for amendments if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Current and Deferred Income Taxes - *continued*

Deferred tax is recorded using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable loss, or on differences relating to investments in subsidiaries to the extent that it is probable they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statements of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Foreign Currency Translation

Items included in the financial statements of each of the subsidiaries of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in United States dollars which are also the functional currency of the parent company and its subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. This calculation requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. The treasury stock method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

Financial Instruments

Financial assets are classified into three measurement categories on initial recognition: (i) measured as amortized cost; (ii) measured at fair value through other comprehensive income ("FVOCI"); and (iii) measured at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated and instead, the financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL.

Fair value changes on liabilities are presented as follows: (i) the amount that is attributable to changes in the credit risk of the liabilities is presented in other comprehensive income ("OCI") and (ii) the remaining amount of change in the fair value is presented in the consolidated statement of income (loss) and comprehensive income (loss). All other financial liabilities are measured at amortized cost unless the fair value option is applied.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial Instruments - continued

IFRS 9 has an expected credit loss ("ECL") model for calculating impairment of financial assets. An entity is required to recognize ECL when financial instruments are initially recognized and to update the amount of ECL recognized at each reporting date to reflect changes in the credit risk of the financial instruments. IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Significant estimates and judgments used in the preparation of the consolidated financial statements include, but are not limited to:

- those relating to the assessment of the Company's ability to continue as a going concern;
- inventory valuation which includes contained and recoverable ounces and allocation of costs;
- the expected costs of reclamation and remediation;
- the fair value of derivative liabilities;
- the fair value of the silver stream obligation and associated embedded derivative.
- the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from the expenditures;
- asset carrying values and impairment charges;
- useful life of property, plant and equipment;
- the calculation of share-based compensation, which includes the assumptions used in the Black-Scholes option pricing model such as volatility, estimated forfeiture rates and expected time until exercise; and
- recognition of deferred tax assets.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the amounts recognized in the consolidated financial statements are as follows:

Inventories

The allocation of costs to inventories and the determination of net realizable value involves the use of estimates. There is significant judgment used in estimating future costs, future production levels, contained gold and silver ounces, gold and silver recovery levels and market prices. Actual results may differ significantly from estimates used in the determination of the carrying value of inventories. The Company allocates direct and indirect production costs to gold and silver on a systematic and rational basis. With respect to ore stockpiles, heap leach ore and doré inventory, production costs are allocated based on ounces recoverable within each category of inventory. Inventory is stated at the lower of weighted average cost or net realizable value with cost being determined using a weighted average cost method. The ending inventory value of ounces associated with the leach pad is equal to opening recoverable ounces plus recoverable ounces placed, less ounces produced, with ounce adjustments related to current estimates of contained ounces and recovery levels being experienced.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS - *continued*

Provision for Reclamation and Remediation

The amounts recorded for reclamation and remediation provisions are based on a number of factors, including technical reports prepared by third-party specialists for anticipated remediation activities and costs, the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the work to be completed and may change with future changes to costs, environmental laws and regulations and remediation practices.

Derivative Liabilities

The Company issues share purchase warrants in connection with certain equity financings. The fair value of share purchase warrants is estimated by using the Black-Scholes valuation model on the date of warrant issuance at each subsequent period end, based on certain assumptions. Those assumptions are described in Note 14 and include, among others, expected volatility, expected life and number expected to vest.

Silver Stream Obligation and Embedded Derivative

The silver stream obligation has been accounted for as a financial liability. The financial liability is measured at amortized cost. The fair value of the silver stream obligation embedded derivative is estimated by using the Monte Carlo simulation valuation models based on certain assumptions. Those assumptions are described in Note 14 and include, among others, the silver forward curve price, long-term silver price volatility, the risk-free interest rate, and the Company's credit spread.

Convertible Debentures

Convertible debentures are financial instruments accounted for in two separate components, a debt instrument and equity instrument or a derivative liability. The identification of the respective components is based on interpretations of the substance of the contractual arrangement and thus requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the debt component. The determination of the fair value of the debt component is based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Mining Interests

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of mining interests. The amounts shown for mining interests do not necessarily represent present or future values.

The recoverability of asset carrying values is dependent upon economically recoverable reserves and resources, the ability of the Company to obtain the necessary financing and permits to complete development and profitable production or proceeds from the disposition. The Company estimates its reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. Depletion of mining interests is calculated using a unit-of-production method over the life of the mine, which is dependent upon economically recoverable reserves and resources.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS - *continued*

Useful Life of Plant and Equipment

The useful life of plant and equipment is based on management estimates at the time of acquisition with information obtained from vendors and engineer guidance, where required. Management estimates may change due to technological developments, market conditions, expectation for replacement of assets and other factors. The Company depreciates assets on either a straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the expected life of mine. The units-of-production basis calculates depreciation by dividing gold-equivalent ounces mined during the period over the estimated remaining economically recoverable reserves and resources. The Company estimates its reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. Estimates of residual values, useful lives and depreciation methods are reviewed periodically by management. Any changes that arise from periodic reviews are accounted for and adjusted prospectively.

Share-Based Payments

The Company has an incentive stock option plan for employees, consultants, directors and officers. Services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of stock option grant based on certain assumptions. Those assumptions are described in Note 15 and include, among others, expected volatility, expected life and number expected to vest.

Deferred Taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make a significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets.

