

ST. JAMES GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED MARCH 31, 2022 AND 2021

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed interim financial statements of St. James Gold Corp. have been prepared by and are the responsibility of management.

These condensed interim financial statements for the six months ended March 31, 2022 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

ST. JAMES GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

AS AT	March 31, 2022	September 30, 2021
ASSETS		
Current		
Cash	\$ 1,359,512	\$ 3,193,890
Amounts receivable	74,589	100,361
Prepays (Note 4)	736,107	713,338
Current assets	2,170,208	4,007,589
Non-current assets		
Reclamation bond (Note 6)	14,000	14,000
Deposit on exploration and evaluation assets (Note 5)	100,000	100,000
Exploration and evaluation assets (Note 5)	10,390,807	10,186,307
TOTAL ASSETS	\$ 12,675,015	\$ 14,307,896
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 5, 7 and 8)	\$ 778,993	\$ 944,426
Other liabilities (Note 5)	2,100,000	2,100,000
Flow-through premium (Note 10)	234,512	234,512
Total Liabilities	3,113,505	3,278,938
Shareholders' Equity		
Share capital (Note 9)	36,978,616	36,525,918
Shares in escrow (Note 9)	2,024,557	2,024,557
Reserves (Note 9)	4,346,410	3,786,308
Deficit	(33,788,073)	(31,307,825)
Total shareholders' equity	9,561,510	11,028,958
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,675,015	\$ 14,307,896

Nature and continuance of operations (Note 1)

Commitment (Notes 5 and 10)

Approved and authorized by the Board on May 30, 2022.

"George Drazenovic" Director
George Drazenovic

"Jessika Angarita" Director
Jessika Angarita

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

ST. JAMES GOLD CORP.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
EXPLORATION EXPENSES (Note 5)	\$ 348,084	\$ 21,470	\$ 823,230	\$ 21,470
ADMINISTRATIVE EXPENSES				
Administrative services	8,374	4,175	20,209	4,464
Audit and accounting	19,700	(2,260)	52,294	8,240
Consulting fees	91,000	165,473	319,072	171,449
Foreign exchange loss (gain)	4,059	3,746	(2,498)	3,759
Legal	21,678	66,470	51,464	113,118
Management fees (Note 8)	90,000	15,000	90,000	30,000
Marketing and promotion	285,057	24,184	643,474	24,184
Regulatory fees	7,141	40,277	39,575	65,537
Share-based compensation (Note 9)	434,800	366,500	434,800	959,715
Travel	-	-	8,628	-
	(961,809)	(683,565)	(1,657,018)	(1,380,466)
Loss and comprehensive loss for the period	\$ (1,309,893)	\$ (705,035)	\$ (2,480,248)	\$ (1,401,936)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.05)	\$ (0.11)	\$ (0.11)
Weighted average number of common shares outstanding	22,567,258	14,834,711	22,459,840	13,210,491

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

ST. JAMES GOLD CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,480,248)	\$ (1,401,936)
Items not affecting operating cash:		
Share-based compensation	434,800	959,715
Changes in non-cash working capital items:		
Amounts receivable	25,772	(3,833)
Prepaid	(22,769)	(100,785)
Accounts payable and accrued liabilities	(165,433)	83,509
Net cash used in operating activities	(2,207,878)	(463,330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(144,500)	(240,000)
Net cash used in investing activities	(144,500)	(240,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	500,000	1,392,380
Proceeds from stock options exercised	18,000	20,500
Proceeds from warrants exercised	-	190,000
Subscriptions received	-	50,000
Net cash provided by financing activities	518,000	1,652,880
Change in cash for the period	(1,834,378)	949,550
Cash, beginning of period	3,193,890	5,868
Cash, end of period	\$ 1,359,512	\$ 955,418
Supplementary disclosure with respect to cash flows		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Fair value of options exercised	\$ 19,698	\$ 20,328
Fair value of unit warrants	\$ 145,000	\$ -
Shares issued for interest in exploration and evaluation assets	\$ 60,000	\$ 172,750

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

ST. JAMES GOLD CORP.

CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		Subscriptions received	Reserves*	Shares in escrow	Deficit	Total
	Number	Amount					
Balance at September 30, 2020	11,014,842	\$ 23,408,618	\$ -	\$ 15,424	\$ -	\$ (23,439,435)	\$ (15,393)
Private placement	3,040,264	1,392,380	-	-	-	-	1,392,380
Share-based compensation	-	-	-	959,715	-	-	959,715
Shares issued for exploration and evaluation assets	125,000	172,750	-	-	-	-	172,750
Stock options exercised	50,000	40,828	-	(20,328)	-	-	20,500
Subscription received in advance	-	-	50,000	-	-	-	50,000
Warrants exercised	1,583,333	190,000	-	-	-	-	190,000
Loss for the period	-	-	-	-	-	(1,401,936)	(1,401,936)
Balance at March 31, 2021	15,813,439	25,204,576	50,000	954,811	-	(24,841,371)	1,368,016
Balance at September 30, 2021	22,307,917	\$ 36,525,918	\$ -	\$ 3,786,308	\$ 2,024,557	\$ (31,307,825)	\$ 11,028,958
Private placement	500,000	355,000	-	145,000	-	-	500,000
Shares issued for exploration and evaluation assets	50,000	60,000	-	-	-	-	60,000
Stock options exercised	50,000	37,698	-	(19,698)	-	-	18,000
Share-based compensation	-	-	-	434,800	-	-	434,800
Loss for the period	-	-	-	-	-	(2,480,248)	(2,480,248)
Balance at March 31, 2022	22,907,917	\$ 36,978,616	\$ -	\$ 4,346,410	\$ 2,024,557	\$ (33,788,073)	\$ 9,561,510

*Reserves consist of fair value of share options and finder's warrants

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

ST. JAMES GOLD CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED MARCH 31, 2022 AND 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

St. James Gold Corp. (the “**Company**”), formerly Bard Ventures Ltd., is incorporated under the *Business Corporations Act*, (British Columbia). The Company is engaged in the acquisition, exploration and development of mineral resource properties located in Canada. On October 14, 2020, the Company changed its name from Bard Ventures Ltd. to St. James Gold Corp. and began trading on the TSX Venture Exchange under the new symbol TSXV: LORD.

The Company’s head office and principal address is Suite 704 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. The Company’s registered and records office is Suite 1000, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These unaudited condensed interim financial statements (the “financial statements”) have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At March 31, 2022, the Company had not yet achieved profitable operations, had accumulated losses of \$33,788,073 (September 30, 2021 - \$31,307,825) since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may raise substantial doubt about the Company’s ability to continue as a going concern.

The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited financial statements for the year ended September 30, 2021, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited condensed interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2021, as they do not include all the disclosures required by accounting principles generally accepted in Canada for complete financial statements.

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2. BASIS OF PREPARATION (CONT'D)

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian Dollars unless otherwise specified.

Significant accounting judgments and estimates

The preparation of condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include provision for restoration, rehabilitation and environmental costs.

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

Impairment of Exploration and Evaluation Assets

Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The carrying value of each exploration and evaluation asset is reviewed regularly for conditions that may suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through share premium liability is recognized for the difference. The liability is reversed when the qualifying expenditures are made and is recorded as other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

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3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at March 31, 2022, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

Financial instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument except for trade receivables which are initially recognized when they are originated. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows on a financial asset.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories: (i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); or (ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The classification and measurement bases of the Company’s financial instruments are as follows:

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Amortized cost: This category includes all other liabilities, all of which are recognized at amortized cost.

Financial Assets and Liabilities	Classification and measurement
Cash	Amortized cost
Amount receivables	Amortized cost
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Other liabilities	Amortized cost

Financial assets

After initial recognition at fair value, financial assets are classified and measured at either: i. amortized cost; ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or, iii. FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

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

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Valuation of equity units issued in private placements

The Company records proceeds from issuances of equity net of issue costs and any related tax effects. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first attributes value to the shares based on their quoted trading price at issuance, and the residual amount, if any, is attributed to the value of the warrants. Any fair value attributed to the warrants is recorded within the warrant reserve.

Share-based payment

In situations where equity instruments are issued to non-employees and the fair value of some or all of the goods or services received by the Company as consideration cannot be reliably estimated, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity settled share-based payments reserve account. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

The fair value is measured at the grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share-based payment (cont'd)

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to capital stock.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Share-issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against share capital.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably 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 consolidated statement 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian Dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net loss.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss at the same time the qualifying expenditures are made.

Adoption of New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2020. These changes were made in accordance with the applicable transitional provisions. The adoption of the new standards and consequential amendments did not have a material impact on the Company's financial statements.

Amendments to IFRS 3 Business Combinations

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits.

Accounting Standards Issued But Not Yet Effective

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Standards Issued But Not Yet Effective (cont'd)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. PREPAIDS

	March 31, 2022	September 30, 2021
Advertising and promotion	\$ 364,047	\$ 349,680
Consulting	177,297	315,324
Exploration advances	185,273	35,000
Insurance	9,490	13,334
	\$ 736,107	\$ 713,338

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

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5. EXPLORATION AND EVALUATION ASSETS

The Company's mineral property interests are comprised of properties located in Canada.

