



*Condensed Interim Consolidated Financial Statements*

**AVIDIAN GOLD CORP.**

*For the three months ended September 30, 2020 and 2019*

*(Expressed in US dollars)*

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

The accompanying unaudited condensed interim consolidated financial statements of Avidian Gold Corp. (the “Corporation” or “Avidian”) for the three months ended September 30, 2020 and 2019 have been prepared by Management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim financial statements have not been reviewed by an auditor.

November 27, 2020

“David Anderson”  
Chief Executive Officer

“Donna McLean”  
Chief Financial Officer

# **AVIDIAN GOLD CORP.**

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# AVIDIAN GOLD CORP.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in US Dollars - Unaudited)

	As at September 30, 2020	As at June 30, 2020
	\$	\$
<b>Assets</b>		
Current		
Cash	2,116,312	927,739
Amounts receivable and prepaid expenses	237,170	107,056
Total current assets	2,353,482	1,034,795
Non-current assets		
Equipment (Note 7)	92,351	98,612
Total assets	2,445,833	1,133,407
<b>Liabilities</b>		
Current		
Trade payables and accrued liabilities	492,178	165,650
Total current liabilities	492,178	165,650
Non-current liabilities		
Convertible debenture (Note 14)	590,637	434,084
Warrant liability (Note 9)	3,493,357	175,968
Total liabilities	4,576,172	775,702
<b>Shareholders' Equity</b>		
Share capital (Note 8(b))	14,871,198	12,340,136
Share-based payment reserve (Note 8(c))	1,157,310	1,080,303
Deficit	(18,193,880)	(13,296,856)
Equity attributable to shareholders of the Corporation	(2,165,372)	123,583
Non-controlling interest (Note 10)	35,033	234,122
Total equity	(2,130,339)	357,705
Total liabilities and shareholders' equity	2,445,833	1,133,407

**DESCRIPTION OF BUSINESS AND GOING CONCERN** (Note 1)

**COMMITMENTS AND CONTINGENCIES** (Notes 15 and 16)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by David C. Anderson, Director

Original signed by Dino Titaro, Director

See accompanying notes to the condensed interim consolidated financial statements

**AVIDIAN GOLD CORP.****Condensed Interim Consolidated Statements of Operations and Comprehensive Loss****(Expressed in US Dollars - Unaudited)**

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Expenses</b>		
Exploration and evaluation expenditures (Note 15)	<b>2,450,388</b>	1,158,419
General and administrative (Note 13)	<b>168,256</b>	140,260
Share-based compensation (Note 8(c))	<b>85,082</b>	57,339
Convertible debenture interest (Note 14)	<b>18,808</b>	16,881
Accretion (Note 14)	<b>22,344</b>	17,224
<b>Net loss before other losses (gains)</b>	<b>2,744,878</b>	1,390,123
Foreign exchange losses (gains)	<b>(23,885)</b>	(7,526)
Unrealized loss on warrant revaluation (Note 9)	<b>2,268,102</b>	29,261
Unrealized loss on conversion feature (Note 14)	<b>107,018</b>	30,310
Total other losses (gains)	<b>2,351,235</b>	52,045
<b>Net loss and comprehensive loss for the period</b>	<b>5,096,113</b>	1,442,168
<b>Net loss and comprehensive loss attributable to:</b>		
<b>Shareholders of the Corporation</b>	<b>4,897,024</b>	1,049,200
<b>Non-controlling interest (Note 10)</b>	<b>199,089</b>	392,968
<b>Net loss and comprehensive loss for the period</b>	<b>5,096,113</b>	1,442,168
Net loss per share - basic and diluted (Note 11)	<b>0.04</b>	0.01
Weighted average number of shares outstanding - basic and diluted (Note 11)	<b>115,879,906</b>	74,168,390

See accompanying notes to the condensed interim consolidated financial statements

**AVIDIAN GOLD CORP.**
**Condensed Interim Consolidated Statements of Change in Shareholders' Equity**

(Expressed in US Dollars - Unaudited)