Acquisition Accounting

The Company accounted for the acquisition of Eclipse Gold Mining Corp. ("Eclipse") as an asset acquisition. Significant judgement and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Eclipse was not considered a business under IFRS 3 – *Business Combinations* as Eclipse did not have significant inputs, processes and outputs, that together constitute a business.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

5. ACQUISITION OF ECLIPSE GOLD MINING CORP

On February 12, 2021, the Company acquired Eclipse in exchange for 18,160,021 common shares of the Company with a fair value of $39,431. Total consideration in the acquisition was as follows:

Common shares	$	39,431
Warrants		2,139
Share options		307
Transaction costs		948
Total consideration	$	42,825

The Company accounted for the acquisition of Eclipse as an asset acquisition. Significant judgement and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Eclipse was not considered a business under IFRS 3, *Business Combinations*, as Eclipse did not have significant inputs, processes and output, that together constitute a business.

The total consideration was allocated to the assets and liabilities acquired based on their fair values as follows:

Cash and cash equivalents	$	13,083
Trade and other receivables		46
Investment in Elevation Gold		7,061
Prepaid expenses and deposits		206
Restricted cash		140
Plant and equipment		5
Mineral properties		22,736
Trade and other payables		(435)
Provision for reclamation		(17)
Net assets and liabilities acquired	$	42,825

6. INVENTORY

As at:		**December 31, 2022**		December 31, 2021
Heap leach ore	**$**	**24,095**	$	23,496
Dore		**767**		1,760
Stockpiled ore		**1,336**		1,481
Consumables and supplies		**416**		268
	$	**26,614**	$	27,005

During the year ended December 31, 2022, $64,825 of inventory expense passed through cost of sales (2021: $53,978).

During the year ended December 31, 2022, the Company recorded a net realizable write-down of heap leach ore and dore inventory of $1,939, of which $1,584 was included in production costs and $355 was included in depletion and depreciation. There were no amounts written down for the year ended December 31, 2021.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

The following table provides a continuity schedule for the Company's mineral properties and plant and equipment for the years ended December 31, 2022 and 2021.

		Depletable mineral properties		Non-depletable mineral properties		Plant and equipment		Total
Cost								
Balance at December 31, 2020	$	30,421	$	8,935	$	59,663	$	99,019
Additions		4,040		8,737		12,554		25,331
Acquisition of Eclipse Gold Mining Corp.		-		22,736		5		22,741
Transfer from non-depletable mineral properties		2,789		(2,789)		-		-
Future site restoration provision adjustment		(83)		-		-		(83)
Disposals		-		-		(811)		(811)
Balance at December 31, 2021	$	37,167	$	37,619	$	71,411	$	146,197
Additions		-		5,605		7,379		12,984
Impairment		(21,530)		(12,320)		-		(33,850)
Future site restoration provision adjustment		2,969		-		-		2,969
Disposals		-		-		(41)		(41)
Balance at December 31, 2022	$	18,606	$	30,904	$	78,749	$	128,259
Accumulated Depreciation								
Balance at December 31, 2020	$	8,830	$	-	$	19,055	$	27,885
Depletion and depreciation		2,683		-		5,543		8,226
Disposals		-		-		(563)		(563)
Balance at December 31, 2021	$	11,513	$	-	$	24,035	$	35,548
Depletion and depreciation		1,349		-		10,083		11,432
Disposals		-		-		(15)		(15)
Balance at December 31, 2022	$	12,862	$	-	$	34,103	$	46,965
Net book value at December 31, 2021	$	25,654	$	37,619	$	47,376	$	110,649
Net book value at December 31, 2022	$	5,744	$	30,904	$	44,646	$	81,294

Depletable mineral properties consist of the Moss Mine. Non-depletable mineral properties consist of exploration and evaluation on the Moss Property, the Silver Creek Property and the Hercules Property, which are considered separate from the Moss Mine.

Moss Mine Property – Mohave County, Arizona

The Company owns 100% of the Moss Mine and has royalty agreements with various parties whereby the Company pays net smelter returns ("NSR") royalties totalling approximately 6% to various royalty holders - ranging from 1% to 3% on certain patented and unpatented claims related to the Moss Mine and a royalty of up to $15 per troy ounce of gold and up to $0.35 per troy ounce of silver produced on the project.

Impairment assessment

At June 30, 2022, the Company recognized a non-cash impairment of mineral properties of $33,850, of which $21,530 was recorded in depletable mineral properties and $12,320 in non-depletable mineral properties (2021: $Nil).

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT – *continued*

Indicators of impairment

At June 30, 2022, management of the Company completed an assessment of impairment indicators for the Moss Mine cash generating unit ("CGU"), as the Company's market capitalization fell below the carrying value of net assets. Accordingly, the Company estimated the recoverable amounts of the CGU and compared them to the carrying value of the CGU. The recoverable amount of the CGU was based on fair value less cost of disposal method using discounted cash flow models. Upon completion of the Company's impairment assessment, it was determined that the Moss Mine CGU was impaired by a total of $33,850, which resulted in a charge of the same amount to the Company's statement of income and loss.

Key assumptions in impairment assessment and sensitivity analysis

The projected cash flows used in impairment testing are significantly affected by changes in assumptions. Key assumptions included by management in the discounted cash-flow model included a gold price ranging from $1,750 to $1,800, gold and silver recoveries of 80% and 43%, respectively, as indicated in life of mine plans, and real after-tax discount rate of 5%. Management's estimates of the recoveries are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts). The Company performed a sensitivity analysis on these key assumptions. Based on the impairment testing performed at June 30, 2022, the sensitivity to changes in these key assumptions is as follows:

- a 10% decrease in the short and long-term gold price would result in an additional impairment of $14.7 million,
- a 10% decrease in gold recoveries would result in an additional impairment of $17.4 million, and
- a 5% increase in the real after-tax discount rate would result in an additional impairment of $4.1 million.

The Company completed an assessment at December 31, 2022 and did not identify any impairment indicators.