Mineral properties	Grub Line	Quinn Lake	Florin Gold	Total
	\$	\$	\$	\$
Balance, September 30, 2020	-	-	-	-
Acquisition cost capitalized				
Cash	20,000	20,000	2,300,000	2,340,000
Shares	34,000	138,750	3,549,000	3,721,750
Future commitment	-	-	2,100,000	2,100,000
Shares in escrow	-	-	2,024,557	2,024,557
Balance, September 30, 2021	54,000	158,750	9,973,557	10,186,307
Cash	17,250	2,250	125,000	144,500
Shares	60,000	-	-	60,000
Balance, March 31, 2022	131,250	161,000	10,098,557	10,390,807

The Company's exploration expenditures are comprised of properties located in Canada as follows:

	Grub Line	Quinn Lake	Florin Gold	Total
	\$	\$	\$	\$
During the period ended March 31, 2022				
Administrative	-	-	1,327	1,327
Assays	-	-	162,561	162,561
Geo-consulting	22,526	22,526	373,316	418,368
Drilling	-	-	86,018	86,018
Field work	-	-	154,956	154,956
	22,526	22,526	778,178	823,230

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5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

	Grub Line	Quinn Lake	Florin Gold	Total
	\$	\$	\$	\$
During the year ended September 30, 2021				
Administrative	1,050	1,050	-	2,100
Assays	-	-	31,314	31,314
Geo-consulting	3,690	3,690	354,803	362,183
Drilling	-	-	950,115	950,115
Field work	13,667	6,477	1,375,406	1,395,550
	18,407	11,217	2,711,638	2,741,262

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5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Grub Line Property

On December 11, 2020, the Company entered into an option agreement to acquire a 100% interest in 29 claims covering 1,791 acres in the Gander Gold District in North Central Newfoundland Island (the “Grub Line Option Agreement”). Pursuant to the terms of the Grub Line Option Agreement, total aggregate consideration payable by the Company is an aggregate of \$50,000 cash over three years, exploration totaling not less than \$50,000 over three years, and the issuance of an aggregate of 200,000 common shares of the Company to the optionor as follows:

Cash payments

- \$20,000 on the approval of the Option Agreement by the Exchange (paid);
- \$10,000 on the first anniversary of Exchange approval (paid);
- \$10,000 on the second anniversary of Exchange approval (paid); and
- \$10,000 on the third anniversary of Exchange approval.

Share issuances

- 50,000 common shares on the approval of the Option Agreement by the Exchange (issued and valued at \$34,000);
- 50,000 common shares on the first anniversary of Exchange approval (issued and valued at \$60,000);
- 50,000 common shares on the second anniversary of Exchange approval; and
- 50,000 common shares on the third anniversary of Exchange approval.

Exploration expenditures

- incur \$50,000 of exploration expenditures within a period of 36-months.

The optionor retains a royalty of 2% net smelter returns (“NSR”) on production from the Grub Line Option Agreement. Additionally, the Company will be required to issue an additional 500,000 common shares to the Optionor if at any time before or after exercise of the option the Company obtains a 43-101 Report estimating an inferred mineral resource of not less than 100,000 ounces of gold.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

On March 1, 2022, the Company acquired 100% interest of the property as the optionor agreed to the remove all remaining obligations in consideration of cash payment of \$7,250 (paid) and payable amount of \$605 (paid).

Quinn Lake

On January 7, 2021, the Company entered into an option agreement to acquire a 100% interest in Quinn Lake Claims in consideration of \$65,000 cash over three years, exploration totaling not less than \$100,000 over three years, and the issuance of 300,000 common shares of the Company as follows:

Cash payments

- \$20,000 on the approval of the option agreement by the TSX Venture Exchange (paid);
- \$15,000 on the first anniversary of exchange approval;
- \$15,000 on the second anniversary of exchange approval;
- \$15,000 on the third anniversary of exchange approval.

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5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Quinn Lake (cont'd)

Share issuances

- 75,000 common shares on the approval of the option agreement by the TSX Venture Exchange (issued and valued at \$138,750);
- 75,000 common shares on the first anniversary of exchange approval;
- 75,000 common shares on the second anniversary of exchange approval;
- 75,000 common shares on the third anniversary of exchange approval.

Exploration expenditures

- incur \$100,000 of exploration expenditures within a period of 36-months.