	Number of shares	Share capital	Share-based payment reserve	Deficit	Equity attributable to shareholders of the Corporation	Non-controlling interest	Total Equity
		\$	\$	\$	\$	\$	\$
<b>Balance June 30, 2019</b>	<b>64,150,961</b>	<b>10,264,689</b>	<b>778,217</b>	<b>(10,580,179)</b>	<b>462,727</b>	<b>55,634</b>	<b>518,361</b>
Non-controlling interest on acquisition	-	-	-	627,253	627,253	62,595	689,848
Net loss and comprehensive loss for the period	-	-	-	(1,049,200)	(1,049,200)	(392,968)	(1,442,168)
Private placement, net of issue costs (Note 8(b))	20,480,768	1,486,645	7,982	-	1,494,627	-	1,494,627
Share-based compensation (Note 8(c))	-	-	57,339	-	57,339	-	57,339
<b>Balance September 30, 2019</b>	<b>84,631,729</b>	<b>11,751,334</b>	<b>843,538</b>	<b>(11,002,126)</b>	<b>1,592,746</b>	<b>(274,739)</b>	<b>1,318,007</b>
Non-controlling interest on acquisition	-	-	-	(596,899)	(596,899)	665,289	68,390
Net loss and comprehensive loss for the period	-	-	-	(1,697,831)	(1,697,831)	(156,428)	(1,854,259)
Private placement, net of issue costs (Note 8(b))	8,300,000	585,952	9,240	-	595,192	-	595,192
Value of warrants issued under private placement (Note 9)	-	(122,150)	-	-	(122,150)	-	(122,150)
Shares for property acquisition (Note 15)	1,471,170	125,000	-	-	125,000	-	125,000
Share-based compensation (Note 8(c))	-	-	227,525	-	227,525	-	227,525
<b>Balance June 30, 2020</b>	<b>94,402,899</b>	<b>12,340,136</b>	<b>1,080,303</b>	<b>(13,296,856)</b>	<b>123,583</b>	<b>234,122</b>	<b>357,705</b>
Net loss and comprehensive loss for the period	-	-	-	(4,897,024)	(4,897,024)	(199,089)	(5,096,113)
Private placement, net of issue costs (Note 8(b))	25,151,515	2,731,421	-	-	2,731,421	-	2,731,421
Value of warrants issued under private placement (Note 9)	-	(1,040,426)	-	-	(1,040,426)	-	(1,040,426)
Stock options exercised (Note 8(b))	186,000	21,997	(8,075)	-	13,922	-	13,922
Shares for property acquisition (Note 15)	2,500,000	818,070	-	-	818,070	-	818,070
Share-based compensation (Note 8(c))	-	-	85,082	-	85,082	-	85,082
<b>Balance September 30, 2020</b>	<b>122,240,414</b>	<b>14,871,198</b>	<b>1,157,310</b>	<b>(18,193,880)</b>	<b>(2,165,372)</b>	<b>35,033</b>	<b>(2,130,339)</b>

See accompanying notes to the condensed interim consolidated financial statements

**AVIDIAN GOLD CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in US Dollars - Unaudited)

	<b>For the three months ended September 30, 2020</b>	For the three months ended September 30, 2019
	<u>\$</u>	<u>\$</u>
<b>Operating activities</b>		
Net loss for the period	<b>(5,096,113)</b>	(1,442,168)
Items not involving cash:		
Amortization (Note 7)	<b>6,261</b>	6,264
Accretion (Note 14)	<b>22,344</b>	17,224
Convertible debenture accrued interest	<b>18,808</b>	-
Unrealized foreign exchange loss	<b>17,244</b>	9,222
Unrealized loss on warrant revaluation	<b>2,268,102</b>	29,261
Unrealized loss on conversion feature	<b>107,018</b>	30,310
Shares issued for property acquisition - Labrador West	-	692,771
Shares issued for property acquisition - Fish Creek	<b>818,070</b>	-
Share-based compensation	<b>85,082</b>	57,339
	<b>(1,753,184)</b>	(599,777)
Changes in non-cash working capital		
(Decrease) in amounts receivable and prepaids	<b>(130,114)</b>	(32,434)
Increase (decrease) in trade payables and accrued liabilities	<b>326,528</b>	(117,912)
Change in non-cash operating working capital	<b>196,414</b>	(150,346)
Net cash flows from operating activities	<b>(1,556,770)</b>	(750,123)
<b>Financing activities</b>		
Proceeds from issuance of shares	<b>2,756,040</b>	1,541,587
Share issue costs	<b>(24,619)</b>	(46,960)
Exercise of stock options	<b>13,922</b>	-
Net cash flows provided by financing activities	<b>2,745,343</b>	1,494,627
Increase in cash	<b>1,188,573</b>	744,504
Cash, beginning of period	<b>927,739</b>	754,186
<b>Cash, end of period</b>	<b>2,116,312</b>	1,498,690

See accompanying notes to the condensed interim consolidated financial statements

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Avidian Gold Corp. (“Avidian” or the “Corporation”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on September 24, 2013. On January 16, 2020 at the Annual and Special Meeting of Shareholders, the Shareholders were asked to pass the following special resolutions: a) to make application for a Certificate of Continuance under the Ontario Business Corporations Act and b) to pass a special resolution to amend the articles of the Corporation, changing the Province in which the registered office is situated from the Province of British Columbia to the Province of Ontario. Both special resolutions were passed. The registered head office of the Corporation is located at 18 King Street East, Suite #902, Toronto, Ontario, M5C 1C4.