Silver Creek Property – Mohave County, Arizona

In May 2014 (as amended in June 2017 and August 2019), the Company secured an option on the Silver Creek Property, located adjacent to the Moss Mine from La Cuesta International, Inc. ("LCI"). Pursuant to the terms of the 35-year mineral lease and option agreement, the Company paid LCI $5 and issued 16,667 common shares on execution of agreement while also committing to certain exploration expenditure requirements, which have now been fulfilled. From 2019 onwards the Company is required to make cash payments of $25 every six months. As at December 31, 2022, the Silver Creek Property is in good standing and all payments and commitments are current.

The agreement includes a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling $4,000 in any combination of aggregate royalty payments and lump-sum payments at its sole discretion.

All payments other than the work commitments are credited against the royalty, including amounts paid to date. Once $4,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%. No royalty payments on the Silver Creek Property claims have been made to date as the Company is not currently mining from the area included in this agreement.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT – *continued*

Hercules Property - Lyon County, Nevada

On August 9, 2019, Hercules Gold entered into an agreement with Great Basin Resources, Inc and Iconic Minerals Ltd. for an option to obtain 100% interest in the Hercules Project, comprising certain unpatented mining claims. The option agreement has a maximum term of twelve years from February 18, 2020. Following the acquisition of Eclipse by the Company, the parties entered into an amending agreement dated February 12, 2021. Pursuant to the terms of the agreement, the Company issued 181,666 common shares to Iconic Minerals Ltd. in February 2021 and issued a further 181,666 common shares on the first anniversary (February 2022) and a further 181,666 in common shares on the second anniversary to keep the project in good standing. The Company needs to also make annual payments of $50 to Great Basin Resources, Inc. up to an aggregate of $600, which began in February 2021. Additionally, the Company was subject to a work commitment of $2,300 over the first three years of the agreement, which has been completed. The Company is in compliance with all terms of the agreement and the project is in good standing as at December 31, 2022.

8. TRADE AND OTHER PAYABLES

As at:		**December 31, 2022**		December 31, 2021
Trade accounts payable	**$**	**5,465**	$	6,398
Accrued liabilities		**3,762**		3,629
Royalties		**1,053**		650
	$	**10,280**	$	10,677

9. DEBT

As at:	Note		**December 31, 2022**		December 31, 2021
Convertible debentures	(9a)	**$**	**3,685**	$	3,541
Multiple advance promissory notes	(9b)		**2,337**		2,523
Short term loans	(9c)		**-**		4,336
Revolving credit facility	(9d)		**6,188**		-
			12,210		10,400
Current portion of debt	26		**(6,380)**		(4,529)
		$	**5,830**	$	5,871

a) Convertible Debentures

In June 2020, the Company issued a series of subordinated unsecured convertible debentures with principal totalling CAD $6,710, bearing interest at 5% per annum (payable on June 30 and December 31 of each year while outstanding) and maturing on June 30, 2025. Interest may, at the option of the Company, be settled in common shares, subject to regulatory approval.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

9. DEBT – *continued*

a) Convertible Debentures - continued

The principal amount of the debentures is convertible into common shares of the Company at the price of CAD $2.40 per share. The Company may redeem the convertible debentures in cash on or after July 31, 2022, in whole or in part from time to time, upon required prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice must be less than the conversion price. Additionally, on or after July 31, 2022, the Company has the option to repay the principal amount of the debentures in common shares, provided certain circumstances are met including but not limited to: no default has occurred and is continuing at such time, and the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date (as the case may be) is at least 150% of the conversion price of CAD $2.40 per share.

The convertible debentures contain an embedded derivative (the "Conversion Component") relating to the conversion option and a conversion price fixed in CAD $. The Conversion Component's fair value as at December 31, 2022 was estimated to be $1 (December 31, 2021 - $381) using the Black Scholes option-pricing model (Note 14).

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**3,541**	$	3,195
Interest accretion		**385**		336
Foreign exchange movement		**(241)**		10
Balance, end of period	**$**	**3,685**	$	3,541

b) Multiple advance promissory notes

In February 2020, the Company completed a term loan financing of $2,869 at rates currently approximating 1.9% per annum over a fifteen-year amortization period, for the purpose of constructing an electrical power line to the Moss Mine.

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**2,523**	$	**2,708**
Principal payments		**(191)**		**(191)**
Financing costs		**5**		**6**
Balance, end of period	**$**	**2,337**	$	**2,523**

c) Short Term Loans

In November 2021, the Company agreed on terms for two short term unsecured loans totalling CAD $5,500. The original loans had maturity dates of February 28, 2022 and were subject to fixed annual interest rates of 10% and 18%, payable on maturity. One of the loans, totalling CAD $500 was with a director of the Company and as such is classified as a related party transaction (Note 24).

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

9. DEBT – *continued*

c) Short Term Loans - continued

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**4,336**	$	-
Issued		**-**		4,338
Settlement of short term loan		**(4,392)**		-
Foreign exchange movement		**56**		(2)
Balance, end of period	**$**	**-**	$	4,336

Concurrent with the closing of the Company's public offering in March 2022, the Company issued an aggregate of 5,592,890 units (Note 15) in partial settlement of a portion of the short term loans discussed above. Pursuant to the terms of the settlement, total principal of CAD $2,215 and interest of CAD $249 was settled through the issuance of 4,649,494 units of the Company. In addition, the related party balance of principal totalling CAD $500 was settled through the issuance of 943,396 units of the Company, with the director of the Company waiving the right to receive interest on settlement. As at December 31, 2022, there were $Nil (December 31, 2021 – CAD $500) of short term loans owing to related parties. As a result of the settlement of the short term loans, the Company recognized a loss on settlement of $85 for the year ended December 31, 2022.

