



CASSIAR GOLD CORP.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT AND FOR THE
THREE-MONTH PERIODS ENDED DECEMBER 31, 2021 and 2020

EXPRESSED IN CANADIAN DOLLARS

(UNAUDITED)

CASSIAR GOLD CORP.

Explanatory Note

Re-filing of the Financial Statements for the three months ended December 31, 2021 and 2020.

Cassiar Gold Corp. ("**Cassiar**") is re-filing the attached condensed consolidated financial statements for the three months ended December 31, 2021 and 2020 (the "**Financial Statements**") to remove the notice of no auditor review that was included in the version of the Financial Statements filed on February 23, 2022. The Financial Statements have now been reviewed by Cassiar's external auditor.

All other information contained in the attached Financial Statements remains the same as the version of the Financial Statements filed February 23, 2022. These new Financial Statements replace and supersede the Financial Statements filed on February 23, 2022.

CASSIAR GOLD CORP.
Interim Condensed Statements of Financial Position

| As at | December 31, 2021 | September 30, 2021 |
|---|--------------------------|---------------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 3,267,316 | 3,473,561 |
| GST receivable | 58,190 | 145,078 |
| Prepays | 111,982 | 74,230 |
| TOTAL CURRENT ASSETS | 3,437,488 | 3,692,869 |
| NON-CURRENT | | |
| PROPERTY AND EQUIPMENT (Note 4) | 433,937 | 446,911 |
| EXPLORATION AND EVALUATION ASSETS (Note 5) | 18,848,399 | 17,543,515 |
| DEPOSITS | 418,944 | 418,944 |
| TOTAL NON-CURRENT ASSETS | 19,701,280 | 18,409,370 |
| TOTAL ASSETS | 23,138,768 | 22,102,239 |
| LIABILITIES | | |
| CURRENT | | |
| Trade and other payables | 132,783 | 637,074 |
| Flow-through share premium liability (Note 7) | 48,753 | 117,965 |
| Deferred share capital issuance (Note 7) | 456,453 | - |
| TOTAL CURRENT LIABILITIES | 637,989 | 755,039 |
| ASSET RETIREMENT OBLIGATION (Note 6) | 2,481,573 | 2,481,232 |
| TOTAL LIABILITIES | 3,119,562 | 3,236,271 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL (Note 7) | 34,163,810 | 32,921,848 |
| CONTRIBUTED SURPLUS | 11,618,224 | 11,347,662 |
| DEFICIT | (25,762,828) | (25,403,542) |
| TOTAL SHAREHOLDERS' EQUITY | 20,019,206 | 18,865,968 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 23,138,768 | 22,102,239 |

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 10)

Approved by the Board of Directors:

“Marco Roque

Marco Roque, Director

“Stephen Letwin”

Stephen Letwin, Director

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

CASSIAR GOLD CORP.**Interim Condensed Statements of Net Loss and Comprehensive Loss**

| For the three-month periods ended December 31, | 2021 | 2020 |
|---|-------------------|-------------|
| | \$ | \$ |
| Expenses | | |
| Operating | - | 20,210 |
| General and administrative (Note 8) | 271,104 | 758,222 |
| Share-based payments (Note 7) | 144,099 | 82,507 |
| Depreciation (Note 4) | 12,974 | 5,798 |
| Total expenses | 428,177 | 866,737 |
| Other (income) loss | (20) | 304 |
| Flow-through share premium (Note 7) | (69,212) | (208,205) |
| Accretion (Note 6) | 341 | - |
| Net loss and comprehensive loss | 359,286 | 658,836 |
| | | |
| Weighted average number of shares | 60,512,804 | 51,185,963 |
| Basic and diluted loss per share | \$ 0.01 | \$ 0.01 |

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

CASSIAR GOLD CORP.**Interim Condensed Statements Changes in Shareholders' Equity**