Avidian is in the business of acquiring and exploring gold projects. As of September 30, 2020, the Corporation has acquired the rights to explore three gold properties in the United States of America and has majority ownership of High Tide Resources Corp. which holds the right to explore three properties in Newfoundland, Canada.

The condensed interim consolidated financial statements of the Corporation for the three months ended September 30, 2020 were reviewed, approved and authorized for issue by the Board of Directors on November 27, 2020. Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

The Corporation’s property interests are at an early stage of exploration and, in common with many exploration companies, the Corporation raises financing for its exploration and appraisal activities in discrete tranches. The Corporation has incurred a loss for the three month period ended September 30, 2020 attributable to shareholders of the Corporation of \$4,897,024 and has an accumulated deficit of \$18,193,880. Management believes it has sufficient working capital to support planned operations for the next 12 months. Although the Corporation has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Corporation. In the event that the Corporation is unable to secure further financing it may not be able to complete the development of a gold, copper and other mineral projects.

These condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop gold projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern, and such adjustments may be material.

# **AVIDIAN GOLD CORP.**

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

**For the three months ended September 30, 2020 and 2019**

**(Expressed in US dollars – except where otherwise indicated)**

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### **1. DESCRIPTION OF BUSINESS AND GOING CONCERN (continued)**

#### COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and business around the world are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and significant declines. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. Almost all of Avidian's personnel work from home and the Company continues to manage its affairs via virtual business platforms.

### **2. BASIS OF PRESENTATION**

#### *Statement of compliance*

The condensed interim consolidated financial statements of the Corporation have been prepared in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standard Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Corporation's annual consolidated financial statements as at and for the years ended June 30, 2020 and 2019 ("Annual Financial Statements"). Accordingly, these condensed interim consolidated financial statements as at and for the three months ended September 30, 2020 and 2019 should be read together with the Annual Financial Statements.

#### *Basis of consolidation*

The condensed interim consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries Avidian Gold Inc., Avidian Gold US Inc., Avidian Gold Alaska Inc., High Tide Resources Inc., Ferrum Exploration Corp., and its 60% owned subsidiary High Tide Resources Corp. The financial statements include all assets, liabilities, revenues, expenses, and cash flow of the Corporation and its subsidiaries after eliminating inter-entity balances and transactions.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of Note 2 of the Corporation's Annual Financial Statements.

### **4. CAPITAL MANAGEMENT**

When managing capital, the Corporation's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders.

# **AVIDIAN GOLD CORP.**

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

**For the three months ended September 30, 2020 and 2019**

**(Expressed in US dollars – except where otherwise indicated)**

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### **4. CAPITAL MANAGEMENT (continued)**

Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of gold resource assets.

The Board of Directors does not establish quantitative return on capital criteria for Management, but rather relies on the expertise of the Corporation's Management to sustain the future development of the business. The Corporation considers its capital to be equity, which comprises share capital, share-based payment reserve and deficit, which at September 30, 2020, totaled (\$2,165,372) (June 30, 2020 - \$123,583).

The Corporation invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with select major Canadian financial institutions.

The Corporation is currently attempting to identify an economic gold resource and as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned acquisitions and exploration, as well as pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- a. maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
- b. minimizing discretionary disbursements; and
- c. exploring alternative sources of liquidity.

In light of the above, the Corporation will continue to assess new properties if the Corporation believes there is sufficient 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 Corporation, is appropriate. There were no significant changes in the Corporation's approach to capital management during the three months ended September 30, 2020.

### **5. FINANCIAL RISK FACTORS**

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (specifically commodity price risk).

Risk management is carried out by the Corporation's Management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 5. FINANCIAL RISK FACTORS (continued)

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is attributable to cash. Cash is held with a reputable financial institution, from which Management believes the risk of loss to be remote.

Included in amounts receivable is sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of September 30, 2020. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they become due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation.

The Corporation generates cash flow primarily from its financing activities. As at September 30, 2020, the Corporation had cash of \$2,116,312 (June 30, 2010 - \$927,739) to settle current liabilities of \$492,178 (June 30, 2020 - \$165,650). The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance and liquidity.

All of the Corporation's current financial liabilities as at September 30, 2020 have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation's convertible debentures are due February 25, 2022. See Note 14.

#### *Market risk*

##### Interest rate risk

The Corporation has cash and cash equivalent balances subject to fluctuations in the prime rate. The Corporation's current policy is to invest excess cash in money market funds traded by its banking institutions.

The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as investments are short-term, and the Corporation currently does not carry interest-bearing debt at floating rates.