In April 2022, the Company repaid the remaining principal and interest balance in full, thereby eliminating any further obligations related to the short term loans (Note 26).

d) Revolving credit facility

In August 2022, the Company entered into a $6,000 revolving credit facility (the "Credit Facility"). Under the terms of the Credit Facility, interest accrues on any unpaid principal at an interest rate of 12% per annum compounded on a monthly basis, with all accrued interest and principal payable on or before December 31, 2023. The lender is affiliated with an entity with a director in common with Elevation Gold. The Company may, at its option, at any time and from time to time, prepay without penalty or premium the Credit Facility, in whole or in part. In January 2023, the terms of the revolving credit facility were amended. Under the terms of the amendment, the total maximum principal amount that may be outstanding at any given time is $12,000, interest will be paid on a quarterly basis and is payable by delivery of physical gold. The total of gold ounces deliverable is calculated by dividing total interest payable by $1,850 per ounce. The term of the loan was also extended to Q1 2025. Subsequent to December 31, 2022 the Company had drawn down an additional $6,000, bringing the total drawn down to $12,000.

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**-**	$	-
Issued		**6,000**		-
Interest capitalized		**188**		-
Balance, end of period	**$**	**6,188**	$	-

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

10. DEFERRED REVENUE FROM GOLD STREAM FACILITY

In January 2022, the Company entered into a prepaid gold facility for consideration of $6,000, the Company agreed to sell and deliver (from its own production) a specified amount of refined gold, with deliveries of such amounts and an additional $1,000 of refined gold quarterly beginning March 28, 2022 until expiry of the agreement on June 28, 2023. The prepaid gold facility is held by Maverix Metals Inc., a company with a director in common with Elevation. The specified amount of refined gold under the agreement are as follows:

- 86 ounces of refined gold due on March 28, 2022 (delivered)
- 76 ounces of refined gold due on June 28, 2022 (delivered)
- 61 ounces of refined gold due on September 28, 2022 (delivered)
- 45 ounces of refined gold due on December 28, 2022 (delivered)
- 30 ounces of refined gold due on March 28, 2023 (delivered)
- 15 ounces of refined gold due on June 28, 2023

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance, beginning of period	**$ -**	$ -
Deferred revenue received	**6,000**	-
Gold delivered and revenue recognized	**(4,000)**	-
Balance, end of period	**$ 2,000**	$ -

For the year ended December 31, 2022, the Company delivered the required gold ounces under the terms of the agreement and recognized revenue of $4,000 and concurrently recognized finance charges of $464 (from delivery of 268 ounces of gold).

11. LEASES

In 2018, the Company executed a definitive Master Lease Agreement (the “MLA”) for up to $9,000 of equipment purchases. The significant terms and conditions of the MLA include: a maximum of $9,000 available to fund equipment purchases with 10% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four-year lease period, interest rate of 3-month USD LIBOR plus additional interest rates ranging from 5.00% to 6.25% per annum and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company. Minimum lease payments and present value of lease obligations are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance, beginning of period	**$ 903**	$ 2,511
Minimum lease payments	**-**	185
IFRS 16 lease obligation recognition	**239**	321
Principal payments	**(444)**	(2,136)
Financing costs	**23**	22
Balance, end of period	**721**	903
Current portion of leases	**(352)**	(435)
Non-current portion of leases	**$ 369**	$ 468

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

12. SILVER STREAM

The Company entered into a $20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement, the Company must deliver 100% of payable silver into the agreement until 3.5 million ounces are delivered, thereafter, 50% of payable ounces will be supplied into the agreement over the life of the mine on a monthly basis. As at December 31, 2022, a total of 1,145,856 ounces of silver have been credited against the agreement. The silver stream agreement is with Maverix Metals Inc., a company with a director in common with the Company.

Deliveries are subject to a ratio of silver to actual gold produced whereby, in the event the ratio is not met, the Company is required to purchase and deliver silver ounces required to achieve the ratio. The silver stream is secured with a first charge over assets.

The Company receives 20% of the five-day average spot silver price at the time each ounce of silver is delivered. The Company recognizes silver revenue for silver ounces delivered under the arrangement at the spot price at the time of delivery. The silver advance is reduced by silver ounces delivered at the forward spot price at the inception of the agreement, offset by the financial liability's accretion over the life of the mine.

The silver stream has been accounted for as a financial liability with an embedded derivative which relates to changes in silver price and expected production. The financial liability is measured at amortized cost. The embedded derivative is recorded at fair value each reporting period with changes reflected in the consolidated statements of income (loss) and comprehensive income (loss). At December 31, 2022, the fair value of the embedded derivative was $8,246 (2021 - $10,617) (Note 16).

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**14,649**	$	16,362
Silver deliveries		**(4,343)**		(5,314)
Settlement loss (gain) (Note 21)		**(53)**		735
Interest accretion (Note 21)		**2,543**		2,866
Balance, end of period		**12,796**		14,649
Current portion of silver stream		**(1,918)**		(2,271)
Non-current portion of silver stream	**$**	**10,878**	$	12,378

13. PROVISION FOR RECLAMATION

The Company's provision for reclamation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 3.96% and a long-term inflation rate of 2.27%, with expenditures anticipated over a five-year period beginning in 2025. The provision is remeasured at each reporting date based on land disturbance. Accretion expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss). The total undiscounted amount of the Company's estimated obligation, based on land disturbances at the Moss Mine as of December 31, 2022, was $11,183.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

