



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - prepared by management

June 30, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Independence Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INDEPENDENCE GOLD CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)

(Expressed in Canadian Dollars)

| | <u>June 30</u> <u>2022</u> | <u>December 31</u> <u>2021</u> |
|--|-------------------------------|-----------------------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 297,741 | 1,969,024 |
| Receivables (Note 8) | 56,614 | 75,326 |
| Investments (Note 3) | 26,189 | 57,811 |
| | <u>380,544</u> | <u>2,102,161</u> |
| Long term deposit | 39,278 | 39,278 |
| Land use deposits (Note 4) | 117,000 | 112,000 |
| Property and equipment (Note 5) | 476,930 | 524,842 |
| Mineral properties (Note 7) | 4,235,978 | 4,235,978 |
| | <u>\$ 5,249,730</u> | <u>7,014,259</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 8) | \$ 170,588 | 186,501 |
| Current portion of lease liabilities (Note 6) | 95,481 | 91,426 |
| | <u>266,069</u> | <u>277,927</u> |
| Non-current portion of lease liabilities (Note 6) | 461,260 | 509,834 |
| | <u>727,329</u> | <u>787,761</u> |
| Shareholders' equity | | |
| Share capital (Note 9) | 39,615,701 | 39,626,306 |
| Reserves | 1,189,271 | 1,223,518 |
| Deficit | (36,282,571) | (34,623,326) |
| | <u>4,522,401</u> | <u>6,226,498</u> |
| | <u>\$ 5,249,730</u> | <u>7,014,259</u> |
| Nature and continuance of operations (Note 1) | | |
| Subsequent Event (Note 10) | | |

Approved and authorized by the Board on August 29th, 2022.

Randy C. Turner, Director

John A. McDonald, Director

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

INDEPENDENCE GOLD CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

(Expressed in Canadian Dollars)

| | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 |
|---|---|---|---|---|
| Expenses | | | | |
| Exploration expenditures (Note 7) | \$ 581,254 | \$ 810,790 | \$ 1,338,135 | \$ 1,461,779 |
| Depreciation | 23,956 | 22,358 | 47,912 | 52,480 |
| Insurance | - | - | 26,410 | - |
| Interest | 9,512 | 342 | 19,412 | 16,637 |
| Legal, audit and accounting | 3,511 | (736) | 5,798 | (736) |
| Management fees and corporate services (Note 8) | 70,462 | 62,812 | 140,925 | 125,625 |
| Office and miscellaneous | 8,657 | 16,160 | 23,953 | 43,637 |
| Regulatory and transfer agent fees | 1,308 | 26,861 | 28,847 | 38,316 |
| Share-based compensation | - | - | 205,869 | - |
| Shareholder communications | 8,963 | 15,982 | 31,780 | 54,361 |
| Wages and benefits | 16,103 | 21,253 | 40,041 | 41,125 |
| | <u>(723,726)</u> | <u>(975,823)</u> | <u>(1,909,081)</u> | <u>(1,833,225)</u> |
| Interest income | 607 | 406 | 1,899 | 734 |
| Rent Recovery | 19,853 | 12,090 | 39,444 | 24,315 |
| Unrealized (loss)/gain on marketable securities | (25,156) | 10,033 | (31,622) | (10,472) |
| Realized gain on investments | - | 4,850 | - | 17,569 |
| Gain on sale of mineral properties | - | 30,000 | - | 30,000 |
| Flow-through premium (Note 9) | - | 46,875 | - | 46,875 |
| | <u>(4,696)</u> | <u>104,254</u> | <u>9,721</u> | <u>109,021</u> |
| Loss and comprehensive loss for the period | \$ <u>(728,422)</u> | \$ <u>(871,569)</u> | \$ <u>(1,899,361)</u> | \$ <u>(1,724,204)</u> |
| Basic and diluted loss per common share | \$ <u>(0.01)</u> | \$ <u>(0.01)</u> | \$ <u>(0.02)</u> | \$ <u>(0.02)</u> |
| Weighted average number of common shares outstanding | 103,781,821 | 85,665,403 | 103,781,821 | 86,065,403 |