##### Foreign currency risk

The Corporation primarily incurs expenditures in US dollars and Canadian dollars. As at September 30, 2020, the Corporation holds in cash the following amounts (reported in US\$ currency) in Canadian ("CDN") and US funds respectively: \$1,695,554 and \$420,758 (June 30, 2020 - \$907,639 and \$20,100) and has convertible debt with a face value of CDN\$708,000 and accrued interest of CDN\$144,172 at September 30, 2020 (June 30, 2020 – CDN\$708,000 and CDN\$120,196).

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 5. FINANCIAL RISK FACTORS (continued)

#### Commodity price risk

The Corporation is exposed to price risk with respect to gold prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to gold price movements and volatilities. The Corporation closely monitors gold prices to determine the appropriate course of action to be taken by the Corporation.

#### **Sensitivity analysis**

As of September 30, 2020 and June 30, 2020, both the carrying and fair value amounts of the Corporation's current financial instruments are approximately equivalent due to their short-term nature.

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on Management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible for the period ended September 30, 2020:

- (i) As at September 30, 2020, if foreign exchange rates had decreased/increased by 1% with all other variables held constant, the loss for the period ended September 30, 2020 would have changed by \$33,028 as a result of lower/higher foreign exchange gains and losses on funds held in foreign currencies and reported shareholders' equity would also not have changed by a material amount.
- (ii) Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. As of September 30, 2020, the Corporation was not a gold producer. As a result, gold price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

#### **Fair value hierarchy and liquidity risk disclosure**

The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At September 30, 2020 and June 30, 2020, the Corporation did not hold any financial assets in the fair value hierarchy.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 5. FINANCIAL RISK FACTORS (continued)

At September 30, 2020 and June 30, 2020, the fair value of the Corporation's financial liabilities held at fair value, the option component of convertible debenture and warrant liability, is based on Level 3 measurements. There were no transfers in or out of Level 3 during the period ended September 30, 2020 or the year ended June 30, 2020.

#### Level 3 Hierarchy

The key assumptions used in the valuation of the conversion option component of convertible debenture and warrant liability include (but are not limited to) the value at which a recent financing was done by the Corporation and share price volatility of comparable publicly-traded companies.

For the conversion option component of convertible debenture and warrant liability valued based on market-based valuation technique, the inputs can be judgmental (See Notes 9 and 14). A +/- 25% change in the fair value of these Level 3 liabilities as at September 30, 2020 would result in a corresponding +/- \$1,251,662.

### 6. MINERAL EXPLORATION INTERESTS

HTR Corp. held a 100% interest in the Strickland Property located in southwest Newfoundland. During the year ended June 30, 2020, management has determined it will no longer pursue an exploration program on this property and as a result has recorded a write-down of \$497,813.

### 7. EQUIPMENT

<u>Cost</u>	<u>Equipment</u>
Balance, June 30, 2019	\$ 179,002
Additions	-
Balance, June 30, 2020	179,002
Additions	-
<b>Balance, September 30, 2020</b>	<b>\$ 179,002</b>
<u>Amortization and impairment</u>	<u>Equipment</u>
Balance, June 30, 2019	\$ 55,356
Amortization	25,034
Balance, June 30, 2020	80,390
Amortization	6,261
<b>Balance, September 30, 2020</b>	<b>\$ 86,651</b>
<u>Carrying amounts</u>	
Balance, June 30, 2019	\$ 98,612
<b>Balance, September 30, 2020</b>	<b>\$ 92,351</b>

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 8. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares, with no par value.

#### (b) Issued

- (i) On August 16, 2019, the Corporation closed a private placement for 20,480,768 common shares offered at a price of CDN\$0.10 (US\$0.075) per unit for total gross proceeds of CDN\$2,048,077 (US\$1,541,587). Officers and directors of the Corporation subscribed for 350,000 common shares for gross proceeds of \$35,000.
- (ii) On September 19, 2019, the Corporation's subsidiary, High Tide Resources Corp., issued 9,146,696 common shares valued at CDN\$0.10 (US\$0.075) per share for a total value of CDN\$914,670 (US\$692,771) as consideration for the assumption of the rights to the option to acquire 100% of the Labrador West iron ore project. See Note 15.
- (iii) On December 20, 2019, the Company closed a non-brokered flow through private placement to raise gross proceeds of CDN\$830,000 (US\$630,468). The offering consisted of the issuance of 8,300,000 units ("Unit") of the Company. Each Unit was offered at a price of CDN\$0.10 (US\$0.076) and consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable at a price of CDN\$0.15 per common share if exercised within 24 months of the closing of the offering. Officers and directors of the Company subscribed for 850,000 Units for gross proceeds of CDN\$85,000.
- (iv) In December 2019, the Corporation subscribed for 8,300,000 flow through shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN\$0.10 (US\$0.076) per share for total gross proceeds of CDN\$830,000 (US\$630,468).
- (v) In December 2019, the Corporation subscribed for 750,000 common shares of the subsidiary, High Tide Resources Corp., offered at a price of CDN\$0.10 (US\$0.076) per share for total gross proceeds of CDN\$75,000 (US\$56,970).
- (vi) On January 15, 2020, the Corporation issued 1,471,170 shares valued at CDN\$0.111 (US\$0.085) for a total value of CDN\$163,125 (US\$125,000) pursuant to the Golden Zone property agreement. See Note 15.
- (vii) On July 14, 2020, the Company closed a private placement to raise gross proceeds of CDN\$2,000,000 (US\$1,468,800). The offering consisted of the issuance of 20,000,000 units ("Unit") of the Company. Each Unit was offered at a price of CDN\$0.10 (US\$0.0734) and consisted of one common share and one common share purchase warrant, with each whole warrant exercisable at a price of CDN\$0.14 per common share if exercised within 24 months of the closing of the offering.
- (viii) On July 21, 2020, the Corporation issued 2,500,000 shares valued at CDN\$0.44 (US\$0.327) for a total value of CDN\$1,100,000 (US\$818,070) as consideration for a 100% interest in the Fish Creek gold property, located in Alaska. See Note 15.
- (ix) On July 28, 2020, the Corporation issued 186,000 common shares in connection to the exercise of 186,000 stock options for proceeds of CDN\$18,600 (US\$13,650). The fair value of these stock options was \$8,075, which was transferred from share-based payment reserve to share capital.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