13. PROVISION FOR RECLAMATION – *continued*

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**6,714**	$	2,756
Acquisition of Eclipse		**-**		17
Change in estimate		**2,969**		3,908
Accretion		**161**		33
Balance, end of period	**$**	**9,844**	$	6,714

14. DERIVATIVES

As at:	Note		December 31, 2022		December 31, 2021
Warrants	(14a)	**$**	**444**	$	637
Silver stream embedded derivative	(14b)		**9,859**		10,617
Convertible debenture	(14c)		**1**		381
			10,304		11,635
Current portion of derivatives			**(4,332)**		(3,730)
Non-current portion of derivatives		**$**	**5,972**	$	7,905

a) Warrants

The Company's functional currency is the US dollar. As the exercise price of the Company's share purchase warrants is fixed in CAD $ a variable amount of cash in the Company's functional currency will be received on warrant exercise. Accordingly, these share purchase warrants are classified and accounted for as derivatives at fair value through profit or loss. The fair value of warrants issued are valued using their market price on the TSXV, or where a market price is not available, the Black-Scholes option-pricing model. The warrants have exercise prices ranging between CAD $0.53 to CAD $6.24 with remaining lives of 0.1 to 4.2 years (Note 15). The following assumptions were used for the Black–Scholes valuation of warrants:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Risk–free interest rate	**4.06%**	0.95%
Expected life of warrants	**0.1-0.2 years**	1.0–1.2 years
Dividend rate	**Nil**	Nil
Expected share price volatility	**105-106%**	50%
Fair value per warrant issued or amended (CAD $)	**$0.00**	$0.00-$0.04

The table below is a continuity schedule for the warrant derivative for each of the periods noted.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

14. DERIVATIVES – *continued*

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**637**	$	2,087
Issuance of warrants (Note 15)		**6,952**		2,139
Exercise of warrants		**-**		(3)
Change in fair value		**(6,959)**		(3,644)
Foreign exchange movement		**(186)**		58
Balance, end of period		**444**		637
Current portion of warrant derivative		**(444)**		(637)
Non-current portion of warrant derivative	**$**	**-**	$	-

b) Silver Stream Embedded Derivative

The silver stream embedded derivative is valued using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation are the silver forward curve price, long-term silver production volatility, the risk-free interest rate and the Company's credit spread. The valuation of the silver stream embedded derivative also required estimation of the Company's anticipated production schedule of silver ounces delivered over the life of mine.

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**10,617**	$	15,599
Change in fair value		**(758)**		(4,982)
Balance, end of period		**9,859**		10,617
Current portion of derivative		**(3,887)**		(3,093)
Non-current portion of derivative	**$**	**5,972**	$	7,524

c) Convertible Debenture

The outstanding convertible debenture (Note 9) is deemed to contain an embedded derivative (the "Conversion Component") relating to the conversion option and a conversion price fixed in CAD $. The Conversion Component's fair value was estimated using the Black Scholes option-pricing model and volatility. Fair value gains and losses at each reporting period are recorded in the consolidated statements of income (loss) and comprehensive income (loss). The following assumptions were used for the Black-Scholes valuation of the Conversion Component:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Risk–free interest rate	**3.82%**	1.25%
Expected life	**2.5 years**	3.5 years
Dividend rate	**Nil**	Nil
Share price volatility	**68%**	65%

The table below is a continuity schedule for the derivative associated with the 2020 convertible debenture for each of the periods noted.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

14. DERIVATIVES – *continued*

		Year Ended December 31, 2022		Year Ended December 31, 2021
Balance, beginning of period	**$**	**381**	$	2,822
Change in fair value		**(380)**		(2,441)
Balance, end of period	**$**	**1**	$	381

15. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE

Authorized and Issued Share Capital

At December 31, 2022 and December 31, 2021, the Company had 110,391,281 and 60,863,627 common shares issued and outstanding, respectively. The authorized share capital consists of an unlimited number of common shares without par value.

Issuances of Share Capital

During the year ended December 31, 2022, the Company completed an equity financing, whereby a total of 43,301,000 units of the Company were issued at a price of CAD $0.53 per unit for total gross proceeds of $18,294. Each unit consists of one common share in the capital of the Company and one common share purchase warrant (with a total fair value of $6,156), each warrant entitling the holder to acquire an additional common share of the Company at an exercise price of CAD $0.70 until March 24, 2027. The Company paid a total of $1,228 in cash for broker commissions, regulatory fees and legal expenses related to the financing. As consideration for services performed in connection with the equity financing, the broker also received a total of 284,310 units with a fair value of $120 and 2,313,750 broker warrants with a fair value of $200. The broker warrants have an exercise price of CAD $0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD $0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years.

Concurrent with the closing of the equity financing, the Company issued an aggregate of 5,592,890 additional units ("Debt Settlement Units") in partial settlement of certain short-term loans (Note 9). The fair value of the Debt Settlement Units totalled $2,363, of which $2,164 was applied to principal and $199 against interest payable on the short term loans. As consideration for services performed in connection with the debt settlement, the broker received a total of 167,787 units with a value of $71 and 167,787 broker warrants with a fair value of $14. The broker warrants have an exercise price of CAD $0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD $0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years. For the year ended December 31, 2022, the Company recorded a loss on settlement of short term loans of $85.

During the year ended December 31, 2022, the Company issued a total of 181,667 common shares (December 31, 2021 – 181,667) with a fair value of $90 (December 31, 2021 - $385), in fulfilment of the option agreement on the Hercules Property (Note 7).