| | | Share Capital | Contributed | Deficit | Total |
|---|-------------|----------------------|--------------------|---------------------|-------------------|
| | Note | \$ | Surplus | \$ | \$ |
| | | | \$ | | |
| Balance as at, September 30, 2021 | | 32,921,848 | 11,347,662 | (25,403,542) | 18,865,968 |
| Net loss and comprehensive loss | | - | - | (359,286) | (359,286) |
| Warrants expired | 7 | (116,052) | 116,052 | - | - |
| Warrants exercised | 7 | 1,358,014 | - | - | 1,358,014 |
| Share-based payments | 7 | - | 144,825 | - | 144,825 |
| Capitalized share-based payments | 7 | - | 10,411 | - | 10,411 |
| Stock options forfeited | | | (726) | | (726) |
| Balance as at, December 31, 2021 | | 34,163,810 | 11,618,224 | (25,762,828) | 20,019,206 |
| Balance as at, September 30, 2020 | | 22,341,107 | 9,698,737 | (23,800,588) | 8,239,256 |
| Net loss and comprehensive loss | | - | - | (658,836) | (658,836) |
| Common shares issued, net costs | | 2,995,684 | - | - | 2,995,684 |
| Warrants issued | | 2,132,260 | - | - | 2,132,260 |
| Warrants expired | | (184,807) | 184,807 | - | - |
| Property option payments | | 3,259,200 | - | - | 3,259,200 |
| Share-based payments | | - | 84,220 | - | 84,220 |
| Capitalized share-based payments | | - | 3,273 | - | 3,273 |
| Stock options forfeited | | - | (1,713) | - | (1,713) |
| Balance as at, December 31, 2020 | | 30,543,444 | 9,969,324 | (24,459,425) | 16,053,344 |

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

CASSIAR GOLD CORP.**Statements of Cash Flows**

| For the three-month periods ended December 31, | 2021 | 2020 |
|--|--------------------|-------------|
| | \$ | \$ |
| CASH FLOWS RELATING TO OPERATING ACTIVITIES | | |
| Net loss and comprehensive loss | (359,286) | (658,836) |
| Items not affecting cash: | | |
| Share-based payments (Note 7) | 144,098 | 82,507 |
| Depreciation (Note 4) | 12,974 | 5,798 |
| Accretion | 341 | - |
| Flow-through share premium (Note 7) | (69,212) | (208,205) |
| Change in non-cash working capital: | | |
| GST receivables | 86,888 | 23,939 |
| Prepays | (37,752) | (57,101) |
| Trade and other payables | (504,291) | (360,168) |
| Net cash used in operating activities | (726,240) | (1,172,066) |
| CASH FLOWS RELATING TO FINANCING ACTIVITIES | | |
| Proceeds from share and warrant issuance, net of costs | - | 6,057,349 |
| Proceeds from warrant exercises (Note 7) | 1,358,014 | - |
| Shares to be issued (Note 7) | 456,453 | - |
| Net cash generated from financing activities | 1,814,467 | 6,057,349 |
| CASH FLOWS RELATING TO INVESTING ACTIVITIES | | |
| Purchase of exploration and evaluation (Note 5) | (1,294,472) | (972,290) |
| Net cash used in investing activities | (1,294,472) | (972,290) |
| INCREASE IN CASH FOR THE PERIOD | (206,245) | 3,912,993 |
| CASH – BEGINNING OF PERIOD | 3,473,561 | 1,962,338 |
| CASH – END OF PERIOD | 3,267,316 | 5,875,331 |

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. was incorporated under the Alberta Business Corporations Act on August 5, 2009 and changed its name to Cassiar Gold Corp. (the “Corporation” or “Cassiar”) on September 23, 2020. The Corporation currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols “GLDC” and “CGLCF” respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a mineral acquisition and exploration company focused on gold exploration within British Columbia.

On September 23, 2020, the Corporation’s common shares were consolidated on a basis of one post-consolidated common share for every 5 pre-consolidated common share. The number of shares, options and warrants presented have been adjusted to reflect the impact of this share consolidation.

2. GOING CONCERN

These interim condensed consolidated financial statements (“Financial Statements”) have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation incurred a net loss of \$359,286 (2020 - \$658,836) and had negative cash flows relating to operating activities of \$726,240 (2020 - \$1,172,066) for the period ended December 31, 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation’s ability to continue as a going concern. The continuation of the Corporation as a going concern is dependent on the ability of the Corporation to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or issuing debt.

The application of the going concern concept is dependent upon the Corporation’s ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Corporation has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

3. BASIS OF PREPARATION

These Financial Statements are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These Financial Statements are presented in Canadian dollars which is the Company’s functional currency. In preparing these Financial Statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company’s accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited financial statements as at and for the year ended September 30, 2021.

The disclosures herein are incremental to those included with the audited annual financial statements as at and for the year ended September 30, 2021 and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2021. These Financial Statements were authorized for issue by the board of directors on February 23, 2022.