### 8. SHARE CAPITAL

#### (b) Authorized (continued)

- (x) On August 17, 2020, the Company closed a private placement to raise gross proceeds of CDN\$1,700,000 (US\$1,287,240). The offering consisted of the issuance of 5,151,515 units (“Unit”) of the Company. Each Unit was offered at a price of CDN\$0.33 (US\$0.2499) and consisted of one common share and one common share purchase warrant, with each whole warrant exercisable at a price of CDN\$0.55 per common share if exercised within 24 months of the closing of the offering.

#### (c) Share-based payment reserve

Share-based payment activity for the three month period ended September 30, 2020 and year ended June 30, 2020 is summarized as follows:

	<u>Number of stock options</u>	<u>Weighted average exercise price (CDN)</u> \$
<b>Balance, June 30, 2019</b>	<b>3,483,125</b>	<b>0.59</b>
Granted	4,286,000	0.19
Expired	(417,976)	(0.63)
<b>Balance, June 30, 2020</b>	<b>7,351,149</b>	<b>0.36</b>
Granted	3,250,000	0.28
Forefeited	(100,000)	(0.20)
Exercised	(186,000)	(0.10)
<b>Balance, September 30, 2020</b>	<b>10,315,149</b>	<b>0.34</b>

On August 26, 2019, the Corporation granted 3,600,000 stock options to officers, directors, and consultants of the Corporation to purchase 3,600,000 common shares of the Corporation at an exercise price of CDN\$0.20 (US\$0.151) per share expiring on August 26, 2024. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant.

On December 23, 2019, the Corporation granted 186,000 stock options to consultants of the Corporation to purchase 186,000 common shares of the Corporation at an exercise price of CDN\$0.10 (US\$0.075) per share expiring on December 23, 2021. The stock options vested immediately. On July 28, 2020 these stock options were exercised which resulted in the issuance of 186,000 common shares.

On June 8, 2020, the Corporation granted 500,000 stock options to consultants of the Corporation to purchase 500,000 common shares of the Corporation at an exercise price of CDN\$0.13 (US\$0.095) per share expiring on June 8, 2023. The stock options vest in equal one-quarter tranches on the first, second, third and fourth quarter following the date of grant.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

### 8. SHARE CAPITAL

#### (c) Share-based payment reserve (continued)

On September 3, 2020, the Corporation granted 3,250,000 stock options to officers, directors, and consultants of the Corporation to purchase 3,250,000 common shares of the Corporation at an exercise price of CDN\$0.28 (US\$0.209) per share expiring on September 3, 2025. The stock options vest in equal one-third tranches on the first, second and third year anniversary date of the grant.

The following stock options were in existence as at September 30, 2020:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price (CDN\$)	Grant date fair value per option	Black-Scholes inputs			
						Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
125,000	125,000	15-Aug-18	15-Aug-21	0.60	0.28	125%	3	0%	2.19%
500,000	125,000	08-Jun-20	08-Jun-23	0.13	0.04	101%	3	0%	0.32%
2,635,000	2,335,000	15-Aug-18	15-Aug-23	0.60	0.28	125%	5	0%	2.19%
150,000	50,000	15-Nov-18	15-Nov-23	0.60	0.24	125%	5	0%	2.31%
100,000	33,333	04-Feb-19	04-Feb-24	0.40	0.18	125%	5	0%	2.31%
3,500,000	1,166,667	26-Aug-19	26-Aug-24	0.20	0.09	125%	5	0%	1.24%
55,149	55,149	01-Dec-17	19-Nov-24	0.30	0.25	150%	7	0%	1.78%
3,250,000	-	03-Sep-20	03-Sep-25	0.28	0.17	125%	5	0%	0.35%
10,315,149	3,890,149								

The weighted average remaining time to expiry for all outstanding options as of September 30, 2020 is 3.85 years (2019 – 4.24 years).