The vendors retain a royalty of 2% net smelter returns on production from the Quinn Lake claims with one half of the total royalty purchasable for \$1,000,000 pre-production. Additionally, the Company will be required to issue an additional 500,000 common shares to the vendors if at any time before or after exercise of the option the company obtains a National Instrument 43-101 report estimating an inferred mineral resource of not less than 100,000 ounces of gold.

On March 1, 2022, the Company acquired 100% interest of the property as the optionor agreed to the remove all remaining obligations in consideration of cash payment of \$2,250 (paid) and payable amount of \$3,204 (paid).

Florin Gold

On March 12, 2021, the Company signed a letter of intent to acquire Florin Gold Property, and paid a \$200,000 non-refundable deposit toward the transaction.

On April 6, 2021, the Company entered into an option agreement with Florin Resources Inc. (“Florin”) to acquire 85% of the Florin Gold Property in Yukon Territory, Canada.

On July 5, 2021 (the “Effective Date”) the Company received final acceptance from the TSX Venture Exchange.

The agreement is a 3 phase exploration agreement. Completion of all the phases under the agreement is subject to a staged cash payment of \$8,400,000, issuance of 6,200,000 common shares, exploration expenditures of \$20,000,000 over a 4- year period, and funding and completing a bankable feasibility study on the property. Additionally, Florin would have the right to appoint a director on the Board of the Company. The agreement was amended in April 2021 and June 2021 to revise the amount and timing on certain option payments.

Florin agreed to be the operator of the property and will be paid 10% of the exploration expenditures as commission, of which the Company recorded an amount of \$24,245 (2021 - \$Nil) during the period ended March 31, 2022. As March 31, 2022, the Company owed \$258,273 (September 30, 2021 - \$297,914) to Florin, which is included in accounts payable and accrued liabilities.

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5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Florin Gold (cont'd)

Phase I – First Option

The First Option of the agreement grants the Company an option to acquire an initial undivided 51% interest in the property by making the following option payments:

Date	Amount	Number of Common Shares
Within 5 days of the Effective Date	\$2,100,000 (the " First Cash Payment ") (Paid)	1,050,000 (the " First Share Issuance ") (Issued)
On the one-year anniversary of the Effective Date	\$2,100,000** (the " Second Cash Payment ") (Firm Commitment accrued in other liabilities)	850,000 (the " Second Share Issuance ") (In escrow)
Within 5 days from the Top-Up Condition:	-	200,000* (the " Top-Up Share Issuance ")
On the two-year anniversary of the Effective Date	\$2,100,000 (the " Third Cash Payment ")	1,050,000 (the " Third Share Issuance ")
On the three-year anniversary of the Effective Date	\$2,100,000 (the " Fourth Cash Payment ")	1,050,000 (the " Fourth Share Issuance ")

* Top-Up Condition – the Company will issue the Top-Up Share Issuance when Florin holds less than 10% of the issued and outstanding common shares of the Company. In the event that Florin holds less than 10% or more common shares of the Company, the Company will issue the "Top-Up Share Issuance" once Florin delivered a written notice of sale of common shares to decrease their overall holding to 10% or less.

** The Company entered into an amendment agreement where the Company can pay the Second Cash Payment in common shares ("Second Cash Payment Shares") priced at an 15% discount to the closing price of the common shares on the TSXV immediately preceding the day on which the announcement is made. If, on or before the one year anniversary of the Effective Date, the Company closes one or more debt or equity financings for gross proceeds equal to or greater than \$8,610,000 ("Qualified Financing"), then Florin's agreement to accept common shares in lieu of the cash amount of the Second Cash Payment automatically becomes null and void.

Pursuant to the terms of the option agreement, the First Cash Payment, First Share Issuance, Second Cash Payment, Second Share Issuance and Top-Up Share Issuance (\$4,200,000 in cash and 2,100,000 common shares) are firm commitments and are not optional payments once the Effective Date has occurred, of which the "Second Cash Payment" of \$2,100,000 has been recorded as other liabilities, and the "Second Share Payment" of 850,000 common shares (valued at \$2,024,557) has been recorded as shares in escrow.

Pursuant to the terms of the option agreement, the Company shall pay to Florin advance royalty payments of \$100,000 per year, commencing on the effective date and ending on the earlier of the commencement of commercial production or termination of the option agreement. As of March 31, 2022, the amount of \$100,000 has been recorded as a deposit on the exploration and evaluation assets.