4. PROPERTY AND EQUIPMENT

| | Land \$ | Buildings \$ | Computers, Equipment & Vehicles \$ | Total \$ |
|---|---------------|-----------------|---|----------------|
| Balance as at September 30, 2021 and December 31, 2022 | 28,993 | 380,706 | 260,286 | 669,985 |
| Accumulated Depreciation | | | | |
| Balance as at September 30, 2021 | - | 38,071 | 185,003 | 223,074 |
| Charge for the period | - | 8,566 | 4,408 | 12,974 |
| Balance as at December 31, 2021 | - | 46,637 | 189,411 | 236,048 |
| Net book value | | | | |
| September 30, 2021 | 28,993 | 342,635 | 75,283 | 446,911 |
| December 31, 2021 | 28,993 | 334,069 | 70,875 | 433,937 |

5. EXPLORATION AND EVALUATION ASSETS

| | Cassiar Gold Project | Sheep Creek Gold District Project | Total |
|--------------------------------------|-------------------------|---|---------------------|
| Balance at September 30, 2021 | \$15,565,169 | \$1,978,346 | \$17,543,515 |
| Exploration costs | 1,304,884 | - | 1,304,884 |
| Balance at December 31, 2021 | \$1,6870,053 | \$1,978,346 | \$18,848,399 |

Exploration and Evaluation (“E&E”) assets consist of costs expended on the Corporation’s projects which are pending determination of technical feasibility and commercial viability.

Cassiar Gold Project

During the year ended September 30, 2021, the Corporation acquired 100% interest in the Cassiar Gold Project. Proceeds for the asset acquisition were \$3,259,200 settled in shares of the Corporation. Liabilities assumed by the Corporation were \$2,666,584 and related to asset retirement obligation (Note 6).

Sheep Creek Gold District Project

The Sheep Creek Project consists of the Bayonne and Sheep Creek Properties (collectively the “Sheep Creek Project”).

On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd. for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (the “Bayonne and Sheep Creek Option Agreement”).

Under the terms of the Bayonne and Sheep Creek Option Agreement, the Corporation has the exclusive option to acquire:

- the Bayonne Property, by making payments to Yellowstone Resources Ltd. of an aggregate \$194,000 cash and aggregate issuance of 110,000 shares, paid in several installments over three years.
- the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate \$500,000 cash and aggregate issuance of 210,000 shares, paid in several installments over five years.

Subsequent to the period ended December 31, 2021, the Corporation made the final option payment of \$100,000 and issued 90,000 shares to acquire 100% interest in the Sheep Creek Gold District Project.

6. ASSET RETIREMENT OBLIGATION (“ARO”)

Cassiar (2020) has future obligations relating to retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

| | |
|--------------------------------------|---------------------|
| Balance at September 30, 2021 | \$ 2,481,232 |
| Accretion expense | 11,910 |
| Change in estimate | (11,569) |
| Balance at December 31, 2021 | \$ 2,481,573 |

The total undiscounted cash flow estimated to settle the obligations as at December 31, 2021 was \$2,451,948 (2020 – \$ nil) which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 1.07%. Significant reclamation costs are expected to be incurred in 2029.

As at December 31, 2021, the Corporation had \$418,944 (September 30, 2020 - \$45,000) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. \$354,944 of reclamation bonds were acquired pursuant to the acquisition of Cassiar (2020).

7. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS

Authorized

Unlimited number of common shares

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

| Common Shares | | |
|---|-------------------------|---------------------|
| | Number of Common Shares | Share capital |
| Balance at September 30, 2021 | 60,179,767 | \$24,899,843 |
| Warrants exercised | 2,275,801 | 1,358,014 |
| Balance at December 31, 2021 | 62,455,568 | \$26,257,857 |
| Warrants | | |
| | Number of warrants | Share capital |
| Balance at September 30, 2021 | 24,802,821 | \$8,022,005 |
| Warrants expired | (560,000) | (116,052) |
| Balance at December 31, 2021 | 24,242,821 | \$7,905,953 |
| Total share capital at September 30, 2021 | | \$32,921,848 |
| Total share capital at December 31, 2021 | | \$34,163,810 |

On November 22, 2021, 36,000 common share purchase warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$21,600 and issued 36,000 common shares.

On November 29, 2021, 260,000 common share purchase warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$156,000 and issued 260,000 common shares.

7. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

On December 9, 2021, 400,000 common share purchase warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$240,000 and issued 400,000 common shares.

On December 17, 2021, 106,500 common share purchase warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$63,900 and issued 106,500 common shares

On December 20, 2021, 111,111 common share purchase warrants were exercised at a price of \$0.75 and 522,000 common share purchase warrants were exercised at a price of \$0.85. The Corporation received aggregate proceeds of \$527,033 and issued 633,111 common shares.

On December 29, 2021, 756,857 common share purchase warrants were exercised at a price of \$0.60 and 83,333 common share purchase warrants were exercised at a price of \$0.675. The Corporation received aggregate proceeds of \$510,364 and issued 840,190 common shares.