During the period ended September 30, 2020, 1,800,000 stock options were granted to directors and officers of the Corporation (2019 – 2,250,000). The share-based compensation expense related to the options issued is \$13,807 (2019 – \$12,283).

### 9. WARRANT LIABILITY

Warrants issued in connection with the completion of certain private placements are exercisable in Canadian dollars. The fair value of these non-compensatory warrants is recorded as a warrant liability at the date of issuance. These warrants are revalued at each financial position reporting date with the corresponding change recorded as gain (loss) on warrant revaluation on the consolidated statement of operations and comprehensive loss.

# AVIDIAN GOLD CORP.

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### 9. WARRANT LIABILITY (continued)

The following table presents the reconciliation of the beginning and ending balances of the warrant liability:

	Warrant liability \$
<b>June 30, 2019</b>	<b>62,390</b>
Warrant issuance	122,150
Warrant revaluation	(1,980)
Change in foreign exchange	(6,592)
<b>June 30, 2020</b>	<b>175,968</b>
Warrant issuance	1,040,426
Warrant revaluation	2,268,102
Change in foreign exchange	8,861
<b>September 30, 2020</b>	<b>3,493,357</b>

The following is a summary of warrant activity for the three month period ended September 30, 2020 and year ended June 30, 2020:

	September 30, 2020		June 30, 2020	
	Number	Weighted average exercise price CDN\$	Number	Weighted average exercise price CDN\$
Balance, beginning of period	6,307,000	0.22	8,602,483	0.69
Granted in connection with private placements	25,151,515	0.22	4,537,000	0.15
Expired during the period	-	-	(6,832,483)	(0.75)
Balance, end of period	31,458,515	0.22	6,307,000	0.22

- a) In connection with the August 2019 private placement disclosed in Note 8, the Corporation issued 132,000 broker warrants. The grant date fair value of \$7,982 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 125%, a risk free interest rate of 1.54%, share price of CDN\$0.13 and an expected maturity of 1.5 years.
- b) In connection with the December 2019 private placement disclosed in Note 8, the Corporation issued 4,015,000 warrants. The grant date fair value of \$122,150 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk free interest rate of 1.65%, share price of CDN\$0.095 and an expected maturity of 2 years. At September 30, 2020, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 115%, a risk free interest rate of 0.23%, share price of CDN\$0.245 and an expected maturity of 1.22 years.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 9. WARRANT LIABILITY (continued)

- c) In connection with the December 2019 private placement disclosed in Note 8, the Corporation issued 255,000 broker warrants. The grant date fair value of \$9,240 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 112%, a risk free interest rate of 1.65%, share price of CDN\$0.13 and an expected maturity of 2 years.
- d) In connection with the July 2020 private placement disclosed in Note 8, the Corporation issued 20,000,000 warrants. The grant date fair value of \$607,612 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 118%, a risk free interest rate of 0.24%, share price of CDN\$0.25 and an expected maturity of 2 years. At September 30, 2020, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 119%, a risk free interest rate of 0.23%, share price of CDN\$0.245 and an expected maturity of 1.79 years.
- e) In connection with the August 2020 private placement disclosed in Note 8, the Corporation issued 5,151,515 warrants. The grant date fair value of \$432,814 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 116%, a risk free interest rate of 0.26%, share price of CDN\$0.375 and an expected maturity of 2 years. At September 30, 2020, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 117%, a risk free interest rate of 0.23%, share price of CDN\$0.245 and an expected maturity of 1.88 years.

Summary of warrants outstanding as at September 30, 2020:

<u>Warrants</u>	<u>Classification</u>	<u>Exercise price</u>	<u>Grant date fair value of warrants</u>	<u>Expiry date</u>
#		CDN\$	\$	
132,000	Equity	0.10	7,982	February 16, 2021
4,150,000	Liability	0.15	122,150	December 20, 2021
255,000	Equity	0.10	9,240	December 20, 2021
1,770,000	Liability	0.40	161,588	February 25, 2022
20,000,000	Liability	0.14	607,612	July 14, 2022
5,151,515	Liability	0.55	432,814	August 17, 2022
<u>31,458,515</u>			<u>1,341,386</u>	

### 10. NON-CONTROLLING INTEREST

The amount shown for non-controlling interest on the consolidated statements of financial position is in relation to a non-controlling interest ownership of approximately 41% (2019 – 27%) in the shares of HTR Corp.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 10. NON-CONTROLLING INTEREST

On September 19, 2019, HTR Corp. issued 9,146,666 common shares valued at CDN\$0.10 (US\$0.075) per share for a total value of CDN\$914,670 (US\$692,771) in consideration as consideration for the assumption of the rights to the option to acquire 100 per cent of the Labrador West iron ore project. See Note 15.