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

15. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Issuances of Share Capital - *continued*

During the year ended December 31, 2021, the Company issued a total of 18,160,021 common shares with a fair value of $39,431 on the acquisition of Eclipse (Note 5). In addition, as part of the Eclipse acquisition, the Company cancelled 3,251,840 common shares of Elevation Gold Mining Corporation that were owed by Eclipse at the time of completion of the acquisition with a fair value of $7,144, of which $5,392 was credited against share capital and $1,752 was charged directly to accumulated deficit on closing.

During the year ended December 31, 2021, the Company issued a total of 356,625 common shares on exercise of stock options, 4,583 on exercise of warrants, and 24,222 from the vesting of RSUs, generating net proceeds of $454 and a reclassification of $356 from share option reserve to share capital. In addition, during the same period, the Company issued a total of 131,604 common shares with a fair value of $222 in consideration for interest payable on the convertible debenture (Note 9) and 60,850 common shares with a fair value of $150 for a mining contract settlement.

Equity Incentive Plan

At the Company's Annual and Special Meeting on August 18, 2022, the shareholders of the Company elected to adopt a new 10% rolling security based compensation plan ("Equity Incentive Plan") to replace the previous Option Plan and Share Unit Plan, which allows for the issuance of incentive stock options, deferred share units, performance share units, restricted share units, stock appreciation rights, and share purchase rights ("Awards"). Pursuant to the Equity Incentive Plan, a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of all Awards granted thereunder. Terms of any granting of Awards will be determined by the Board, subject to the provisions of the Equity Incentive Plan and the policies of the TSX Venture Exchange. No individual may be granted Awards exceeding 5% of the Company's common shares outstanding in any twelve-month period.

Stock Options

Continuity of the Company's stock options issued and outstanding was as follows, for each period noted:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Number of options	**Weighted average exercise price (CAD$)**	**Number of options**	**Weighted average exercise price (CAD$)**
Outstanding, beginning of period	3,848,028	$ 1.57	2,233,305	$ 1.74
Granted	4,425,000	0.29	2,531,344	1.61
Exercised	-	-	(366,625)	1.51
Forfeited	(2,341,204)	1.20	(299,996)	2.74
Expired	(74,998)	4.08	(250,000)	2.76
Outstanding, end of period	**5,856,826**	**$ 0.72**	**3,848,028**	**$ 1.57**

As at December 31, 2022, the following stock options were outstanding and exercisable:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

15. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Stock Options – *continued*

Exercise price (CAD$)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
1.44	312,499	February 27, 2024	312,499	1.16
1.50	41,665	February 10, 2025	41,665	2.12
2.10	75,000	July 8, 2025	75,000	2.52
1.98	423,501	February 18, 2023	423,501	0.13
1.92	504,161	June 29, 2026	336,101	3.50
0.86	300,000	November 29, 2026	100,000	3.92
0.86	500,000	December 13, 2026	166,666	3.95
0.30	3,300,000	May 30, 2027	1,099,994	4.41
0.18	400,000	November 15, 2027	-	4.88
	5,856,826		**2,555,426**	**3.44**

At December 31, 2021, the weighted-average remaining contractual life of options outstanding was 3.25 years and the weighted average trading price for options exercised for the year ended December 31, 2021 was CAD $2.25.

Warrants

Continuity of warrants issued and outstanding were as follows:

		December 31, 2022		December 31, 2021
	Number of common shares exercisable from warrants	Weighted average exercise price (C$)	Number of common shares exercisable from warrants	Weighted average exercise price (C$)
Outstanding, beginning of period	11,409,190	$ 4.80	8,106,241	$ 5.10
Issued	51,827,524	0.69	4,365,190	4.59
Exercised	-	-	(4,583)	2.40
Expired	(4,799,978)	3.56	(1,057,658)	5.71
Outstanding, end of period	**58,436,736**	**$ 1.04**	**11,409,190**	**$ 4.80**

As at December 31, 2022, the Company had outstanding share purchase warrants as follows:

Number of common shares exercisable from warrants	Exercise price (C$) per common share	Expiry date
3,759,916	4.80	January 14, 2023
440,417	3.00	January 14, 2023
1,852,083	2.40	February 20, 2023
556,796	2.40	February 27, 2023
2,481,537	0.53	March 24, 2024
49,345,987	0.70	March 24, 2027
58,436,736 $	**1.04**	

The weighted average remaining life of the outstanding warrants as at December 31, 2022 was 3.63 years (December 31, 2021: 0.8 years).

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

15. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – *continued*

Restricted Share Units ("RSU")

Currently, the Company has granted RSUs. Equity-settled RSUs are recognized over the vesting period from the date of grant. Cash-settled RSUs are marked to market and recognised as a liability. Continuity of the Company's RSUs issued and outstanding is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Outstanding, beginning of period	**48,443**	249,999
Issued	**-**	72,665
Exercised for stock	**-**	(24,222)
Exercised for cash	**(15,138)**	(166,666)
Forfeited	**(18,166)**	(83,333)
Outstanding, end of period	**15,139**	48,443

As at December 31, 2022, the Company had a total of 15,139 RSUs outstanding and exercisable with an expiry date of February 18, 2023.