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5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Florin Gold (cont'd)

Concurrent with the execution of this agreement, the Company and Florin have entered into the Escrow Agreement where the Company will deposit the following into an escrow account: an irrevocable treasury direction representing \$2,100,000 common shares associated with the Second Cash Payment Shares, \$100,000 payable on the first anniversary of the Effective Date (the "Second Advance Royalty Payment"), and 850,000 common shares associated with the Second Share Issuance. The Company currently hold \$100,000 in escrow, an irrevocable treasury direction, and 850,000 common shares issued and in escrow. A discount of \$941,943 was applied to the value of shares placed in escrow as part of the Second Share Issuance. The discount applied to the Second Share Issuance was determined based on the escrow hold period, using a Put Option model with a stock price of \$3.49, expected period of 12 months, and a volatility of 230%. If the Top-Up Condition is satisfied prior to the one year anniversary of the Effective Date, the Company shall deposit the common shares representing the Top-Up Share Issuance into escrow.

The Escrow Agreement shall provide for the Company to deposit in escrow an executed irrevocable treasury direction to issue to Florin the number of common shares of the Company issuable in satisfaction of the Second Cash Payment, subject to receipt of approval of the TSX-V to issue such shares. If the Company completes a Qualified Financing then the Company will immediately be required to deposit \$2,100,000 to be held under the terms of the Escrow Agreement to satisfy the Second Cash Payment, and the treasury direction shall be returned to the Company for cancellation.

Other than the First Cash Payment, the Second Cash Payment, the First Share Issuance and the Second Share Issuance, the cash payments and the share issuances required to exercise the First Option shall be at the Company sole discretion. If the Company decides not to make the optional Cash Payments and Share Issuances and to make the First Option Expenditures, this Agreement shall be terminated and Florin shall retain its interest in the Property. Upon the termination of this agreement, the Company shall have no further obligation to Florin for the committed cash payments and share issuances as described in the foregoing.

Phase II – Second Option

Upon completing First Option, the Company will have 90 days to decide whether it wants to earn the Second Option. The Second Option grants the Company an option to acquire an additional undivided 34% interest in the Florin Gold Property by issuing an additional 2,000,000 common shares of the Company and producing a Bankable Feasibility Study within 3 years of the exercise of the original 51% option.

As part of the Agreement, the Company is obligated to pay 629281 B.C. Ltd. ("629") a payment of \$250,000 in cash or shares at Florin's option at any time it's assessed that at least 2,000,000 ounces of gold exists on the property ("Ounces Bonus").

During the period ended March 31, 2022, the Ounce Bonus was amended where the Company would satisfy the Ounces Bonus by making the following cash payment: \$125,000 within 10 days of the signing of the amended agreement (paid) and \$125,000 within 10 days of the Company raising aggregate gross proceeds of \$1,000,000 (not paid).

6. RECLAMATION BOND

Cashable term deposits of \$14,000 (September 30, 2021 - \$14,000) were invested for 12-month periods at cost plus accrued interest at 1.00% per annum.

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7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	March 31, 2022	September 30, 2021
Trade payables	\$ 343,843	\$ 569,296
Accrued liabilities	435,150	375,130
Total	\$ 778,993	\$ 944,426

During the year ended September 30, 2021, the Company:

- i) wrote off outstanding payable of \$21,202 as the arm-length vendor agreed to extinguish the debt.
- ii) settled payables of \$104,810 in consideration for issuance of 18,392 common shares valued at \$68,970, resulting in a gain of \$35,840 (Note 9).

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

The remuneration of directors and key management personnel during the period ended March 31, 2022 and 2021 are as follows:

	March 31, 2022	March 31, 2021
Consulting fees	\$ 30,000	\$ -
Management fees	90,000	30,000
Share-based compensation	51,778	271,625
	\$ 171,778	\$ 301,625

For the period ended March 31, 2022, the Company had the following transactions with key management, being related parties:

- i) paid or accrued \$30,000 (2021 - \$30,000) for management services provided by the CEO of the Company.
- ii) paid or accrued \$30,000 (2021 - \$Nil) for management services provided by the President of the Company.
- iii) paid or accrued \$30,000 (2021 - \$ Nil) for management services provided by the CFO of the Company.
- iv) paid or accrued \$30,000 (2021 - \$ Nil) for consulting services provided by a director of the Company.

During the period ended March 31, 2022 the Company granted 75,000 (2021 – 681,486) stock options to officers and directors and incurred a share-based compensation charges of \$51,778 (2021 - \$271,625).