In December 2019, HTR Corp. issued to the Corporation 8,300,000 flow-through shares and 750,000 hard dollar common shares in connection with the private placement described in Note 8.

In January 2020, HTR Corp. issued 150,000 shares valued at CDN \$0.10 (US \$0.0761) for a total value of CDN\$15,000 (US\$11,416) pursuant to the Black Raven property agreement. See Note 15.

The issuance of these shares resulted in a balance of \$727,884 allocated to the non-controlling interest based on the proportion of the net assets held by the non-controlling interest. Non-controlling interests' share of HTR Corp.'s expenses are reflected in the consolidated statements of operations and are charged as a reduction to the non-controlling interest account on the consolidated statement of financial position.

During the period ended September 30, 2020 and the year ended June 30, 2020, there were no dividends paid to the non-controlling interest by the Corporation.

### 11. BASIC AND DILUTED NET LOSS PER SHARE

The calculation of basic and diluted earnings per share for the three month period ended September 30, 2020 was based on the loss attributable to shareholders of the Corporation of \$4,897,024 (2019 - \$1,049,200) and the weighted average number of common shares outstanding of 115,879,906 (2019 – 74,168,390).

Diluted loss per share did not include the effect of the stock options disclosed in Note 8(c), the share purchase warrants disclosed in Note 9, or the conversion option feature described in Note 14 as they are anti-dilutive for the three month periods ended September 30, 2020 and 2019.

### 12. RELATED PARTY TRANSACTIONS

a) The remuneration of key management personnel is comprised of

	Three months ended September 30, 2020	Three months ended September 30, 2019
Wages and benefits	\$ 12,068	\$ 12,164
Consulting fees	41,294	36,753
Share-based compensation	49,540	36,317

\*Key management personnel include directors, officers and former directors/officers.

b) See Notes 8(b) (c) and Note 14.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

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### 12. RELATED PARTY TRANSACTIONS

- c) Trade payables and accrued liabilities as at September 30, 2020 includes \$26,314 (June 30, 2020 - \$7,338) owed to officers of the Corporation for fees. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

### 13. GENERAL AND ADMINISTRATIVE

	Three months ended September 30, 2020	Three months ended September 30, 2019
Amortization (Note 7)	\$ 6,261	\$ 6,264
Corporate relations	62,054	43,210
Occupancy costs	900	900
Office supplies, bank charges and telephone	14,071	12,759
Professional fees and transfer agent	66,902	37,670
Travel and promotion	6,000	27,293
Wages and benefits	12,068	12,164
	<b>\$ 168,256</b>	<b>\$ 140,260</b>

### 14. CONVERTIBLE DEBENTURE

On February 26, 2019, the Corporation closed an unsecured convertible debenture financing (“2019 Debenture”) for CDN\$708,000 (US\$529,796) with an interest rate of 8% per annum payable in cash or 12% per annum payable in shares at maturity. The unsecured convertible debentures have a maturity date of February 25, 2022 and the principal amount and all accrued interest of the convertible debentures are convertible into common shares at CDN\$0.40 (US\$0.299) per share prior to February 25, 2022 at the option of the holder. A total of CDN\$270,000 of the debentures were issued to directors and officers of the Corporation.

Under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability.

The Corporation allocated the net proceeds to liability and derivative liability components based on the fair value of the conversion feature (which is an embedded derivative liability requiring separation) and the convertible debentures using the effective interest rate method.

The effective interest rate of the 2019 Debenture is 40.80% (this is determined by establishing the rate that is required to discount the contractual cash flows back to the carrying amount, as adjusted for transaction costs).

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 14. CONVERTIBLE DEBENTURE (continued)

The fair value of the derivative liability component for the 2019 Debenture was determined to be \$161,588 and the fair value of the warrants was determined to be \$161,588 (see Note 9) with a residual amount of \$206,620 allocated to the liability on the date of issuance. The fair value of the conversion option component of the debenture at issuance was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115%, risk free interest rate of 1.76% and an expected life of 3 years.

The discount on the convertible debentures is amortized using the effective interest method over the term of the debenture being a period of three years. The Corporation accretes the carrying value of the convertible debentures each month by recognizing an accretion expense in the condensed interim statement of operations and comprehensive loss and a credit to convertible note. For the three month period ended September 30, 2020, \$22,344 (2019 - \$17,224) of finance expense from the debt discount was recorded by the Corporation.