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

INDEPENDENCE GOLD CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

(Expressed in Canadian Dollars)

| | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 |
|--|---|---|
| Cash flows used in operating activities | | |
| Loss for the period | \$ (1,899,361) | \$ (1,724,204) |
| Items not affecting cash: | | |
| Depreciation | 47,912 | 52,480 |
| Flow-through premium | - | (46,875) |
| Share-based compensation | 205,869 | - |
| Unrealized loss on investments | 31,622 | 10,472 |
| Realized gain on investments | - | (17,569) |
| Interest Expense | 19,412 | 16,637 |
| Changes in non-cash working capital items: | | |
| Decrease (increase) in receivables | 18,712 | (47,807) |
| Decrease in accounts payable and accrued liabilities | (15,913) | (46,314) |
| Net cash used in operating activities | <u>(1,591,747)</u> | <u>(1,803,180)</u> |
| Cash flows from investing activities | | |
| Proceeds on sale of investments | - | 57,790 |
| Decrease in long-term deposits | - | 2 |
| Increase in land use deposits | (5,000) | (40,000) |
| Net cash from investing activities | <u>(5,000)</u> | <u>17,792</u> |
| Cash flow used in financing activities | | |
| Lease liability payment | (63,931) | (46,694) |
| Proceeds received from exercise of warrants | - | 54,840 |
| Share issuance costs | (10,605) | (25,051) |
| Net cash provided by financing activities | <u>(74,536)</u> | <u>(16,905)</u> |
| Change in cash and cash equivalents during the period | (1,671,283) | (1,802,293) |
| Cash and cash equivalents, beginning of the period | 1,969,024 | 2,810,527 |
| Cash and cash equivalents, end of the period | <u>\$ 297,741</u> | <u>\$ 1,008,234</u> |

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

INDEPENDENCE GOLD CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)**

(Expressed in Canadian Dollars)

| | <u>Share Capital</u> | | | | |
|---|----------------------|----------------------|---------------------|------------------------|---------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Reserves</u> | <u>Deficit</u> | <u>Total</u> |
| Balance, December 31, 2020 | 84,749,320 | \$ 37,851,400 | \$ 1,197,800 | \$ (25,718,452) | \$ 13,330,748 |
| Shares issued for mineral properties | 400,000 | 56,000 | - | - | 56,000 |
| Shares issued on warrant exercise | 457,001 | 67,179 | (12,339) | - | 54,840 |
| Reserves transferred on cancelled/expired options | - | - | (41,180) | 41,180 | - |
| Share issuance costs | - | (25,051) | - | - | (25,051) |
| Loss for the period | - | - | - | (1,724,204) | (1,724,204) |
| Balance, June 30, 2021 | 85,606,321 | \$ 37,949,528 | \$ 1,144,281 | \$ (27,401,476) | \$ 11,692,333 |
| Shares issued on stock option exercise | 500 | 201 | (76) | - | 125 |
| Shares issued on private placement for cash | 17,875,000 | 1,787,506 | - | - | 1,787,506 |
| Shares issued on warrant exercise | 300,000 | 44,101 | (8,101) | - | 36,000 |
| Warrants issued on private placement | - | (58,019) | 58,019 | - | - |
| Share issuance costs | - | (97,011) | 29,395 | - | (67,616) |
| Loss for the year | - | - | - | (7,221,850) | (7,221,850) |
| Balance, December 31, 2021 | 103,781,821 | \$ 39,626,306 | \$ 1,223,518 | \$ (34,623,326) | \$ 6,226,498 |
| Share-based compensation | - | - | 205,869 | - | 205,869 |
| Reserves transferred on cancelled/expired options | - | - | (240,116) | 240,116 | - |
| Share issuance costs | - | (10,605) | - | - | (10,605) |
| Loss for the period | - | - | - | (1,899,361) | (1,899,361) |
| Balance, June 30, 2022 | <u>103,781,821</u> | <u>\$ 39,615,701</u> | <u>\$ 1,189,271</u> | <u>\$ (36,282,571)</u> | <u>\$ 4,522,401</u> |

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

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Independence Gold Corp. (“Independence” or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on November 1, 2011 and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its properties contain economically recoverable mineral reserves.

The Company’s head office and principal address is 580 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company’s registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

The recovery of the amounts comprised in 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 condensed consolidated interim 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. The Company has incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. 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. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These condensed consolidated 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.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2021.

These condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2021 and have been consistently applied in the preparation of the Company’s consolidated interim financial statements.

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

The Company's condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management necessary to a fair presentation of results for the interim periods in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

3. INVESTMENTS

| | June 30, 2022 | December 31, 2021 |
|-------------------------------|----------------------|--------------------------|
| Canterra Minerals Corporation | 14,189 | 38,311 |
| Bullet Exploration Inc. | 12,000 | 19,500 |
| Total | \$ 26,189 | \$ 57,811 |

The Company did not sell any investments for the six months ended June 30, 2022.

For the six months ended June 30, 2021, the Company sold 145,000 shares of various companies for total gross proceeds of \$57,790 and recognized a gain of \$17,569.