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

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9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at March 31, 2022, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Issued share capital

During the period ended March 31, 2022 the Company:

- i) issued 50,000 common shares pursuant to the exercise of options for gross proceeds of \$18,000, and accordingly, the Company reallocated \$19,698 of reserves to share capital.
- ii) issued 50,000 common shares at fair value of \$60,000 in connection with the acquisition of Grub Line property interest.
- iii) closed a non-brokered private placement of 500,000 non-flow-through units at a price of \$1.00 per unit for gross proceeds \$500,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$1.25 for a period of two years. In connection with the financing, \$145,000 was allocated to the warrant component of the unit offering completed.

During the year ended September 30, 2021 the Company:

- i) issued 2,000,000 units at a price of \$0.12 per unit for gross proceeds \$240,000. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$0.12 for a period of one year. The Company paid a cash commission of \$1,584.
- ii) issued 50,000 common shares at fair value of \$34,000 in connection with the acquisition of Grub Line property interest.
- iii) issued 75,000 common shares at fair value of \$138,750 in connection to the acquisition of Quinn Lake property interest.
- iv) Issued 450,000 units at a price of \$0.672 per unit for gross proceeds of \$302,400. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$0.84 for a period of two years. The Company paid a cash commission of \$3,099.
- v) issued 2,814,128 common shares pursuant to the exercise of warrants for gross proceeds of \$631,889.
- vi) issued 624,582 common shares pursuant to the exercise of options for gross proceeds of \$252,156, of which \$14,121 was received subsequent to September 30, 2021, and accordingly, the Company reallocated \$252,931 of contribution surplus to share capital.
- vii) issued 590,264 units at a price of \$1.44 per unit for gross proceeds of \$849,980. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$2.50 for a period of two years. The Company paid a cash commission of \$5,783.
- viii) issued 850,000 common shares at fair value of \$2,024,857 in connection with the acquisition of Florin property interest.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

b) Issued share capital (cont'd)

- ix) completed a private placement of 1,241,251 non-flow-through units at a price of \$3.00 per unit for gross proceeds \$3,723,753. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$3.90 for a period of three years.

Concurrently, the Company completed a private placement of 355,465 flow-through units for gross proceeds \$1,279,674. The Company recognized a flow through premium of \$213,279. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$3.90 for a period of three years.

In connection to the financings, the Company incurred the following share issuance costs:

- i) cash commission of \$596,459.
 - ii) issuance of 31,934 finder's units. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$3.90 for a period of three years.
 - iii) granted of 95,803 broker warrants valued at \$287,200. Each broker's warrant is exercisable into an additional common share at a price of \$3.00 for a period of three years.
- x) issued 1,050,000 common shares at fair value of \$3,549,000 in connection with the acquisition of Florin property interest.
- xi) completed a private placement of 54,084 non-flow-through units at a price of \$3.22 per unit for gross proceeds \$174,150. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$4.18 for a period of three years.

Concurrently, the Company completed a private placement of 532,390 flow-through units for gross proceeds \$2,055,025. The Company recognized a flow through premium of \$340,730. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$4.18 for a period of three years.

In connection to the financings, the Company incurred the following share issuance costs:

- i) cash commission of \$167,885.
- ii) granted of 35,188 broker warrants valued at \$114,069. Each broker's warrant is exercisable into an additional common share at a price of \$3.22 for a period of three years.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

b) Issued share capital (cont'd)

xii) completed a private placement of 424,391 non-flow-through units at a price of \$3.22 per unit for gross proceeds \$1,366,539. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$4.18 for a period of three years.

Concurrently, the Company completed a private placement of 108,801 flow-through units for gross proceeds \$419,972. The Company recognized a flow through premium of \$69,633. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$4.18 for a period of three years.

In connection to the financings, the Company incurred the following share issuance costs:

- i) cash commission of \$174,341.
 - ii) issuance of 22,393 finder's units. Each unit consists of a common share and a share purchase warrant. Each warrant is exercisable into an additional common share at a price of \$4.18 for a period of three years.
 - iii) granted of 43,721 broker warrants valued at \$141,731. Each broker's warrant is exercisable into an additional common share at a price of \$3.22 for a period of three years.
- xiii) issued 18,392 common shares with a value of \$68,970 to settle an outstanding payable of \$104,810 (Note 7).
- xiv) in connection with all the private placements completed in fiscal 2021, the Company also paid or accrued \$106,096 of legal fees as share issuance costs.

c) Share options

The Company's share option plan (the "Plan") provides that the board of directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to Directors, Officers, employees and technical consultants of the Company, non-transferable options to purchase the Company's shares. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the Exchange on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies and expire no later than 10 years from the grant date. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the number of issued and outstanding common shares.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

c) Share options (cont'd)