As at December 31, 2021, the Corporation received funds of \$456,453 for warrant and option exercises. The shares were issued subsequent to the period ended December 31, 2021 (see subsequent events note).

Flow-through shares

As at December 31, 2021 the Corporation still needed to incur an additional \$1,190,110 (2020 – \$3,711,648) to meet its flow through share commitment related to the \$8,199,833 raised on a CEE flow-through basis during the year ended September 30, 2021. A flow-through share premium liability of \$48,753 (2021 – \$117,965) was recognized as the Corporation has not yet its flow-through share commitment by incurring sufficient qualifying expenditures as at December 31, 2021. The accumulated flow-through share premium of \$62,212 (2020 - \$208,205) was recognized during the period.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|-------------------|---------------------------------|
| Exercisable as at September 30, 2021 | 2,496,657 | \$0.77 |
| Outstanding at September 30, 2021 | 4,156,000 | \$0.71 |
| Issued | 650,000 | \$0.79 |
| Expired/Cancelled | (112,000) | \$1.25 |
| Exercisable as at December 31, 2021 | 2,601,322 | \$0.75 |
| Outstanding at December 31, 2021 | 4,694,000 | \$0.71 |

During the three-month periods ended December 31, 2021, 650,000 options were issued (2020 – nil). At December 31, 2021, the weighted-average life of the options outstanding was 3.7 years (2020 – 2.2 years).

7. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

The fair value of options is estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

| | 2021 |
|----------------------------------|----------------|
| Risk-free interest rate | 1.48% |
| Expected stock price volatility* | 134% |
| Expected life | 5 years |
| Expected dividend yield | - |
| Fair value per option granted | \$0.69 |
| Forfeiture rate | 12% |

*Volatility is calculated using historical share price data.

Share-based payments expense of \$144,825 for the three-months period ended December 31, 2021 (2020 – \$84,220) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments and recorded over the vesting period of the options. Share-based payments of \$10,411 (2020 - \$3,273) were capitalized to E&E. The Corporation also recognized a recovery of \$726 (2020 - \$1,713) in share-based payments expense due to forfeited options during the year.

8. GENERAL AND ADMINISTRATIVE

General and administrative details for the three-month periods ended December 31:

| | 2021 | 2020 |
|---------------------------|-------------------|-------------------|
| Management Fees | \$ 124,244 | \$ 121,500 |
| Consulting | 36,000 | 248,500 |
| Travel and Meals | 174 | 7,409 |
| Office and Administrative | 29,214 | 14,250 |
| Marketing | 44,864 | 321,464 |
| Professional Fees | 36,608 | 45,099 |
| Total | \$ 271,104 | \$ 758,222 |

9. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at December 31, 2021, the Corporation had an amount of \$nil (2020 - \$nil) due to directors and officers included in trade and other payables.

During the three-month period ended December 31, 2021 the Corporation paid \$49,920 (2020 - \$45,000) to an officer for compensation as Vice President Exploration of the Corporation. Costs associated with exploration costs of \$nil (2020 - \$9,044) was paid to an officer of the Corporation and was capitalized as exploration costs.

An aggregate of \$33,000 (2020 - \$22,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$54,000 (2020 - \$54,000) in consulting fees were paid to a company owned by an officer of the Corporation for compensation as CEO of the Corporation.

9. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period were as follows:

| | December 31, 2021(\$) | December 31, 2020 (\$) |
|----------------------------------|-----------------------|------------------------|
| Consulting | 136,920 | 166,500 |
| Share-based payments | 144,099 | 82,507 |
| Capitalized share-based payments | 10,411 | 3,273 |
| Total | 291,430 | 252,280 |

10. SUBSEQUENT EVENTS

On January 6, 2022 the Corporation received an exercise notice for 100,000 stock options that were issued with on June 24, 2019. The Corporation issued 100,000 common shares and received proceeds of \$50,000

On January 10, 2022, 150,000 common share purchase warrants were exercised at a price of \$0.70 and 388,283 common share purchase warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$337,970 and issued 538,283 common shares.

On January 19, 2022, 493,158 common share purchase warrants were exercised at a price of \$0.60 and 29,166 common share purchase warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$322,144 and issued 522,324 common shares.

On January 21, 2022, 236,000 common share purchase warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$141,600 and issued 236,000 common shares.

On February 3, 2022, 7,142 common share purchase warrants were exercised at a price of \$0.90 and 150,000 common share purchase warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$96,428 and issued 157,142 common shares.

On February 4, 2022, the Corporation issued 90,000 common shares as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016 and amended by amending agreements dated February 10, 2020, July 10, 2020 and February 15, 2021 and as per TSX-V approval received on February 6, 2017.