4. LAND USE DEPOSITS

The Company has provided deposits as security for land use and potential future reclamation work relating to its mineral properties. As at June 30, 2022 a total of \$117,000 (December 31, 2021 - \$112,000) had been lodged with the British Columbia Ministry of Energy, Mines & Petroleum Resources.

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

| | Leasehold Improvements | Right of Use Asset | Total |
|---------------------------------|-----------------------------------|-------------------------------|----------------|
| COST | | | |
| Balance, December 31, 2020 | \$ 134,149 | \$ 1,044,523 | 1,178,672 |
| Additions/(dispositions) | (134,149) | (146,131) | (280,280) |
| Balance, December 31, 2021 | - | 898,392 | 898,392 |
| Additions/(dispositions) | - | - | - |
| Balance, June 30, 2022 | \$ - | \$ 898,392 | 898,392 |
| ACCUMULATED DEPRECIATION | | | |
| Balance, December 31, 2020 | \$ 125,949 | \$ 292,886 | 418,835 |
| Additions/(dispositions) | (134,149) | (10,279) | (144,428) |
| Depreciation | 8,200 | 90,943 | 99,143 |
| Balance, December 31, 2021 | - | 373,550 | 373,550 |
| Additions/(dispositions) | - | - | - |
| Depreciation | - | 47,912 | 47,912 |
| Balance, June 30, 2022 | \$ - | \$ 421,462 | 421,462 |
| CARRYING AMOUNTS | | | |
| Balance, December 31, 2020 | \$ 8,200 | \$ 751,637 | 759,837 |
| Balance, December 31, 2021 | - | \$ 524,842 | 524,842 |
| Balance, June 30, 2022 | \$ - | \$ 476,930 | 476,930 |

The right of use asset consists of a lease for office space and a photocopier lease. The lease liability was measured at the present value of the remaining lease payments and discounted using the Company's estimated incremental borrowing rate of 7% per annum.

INDEPENDENCE GOLD CORP.NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)**6. LEASE LIABILITY**

At June 30, 2022, the Company's lease liability is as follows:

| | June 30, 2022 | December 31, 2021 |
|--------------------------|----------------------|--------------------------|
| Opening balance | \$ 601,260 | \$ 801,245 |
| (Dispositions)/additions | - | (135,851) |
| Interest | 19,412 | 33,072 |
| Lease payments | (63,931) | (97,206) |
| Ending balance | <u>\$ 556,741</u> | <u>\$ 601,260</u> |

| | June 30, 2022 | December 31, 2021 |
|-------------------|----------------------|--------------------------|
| Current portion | \$ 95,481 | \$ 91,426 |
| Long-term portion | 462,160 | 509,834 |
| Ending balance | <u>\$ 556,741</u> | <u>\$ 601,260</u> |

At June 30, 2022, the Company is committed to minimum undiscounted lease payments as follows:

| | June 30, 2022 | December 31, 2021 |
|--------------------------------------|----------------------|--------------------------|
| Less than one year | \$ 130,105 | \$ 129,983 |
| One to five years | 526,827 | 591,880 |
| Total undiscounted lease liabilities | <u>\$ 656,932</u> | <u>\$ 720,863</u> |

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

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, except as described below are properly registered and in good standing.

The Company holds interest in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

| | June 30 | December 31 |
|---|--------------|--------------|
| | 2022 | 2021 |
| BRITISH COLUMBIA | | |
| <u>3Ts PROJECT</u> | | |
| Taken Property | \$ 345,693 | \$ 345,693 |
| <i>A 100% interest in certain claims. The property is subject to a sliding scale net smelter returns royalty ("NSR") ranging from 2.0% to 4.0%. The Company may reduce the NSR to 1.0% by paying \$2,000,000 per percent.</i> | | |
| Tam Property | 1,750,979 | 1,750,979 |
| <i>A 100% interest, subject to a 1.0% NSR, one-half of which may be purchased back for \$250,000.</i> | | |
| Tsacha Property | 2,121,788 | 2,121,788 |
| <i>A 100% interest in certain claims subject to a 2.0% NSR.</i> | | |
| Tommy Lake Property | 17,518 | 17,518 |
| <i>A 100% interest.</i> | | |
| YUKON | | |
| <u>BOULEVARD PROJECT</u> | | |
| Boulevard, YCS, Solitude and Tiger Properties | - | - |
| <i>A 100% interest in certain claims. On December 31, 2021, the Company wrote down the properties in the amount of \$6,208,116</i> | | |
| | \$ 4,235,978 | \$ 4,235,978 |