As at March 31, 2022 and September 30, 2021, the Company had outstanding and exercisable stock options, enabling the holders to acquire further common shares as follows:

March 31, 2022	September 30, 2021	Exercise Price	Expiry Date
342,260	392,260	\$ 0.36	December 8, 2022
456,904	456,904	0.41	December 17, 2022
251,000	251,000	1.42	February 12, 2023
805,000	805,000	3.19	September 17, 2023
300,000	-	1.16	January 7, 2024
90,000	-	0.69	March 24, 2024
25,000	-	0.85	March 25, 2024
2,270,164	1,905,164		

During the period ended March 31, 2022, the Company granted stock options as follows:

- On January 7, 2022, the Company granted a total of 300,000 options to directors, officers and consultants. The options are exercisable at a price of \$1.16 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 177.74%, no dividend yield, and a risk-free interest rate yield – 1.04%. Using these assumptions, the fair value of the options granted was \$1.18 per option for total compensation of \$354,800.
- On March 24, 2022, the Company granted a total of 90,000 option to a director and a consultant. The options are exercisable at a price of \$0.69 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 183.65%, no dividend yield, and a risk-free interest rate yield – 2.07%. Using these assumptions, the fair value of the options granted was \$0.71 per option for total compensation of \$63,500.
- On March 25, 2022, the Company granted a total of 25,000 option to a director. The options are exercisable at a price of \$0.85 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 183.67%, no dividend yield, and a risk-free interest rate yield – 2.26%. Using these assumptions, the fair value of the options granted was \$0.66 per option for total compensation of \$16,500.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

c) Share options (cont'd)

During the year ended September 30, 2021, the Company granted stock options as follows:

- On December 8, 2020, the Company granted a total of 470,712 options to directors, officers and consultants. The options are exercisable at a price of \$0.36 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 177.92%, no dividend yield, and a risk-free interest rate yield – 0.27%. Using these assumptions, the fair value of the options granted was \$0.39 per option for total compensation of \$185,445.
- On December 17, 2020, the Company granted a total of 1,003,034 option to directors, officers and consultants. The options are exercisable at a price of \$0.41 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 178.33%, no dividend yield, and a risk-free interest rate yield – 0.24%. Using these assumptions, the fair value of the options granted was \$0.41 per option for total compensation of \$407,770.
- On February 12, 2021, the Company granted a total of 251,000 option to directors and a consultant. The options are exercisable at a price of \$1.42 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 182.74%, no dividend yield, and a risk-free interest rate yield – 0.17%. Using these assumptions, the fair value of the options granted was \$1.46 per option for total compensation of \$366,500.
- On September 17, 2021, the Company granted a total of 805,000 option to directors and consultants. The options are exercisable at a price of \$3.19 for a period of two years. The Company has recorded the fair value of the options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following assumptions: expected life of options - two years, stock price volatility – 189.73%, no dividend yield, and a risk-free interest rate yield – 0.44%. Using these assumptions, the fair value of the options granted was \$3.13 per option for total compensation of \$2,521,100.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

c) Share options (cont'd)

Share option transactions are summarized as follows:

	Six months ended March 31, 2022		Year ended September 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,905,164	\$ 1.71	200,000	\$ 0.25
Granted	415,000	1.04	2,529,746	1.39
Exercised	(50,000)	(0.36)	(624,582)	(0.40)
Expired/Cancelled	-	-	(200,000)	(0.25)
Balance, end of period	2,270,164	\$ 1.61	1,905,164	\$ 1.71

During the period end March 31, 2022, the average share price at exercise date is \$3.35 (September 30, 2021 - \$3.61).

d) Warrants

As at March 31, 2022 and September 30, 2021, the Company had outstanding warrants, enabling the holders to acquire further common shares as follows:

March 31, 2022	September 30, 2021	Exercise Price	Expiry Date
188,889	188,889	\$ 0.25	August 23, 2022
500,000	-	1.25	February 28, 2024
321,428	321,428	0.84	January 15, 2023
540,264	540,264	2.50	March 11, 2023
1,628,650	1,628,650	3.90	June 30, 2024
95,803	95,803	3.00	June 30, 2024
586,474	586,474	4.18	August 27, 2024
555,585	555,585	4.18	September 9, 2024
78,909	78,909	3.22	September 9, 2024
4,496,002	3,996,002		

During the year ended September 30, 2021, the Company granted brokers' warrants as follows:

- On June 30, 2021, the Company granted a total of 95,803 brokers' warrants in relation to a private placement. The brokers' warrants are exercisable at a price of \$3.00 for a period of three years. The Company has recorded the fair value of the brokers' warrants granted using the Black-Scholes option pricing model. The issuance costs were calculated using the following assumptions: expected life of options - three years, stock price volatility - 176.21%, no dividend yield, and a risk-free interest rate yield - 0.44%. Using these assumptions, the fair value of the brokers' warrants granted was \$3.00 per broker's warrant for total costs of \$287,200.