Share-Based Compensation Expense

The fair value of share-based compensation is recognized over the vesting period from the date of grant. Share-based payment expenses relating to equity-settled awards recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2022 totalled $796 (2021: $951). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Risk–free interest rate	**2.66-3.32%**	0.19–0.97%
Expected life of options	**5.0 years**	2.0-5.0 years
Dividend rate	**Nil**	Nil
Expected forfeiture rate	**0%**	0%
Expected volatility	**67-69%**	65-70%

16. EARNINGS (LOSS) PER SHARE

The calculation of diluted earnings (loss) per share was based on earnings (loss) attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustments for the effect of potential dilutive shares. Potentially dilutive shares associated with share options, warrants and convertible debentures out of the money were not included in the diluted earnings per share calculation as their effect was anti-dilutive. The following table summarizes the calculation of basic and diluted earnings per share:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

16. EARNINGS (LOSS) PER SHARE – *continued*

	Year Ended December 31, 2022	2021
Income (loss) for the period	$ **(43,608)**	$ 3,575
Add: Interest on convertible debenture	-	265
Less: Gain on convertible debenture	-	(2,441)
Adjusted income (loss) for the period	**(43,608)**	1,399
Basic weighted average number of common shares outstanding	**99,139,280**	58,933,350
Effective impact of dilutive securities:		
Convertible debentures	**-**	2,795,833
Share options	**-**	447,480
Diluted weighted average number of shares outstanding	**99,139,280**	62,176,663
Earnings (loss) per share		
Basic	$ **(0.44)**	$ 0.06
Diluted	$ **(0.44)**	$ 0.02

17. REVENUE

	Year Ended December 31, 2022	2021
Gold sales	$ **56,562**	$ 52,399
Silver sales	**5,548**	6,708
Other sales	**191**	-
	62,301	59,107
Treatment and refining charges	**(293)**	(262)
	$ **62,008**	$ 58,845

18. PRODUCTION COSTS

	Year Ended December 31, 2022	2021
Contractors and outside services	$ **28,273**	$ 25,998
Employee compensation and benefits expense	**8,915**	8,040
Materials and consumables	**11,612**	8,150
Other expenses	**5,829**	5,283
Share-based compensation	**215**	72
	54,844	47,543
Changes in inventories	**1,552**	(3,547)
	$ **56,396**	$ 43,996

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

19. CORPORATE ADMINISTRATIVE EXPENSES

	Year Ended December 31,			
		2022		2021
Direct general and administrative	**$**	**1,222**	$	2,372
Employee general and administrative		**1,518**		1,854
Share-based compensation		**581**		688
Depreciation		**108**		49
	$	**3,429**	$	4,963

20. FINANCE COSTS

	Year Ended December 31,			
		2022		2021
Interest on debt	**$**	**(684)**	$	(672)
Loss on settlement of short term loans (Note 9)		**(85)**		-
Accretion on silver stream (Note 12)		**(2,543)**		(2,866)
Other interest accretion		**(575)**		(396)
Interest expense, including accretion and issue costs		**(3,887)**		(3,934)
Settlement (loss) gain on silver stream (Note 12)		**53**		(735)
Finance costs – silver stream		**(2,226)**		(935)
Finance costs – gold sales		**(122)**		(81)
Finance costs – gold stream		**(464)**		-
Interest income		**-**		2
Total finance costs	**$**	**(6,646)**	$	(5,683)

21. GAIN (LOSS) ON REVALUATION OF DERIVATIVE LIABILITIES

	Year Ended December 31,			
		2022		2021
Warrants (Note 14)	**$**	**6,959**	$	3,644
Silver stream embedded derivative (Note 14)		**758**		4,982
Convertible debenture (Note 14)		**380**		2,441
	$	**8,097**	$	11,067

22. INCOME TAXES

The following reconciles the expected income tax recovery at Canadian statutory income tax rates to the amounts recognized in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2022 and 2021:

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

22. INCOME TAXES – *continued*

	Year Ended December 31,	
	2022	2021
Net income (loss) before taxes	**$ (43,608)**	$ 3,575
Statutory tax rate	**27%**	27%
Expected income tax expense (recovery)	**(11,774)**	965
Non-deductible items	**(1,672)**	(941)
Foreign exchange	**(16)**	14
Foreign tax rate difference	**1,003**	(19)
Change in estimate	**(1,967)**	(1,328)
Change in deferred tax assets not recognized	**14,426**	1,309
Total income tax recovery	**$ -**	$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at December 31, 2022 and 2021 are as follows:

	Year Ended December 31,	
	2022	2021
Tax loss carryforwards	**$ 9,011**	$ 16,770
Convertible debentures	**(433)**	(505)
Property and equipment	**(8,456)**	(79)
Mining interests	**(122)**	(15,031)
Silver stream obligation	**-**	(1,257)
Gold Call Options	**-**	102
Net deferred tax asset (liability)	**$ -**	$ -

The unrecognized deductible temporary differences are as follows:

	Year Ended December 31,	
	2022	2021
Property and equipment	**$ 10,057**	$ 2,839
Mineral properties	**12,320**	-
Financing costs	**3,557**	3,370
Streaming obligation	**12,880**	30,320
Derivatives	**9,858**	
Other	**1,937**	408
Tax loss carryforwards	**63,957**	18,049
Unrecognized deductible temporary differences	**$ 114,566**	$ 54,986

As at December 31, 2022, the Company had non-capital tax loss carry-forwards in Canada of $20,675, which can be applied to reduce future Canadian taxable income and will expire between 2035 and 2042. In addition, the Company had net operating tax loss carry-forwards in the United States of $79,320, which can be applied to reduce future US taxable income which have an unlimited expiry period.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

22. INCOME TAXES – *continued*

The Canadian tax loss carry-forwards include $613 of available non-capital losses generated by Eclipse subsequent to a change of control in 2021 and $4,767 of non-capital losses that arose prior to the change of control and are only available to the extent they are not considered property losses. Business losses arising prior to the change of control may only be used to offset taxable income from the same or similar business. The amount of US tax loss carry-forwards that can be used in a particular year may be limited to the extent the Company or its subsidiaries underwent a change of control.

23. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital items included in mineral properties, plant and equipment and other non-cash investing and financing activities were as follows:

		Year Ended December 31,		
		2022		2021
Value of shares issued on acquisition of Eclipse (Note 15)	**$**	**-**	$	39,431
Value of shares issued on property option (Note 15)		**90**		385
Value of shares issued for debt or interest		**2,363**		372
Accounts payable and accrued liabilities	**$**	**(471)**	$	(1,060)

24. RELATED PARTY TRANSACTIONS

Related party transactions were incurred in the normal course of business and initially measured at their fair value which is the amount of consideration established and agreed to by the parties. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Key Management and Board of Directors Compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. The Company has identified its members of the Board of Directors and executive officers including its Chief Executive Officer, Chief Financial Officer, and former Chief Executive Officer of the Company. The remuneration of the Company's key management personnel is as follows:

		Year Ended December 31,		
		2022		2021
Salaries and short-term benefits	**$**	**898**	$	1,798
Directors fees	**$**	**-**	$	129
Share-based payments	**$**	**373**	$	481

Included in salaries and short-term benefits for the year ended December 31, 2022 was $163 of termination payments made to the former President of the Company. Included in salaries and short-term benefits for the year ended December 31, 2021 was $677 of termination payments made to the former Chief Executive Officer of the Company.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

24. RELATED PARTY TRANSACTIONS – *continued*

Related Party Balances and Activity

There were no related party balances outstanding as at December 31, 2022. As at December 31, 2021, the Company had a total short term loan outstanding with a director of the Company of $394 (CAD $500) (Note 9). As disclosed in Note 9, the short-term loan was settled concurrently with the closing of the Company's public offering finalized in March 2022.

Related party transactions (not otherwise referred to in this note) are as follows for each of the periods presented:

	Year Ended December 31,	
	2022	2021
Consulting fees	**$ -**	$ 17
Shared office recovery	**$ -**	$ 28

Consulting fees charged by companies controlled by two former directors of the Company are included in employee compensation and benefits expenses. Shared office expenses recovered from a company with former directors in common are recorded in corporate administrative expenses. Effective May 21, 2021, concurrent with the two former directors not standing for re-election to the Company's annual general meeting, these related party transactions ceased.

Other Related Party Transactions

The Company's silver stream agreement (Note 12) and gold prepayment facility (Note 10) are held by Maverix Metals Inc., a company with a director in common with Elevation Gold Mining Corporation.

25. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments. In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange. The carrying value amount of the Company's financial instruments that are measured at amortized cost (including debt, lease obligation, and silver stream obligation) approximates fair value as they are measured using level 2 assumptions and using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Similarly, the carrying value of the Company's derivative instruments, which are recognized at fair value through profit or loss approximates the fair value based on the various valuation techniques associated with those instruments.

Financial Risk Management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

25. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT – *continued*

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and restricted cash. The Company considers the risk of loss relating to cash and restricted cash to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at December 31, 2022 related primarily to gold and silver dore bars sold but for which the funds were not collected prior to the period end. Amounts in trade and other receivables are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Refer to Note 1 for the Company's statement on going concern.

The Company manages its liquidity risk through the preparation of budgets and forecasts, which are regularly monitored and updated as management considers necessary and through the Company's capital management activities. A summary of contractual maturities of financial liabilities is included in Note 26.

Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

<u>Currency risk</u>

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the CAD $ in relation to US dollar will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. At December 31, 2022, the Company held cash denominated in US dollars of $3,254 and CAD $90 (December 31, 2021: USD $800 and CAD $211). With other variables unchanged, a 1% increase on the USD/CAD exchange rate would increase debt by $36. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

25. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT – *continued*

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation and political and economic conditions. The value of the silver stream embedded derivative will fluctuate with changes in the price of silver which will affect future earnings. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which is held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by $27. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

26. COMMITMENTS

At December 31, 2022, the Company had the following contractual obligations outstanding:

	Within 1 year	2–3 years	4-5 years	5+ years	Total
Debt[1]	$ 7,444	$ 4,529	$ 477	$ 1,789	**$ 14,239**
Trade and other payables	10,280	-	-	-	**10,280**
Lease commitments	249	236	-	-	**485**
Silver stream	1,918	3,130	1,020	-	**6,068**
Gold stream deferred revenue	2,000	-	-	-	**2,000**
Provision for reclamation	-	-	-	11,183	**11,183**
	$ 21,891	$ 7,895	$ 1,497	$ 12,972	**$ 44,255**

(1) Includes interest due on convertible debenture and debt.

27. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition, exploration, development and production of precious metals. The consolidated statements of income (loss) and comprehensive income (loss) are composed substantially of activity in the United States of America ("USA") except for corporate administrative expenses, which occur in Canada. Reporting by geographical area follows the same accounting policies as those used to prepare the consolidated financial statements. All material non-current assets are located in the USA.

28. SUBSEQUENT EVENTS

- 423,501 stock options of the Company with an exercise price of $1.98 expired.
- 6,609,211 warrants of the Company with exercise prices ranging between $2.40 and $4.80 per common share expired.
- The Company granted 1,100,000 stock options with exercise prices ranging from C$0.18 to C$0.20 per common share.
- In January 2023, the terms of the revolving credit facility were amended. Under the terms of the amendment, the total maximum principal amount that may be outstanding at any given time is $12,000, interest will be paid on a quarterly basis and is payable by delivery of physical gold. The total of gold ounces deliverable is calculated by dividing total interest payable by $1,850 per ounce. The term of the loan was also extended to Q1 2025. Subsequent to December 31, 2022 the Company had drawn down an additional $6,000, bringing the total drawn down to $12,000.
- The Company entered into forward sales arrangements to sell 9,540 gold ounces of future production at prices between $1,889 and $2,012 per gold ounce.