INDEPENDENCE GOLD CORP.NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)**7. MINERAL PROPERTIES (continued)**

During the six months ended June 30, 2022, the Company incurred exploration expenditures as follows:

| | Geology & Geophysics | Field Sampling | Drilling | Land Use & Tenure | Data Evaluation | Safety & Reclamation | Recoveries | Total for the period |
|-------------------------|-------------------------|-------------------|---------------------|----------------------|--------------------|-------------------------|---------------------|-------------------------|
| BRITISH COLUMBIA | | | | | | | | |
| 3Ts Project | \$ 56,613 | \$ - | \$ 1,258,640 | \$ 6,039 | \$ 131,818 | \$ 27,930 | \$ - | \$ 1,481,040 |
| Merit | - | - | - | - | 367 | - | - | 367 |
| Nicoamen | - | - | - | - | 367 | - | - | 367 |
| YUKON | | | | | | | | |
| Boulevard Project | 445 | - | - | - | - | - | - | 445 |
| Others* | - | - | - | 2,822 | - | - | (146,906) | (144,084) |
| | \$ 57,058 | \$ - | \$ 1,258,640 | \$ 8,861 | \$ 132,552 | \$ 27,930 | \$ (146,906) | \$ 1,338,135 |

During the six months ended June 30, 2021, the Company incurred exploration expenditures as follows:

| | Geology & Geophysics | Field Sampling | Drilling | Land Use & Tenure | Data Evaluation | Safety & Reclamation | Recoveries | Total for the period |
|-------------------------|-------------------------|-------------------|---------------------|----------------------|--------------------|-------------------------|---------------------|-------------------------|
| BRITISH COLUMBIA | | | | | | | | |
| 3Ts Project | \$ 217,264 | \$ - | \$ 1,259,639 | \$ 743 | \$ 110,137 | \$ 3,764 | \$ - | \$ 1,591,547 |
| Merit | 6,780 | - | - | - | - | 3,711 | - | 10,491 |
| Nicoamen | 743 | - | - | - | - | 3,468 | - | 4,211 |
| YUKON | | | | | | | | |
| Boulevard Project | 778 | - | - | - | - | - | - | 778 |
| Others* | 1,424 | - | - | - | 637 | - | (147,309) | (145,248) |
| | \$ 226,989 | \$ - | \$ 1,259,639 | \$ 743 | \$ 110,774 | \$ 10,943 | \$ (147,309) | \$ 1,461,779 |

Merit and Nicoamen Properties

On March 27, 2019 the Company entered into option agreements to earn 60% into each of the Merit and Nicoamen properties from Almadex Minerals Ltd. ("Almadex") by making a cash payment of \$20,000 (paid), the issuance of an aggregate of 1,300,000 common shares (800,000 issued) and completing aggregate work commitments of \$1,450,000 including a commitment to drill 1,000 m over a three year period. On December 31, 2021, the Company wrote off both properties totaling \$100,000.

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

The condensed consolidated interim financial statements include the financial statements of Independence Gold Corp. and its subsidiary, Silver Quest Resources (US) Ltd.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management for services rendered are as follows:

| | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|----------------------------|-----------------------------------|-----------------------------------|
| Management fees | \$ 121,425 | \$ 106,125 |
| Director fees | 19,500 | 19,500 |
| Geological consulting fees | 15,075 | 12,375 |
| Share-based compensation | 177,009 | - |
| Total | <u>\$ 333,009</u> | <u>\$ 138,000</u> |

Included in receivables at June 30, 2022 is \$9,192 (December 31, 2021 - \$53,186) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at June 30, 2022 is \$10,404 (December 31, 2021 - \$13,960) due to directors and companies with directors and/or officers in common.

The Company provides geological, office and administrative services to public companies with common directors. During the six months ended, June 30, 2022, the Company received or accrued \$11,235 (June 30, 2021 - \$12,965) for rent and \$13,600 (June 30, 2021 - \$14,250) for accounting, investor relations, geology and other.

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

As at June 30, 2022, the Company has 103,781,821 common shares issued and outstanding.

During the six months ended June 30, 2022, the Company paid share issuance costs of \$10,605 related to the December 31, 2022 private placement.