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9. SHARE CAPITAL AND RESERVES (CONT'D)

d) Warrants (cont'd)

- On August 27, 2021, the Company granted a total of 35,188 brokers' warrants in relation to a private placement. The brokers' warrants are exercisable at a price of \$3.22 for a period of three years. The Company has recorded the fair value of the brokers' warrants granted using the Black-Scholes option pricing model. The issuance costs were calculated using the following assumptions: expected life of options - three years, stock price volatility – 167.28%, no dividend yield, and a risk-free interest rate yield – 0.38%. Using these assumptions, the fair value of the brokers' warrants granted was \$3.24 per broker's warrant for total costs of \$114,069.
- On September 9, 2021, the Company granted a total of 43,721 brokers' warrants in relation to a private placement. The brokers' warrants are exercisable at a price of \$3.22 for a period of three years. The Company has recorded the fair value of the brokers' warrants granted using the Black-Scholes option pricing model. The issuance costs were calculated using the following assumptions: expected life of options - three years, stock price volatility – 167.28%, no dividend yield, and a risk-free interest rate yield – 0.38%. Using these assumptions, the fair value of the brokers' warrants granted was \$3.24 per broker's warrant for total costs of \$141,731.

Warrant transactions are summarized as follows:

	Six months ended March 31, 2022		Year ended September 30, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	3,996,002	\$ 3.34	824,445	\$ 0.25
Issued	500,000	-	5,985,685	2.30
Exercised	-	-	(2,814,128)	(0.22)
Balance, end of period	4,496,002	\$ 3.34	3,996,002	\$ 3.34

10. COMMITMENTS

Mineral property

The Company has a firm commitment in relation to its Florin mineral property option agreement, see Note 5.

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10. COMMITMENTS (CONT'D)

In connection with the issuance of flow-through common shares during the year ended September 30, 2021:

- i) in June 2021, the Company was obligated to incur \$1,279,674 of qualifying flow-through expenditures (fulfilled). These flow-through shares were issued at a premium to the non-flow-through shares which is a reflection of the value of the income tax write-offs that the Company will pass on to the flow-through shareholders. The premium was determined to be \$213,279 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which is reversed as the required exploration expenditures are completed. During the year ended September 30, 2021, the Company recorded flow-through premium recovery of \$213,279 for the exploration expenditures completed.
- ii) in August 2021, the Company was obligated to incur \$2,055,025 of qualifying flow-through expenditures, of which \$1,060,603 had been fulfilled as of September 30, 2021. The flow-through shares were issued at a premium to the non-flow-through shares which is a reflection of the value of the income tax write-offs that the Company will pass on to the flow-through shareholders. The premium was determined to be \$340,730 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which is reversed as the required exploration expenditures are completed. During the year ended September 30, 2021, the Company recorded flow-through premium recovery of \$175,851 for the exploration expenditures completed.
- iii) in September 2021, the Company was obligated to incur \$419,972 of qualifying flow-through expenditures, of which \$Nil had been fulfilled as of September 30, 2021. The flow-through shares were issued at a premium to the non-flow-through shares which is a reflection of the value of the income tax write-offs that the Company will pass on to the flow-through shareholders. The premium was determined to be \$69,633 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which will be reversed as the required exploration expenditures are completed.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at September 30, 2020	\$ -
Initial recognition of deferred premium of flow-through shares	623,642
Settlement of flow-through share liability on incurring expenditures	<u>(389,130)</u>
Balance at September 30, 2021 and March 31, 2022	<u>\$ 234,512</u>

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

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12. FINANCIAL AND CAPITAL RISK MANAGEMENT

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business.

The Company does not hold any financial instruments at fair value subject to level 1, 2 or 3 fair value measurements. There were no changes in level 1, 2 or 3 financial instruments during the year ended September 30, 2021 and 2020. The fair value of the Company's financial assets and financial liabilities approximate the carrying value due to the short-term maturities of the instruments.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk

The Company's functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with a financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

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12. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)*Capital management*

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year. The Company does not have any externally imposed capital requirements to which it is subject, other than flow-through commitments.