On December 31, 2021, the Company completed a non-brokered private placement and issued 2,700,000 units ("Units") at a price of \$0.10 per unit for proceeds of \$270,000, and 15,175,000 flow-through common shares ("FT Common Shares"), and together with the Units, the ("Securities") at a price of \$0.10 per FT Common Share for proceeds of \$1,517,500 (together with the Unit Proceeds, the ("Funds"), for total proceeds of \$1,787,500 under the Offering. Each Unit consists of one common share and one-half common share purchase warrant (each, a "Warrant"). Each whole warrant ("Warrant") is exercisable into one common share in the capital of the Company at an exercise price of \$0.15 per common share for a period of 24 months from the date of issue. The Company paid aggregate cash finder's fees of \$53,700 cash and issued an aggregate of 537,000 non-transferable finders compensation warrants ("Finder's Warrants") in connection with the distribution of FT Shares and Units to arm's length subscribers. Each Finder's Warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per common share until December 30, 2023. The finder's warrant issued as part of this private placement have been recorded at a fair value of \$29,395 using the Black Scholes pricing model.

On November 18, 2021, the Company issued 300,001 common shares on the exercise of warrants for proceeds of \$36,000.

On August 9, 2021, an employee exercised 500 stock options for proceeds of \$125.

On April 22, 2021, the Company issued 357,000 common shares on the exercise of warrants for proceeds of \$42,840.

On April 15, 2021, the Company issued 100,000 common shares on the exercise of warrants for proceeds of \$12,000.

On April 1, 2021, the Company issued 400,000 common shares valued at \$56,000 to Almadex pursuant to the Merit and Nicoamen option agreements.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

As at June 30, 2022, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|-------------------------|-----------------------|--------------------|
| 100,000 | \$ 0.20 | November 2, 2022 |
| 1,825,000 | \$ 0.15 | February 4, 2024 |
| 1,800,000 | \$ 0.10 | July 17, 2025 |
| 450,000 | \$ 0.18 | December 18, 2025 |
| 2,675,000 | \$ 0.15 | January 27, 2027 |
| 6,850,000 | | |

Stock option transactions are summarized as follows:

| | June 30, 2022 | | December 31, 2020 | |
|------------------------------------|--------------------------|--|--------------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of period | 5,749,500 | \$ 0.15 | 6,175,000 | \$ 0.15 |
| Granted | 2,675,000 | \$ 0.15 | - | - |
| Exercised | - | - | (500) | \$ 0.25 |
| Expired/Cancelled | (1,574,500) | \$ 0.25 | (425,000) | \$ 0.20 |
| Balance, end of period | 6,850,000 | \$ 0.14 | 5,749,500 | \$ 0.16 |
| Options exercisable, end of period | 6,850,000 | \$ 0.14 | 5,749,500 | \$ 0.16 |

On January 27, 2022, the Company granted 2,675,000 stock options to directors, employees, and consultants.

On March 1, 2022, 1,574,500 stock options granted in 2017 expired unexercised.

On August 10, 2021, an employee exercised 500 stock options.

On May 18, 2021, 325,000 options granted in 2016 expired unexercised.

On April 8, 2021, the Company cancelled 100,000 options granted to former contractors.

d) Share-based compensation

On January 27, 2022, the Company granted 2,675,000 stock options with a fair value of \$205,869. All options vested immediately on grant. The following assumptions were used for the Black-Scholes valuation of stock options granted during the noted period:

INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 (Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

| | 2022 |
|--------------------------|-------------|
| Risk-free interest rate | 1.27% |
| Expected life of options | 5 years |
| Annualized volatility | 115.83% |
| Weighted average FV | \$ 0.08 |
| Expected dividend rate | 0% |

e) Warrants

As at June 30, 2022, the Company had 18,702,458 outstanding share purchase warrants outstanding, enabling the holders to acquire further common shares as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|-------------------|
| 14,157,000 | \$0.12 | August 21, 2022 |
| 300,000 | \$0.20 | December 22, 2022 |
| 2,358,458 | \$0.20 | December 30, 2022 |
| 1,887,000 | \$ 0.15 | December 30, 2023 |
| 18,702,458 | | |

Share purchase warrant transactions are summarized as follows:

| | June 30, 2022 | | December 31, 2021 | |
|-------------------------------------|-----------------------|--|-----------------------|--|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Balance, beginning of period | 18,702,458 | \$ 0.13 | 17,572,459 | \$ 0.13 |
| Issued | - | - | 1,887,000 | \$ 0.15 |
| Exercised | - | - | (757,001) | \$ 0.12 |
| Balance, end of period | 18,702,458 | \$ 0.13 | 18,702,458 | \$ 0.13 |
| Warrants exercisable, end of period | 18,702,458 | \$ 0.13 | 18,702,458 | \$ 0.13 |

9. SUBSEQUENT EVENT

On August 21st, 2022, 114,156,999 warrants expired unexercised, with a fair value of \$1,698,840.