The fair value of the conversion option component of the CDN\$708,000 2019 Debenture outstanding as at September 30, 2020 was estimated as \$150,325 (June 30, 2020 - \$42,541) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 115% based on the historical volatility of comparable entities, risk free interest rate of 0.23%, share price of CDN\$0.245, and an expected life of 1.41 years.

The following table presents the reconciliation of the beginning and ending balances of the components of the convertible debt:

	Liability \$	Derivative liability \$	Total \$
<b>June 30, 2019</b>	<b>263,415</b>	<b>52,081</b>	<b>315,496</b>
Accrued interest	68,070	-	68,070
Accretion of liability	72,674	-	72,674
Revaluation of conversion option	-	(7,592)	(7,592)
Change in foreign exchange	(12,616)	(1,948)	(14,564)
<b>June 30, 2020</b>	<b>391,543</b>	<b>42,541</b>	<b>434,084</b>
Accrued interest	18,808	-	18,808
Accretion of liability	22,344	-	22,344
Revaluation of conversion option	-	107,018	107,018
Change in foreign exchange	7,617	766	8,383
<b>September 30, 2020</b>	<b>440,312</b>	<b>150,325</b>	<b>590,637</b>

At September 30, 2020, the face value of the outstanding convertible debenture totals CDN\$708,000.

# AVIDIAN GOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 15. EXPLORATION AND EVALUATION EXPENDITURES

#### Golden Zone

On April 28, 2016, the Corporation entered a preliminary agreement with Chulitna Mining Company LLC (“CMC”), Mines Trust Company Inc. (“MTC”), and Alix Resources Corp. (“AIX”) to purchase an aggregate interest of 70.6% interest in the Golden Zone property, Alaska. Upon signing this agreement, the Corporation paid \$25,000 to CMC for an exclusive 90-day due diligence period. In addition, the Corporation paid CDN\$10,000 to AIX and settled a debt of CDN\$200,000 (US\$152,462) owed by CMC to AIX through the issuance of 460,829 shares at a deemed price of CDN\$0.43 (US\$0.33) per share upon closing of the definitive agreement for the interest in the Golden Zone property.

The parties have agreed to the following financial terms for the final agreement, which was agreed to on November 21, 2016:

	CMC				MTC			
	cash		stock		cash		stock	
upon signing an agreement in 2016	\$ 150,000	(paid)	\$ 150,000	(paid)	\$ 25,000	(paid)	\$ 100,000	(paid)
January 15, 2017	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2018	50,000	(paid)	50,000	(paid)	-		25,000	(paid)
January 15, 2019	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2020	100,000	(paid)	100,000	(paid)	-		25,000	(paid)
January 15, 2021	100,000		100,000		-		25,000	
January 15, 2022	150,000		150,000		-		25,000	
January 15, 2023	150,000		150,000		-		25,000	
Total	\$ 850,000		\$ 850,000		\$ 25,000		\$ 275,000	

The January 15, 2020 payments resulted in the issuance of 1,471,170 common shares.

In addition to the above-noted cash and shares commitments, the Corporation was required to make work expenditures of \$2,000,000, over a five-year period, which was met in January 2018.

Annual payments will cease after the sooner of January 15, 2023 payments or upon the beginning of annual production of 10,000 ounces or more of gold annually from the property when a net smelter royalty (“NSR”) will become payable. Cash payments to CMC in the years 2019 and following will be considered advance royalty payments and will be deducted from up to 50% of the NSRs payable to CMC upon achieving production from GZ. Those NSR royalties will be as follows: CMC 2.0%; MTC 1.0%. The Corporation can surrender its interest in the property by notifying the owner at any time, and there will be no further payment obligations.

The Corporation shall have the option exercisable at any time to purchase one-half (1/2) of the NSR payable to CMC representing 1.0% of the NSR for the purchase price of \$1,000,000 and 40% of the NSR payable to MTC representing 0.4% of the NSR for the purchase price of \$400,000.

# **AVIDIAN GOLD CORP.**

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

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### **15. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

#### **Amanita**

On October 31, 2016, the Corporation signed a definitive agreement for a 15-year lease to purchase option pursuant to which the Corporation can acquire a 100% interest in the Amanita claim block subject to a 3% NSR for cash consideration of \$3,000,000. The Amanita claim block is comprised of 88 lode claims located within the Fairbanks Mining District approximately 25 kilometres northeast of Fairbanks, Alaska.

The Corporation paid \$5,000 at the time of signing a letter of intent and a further \$20,000 on the signing of the definitive property agreement. The Corporation is required to make minimum payments as follows, which are credited against the \$3,000,000 purchase price.

- (i) First anniversary of agreement date: \$15,000 (paid)
- (ii) Second anniversary of agreement date: \$25,000 (paid)
- (iii) Third anniversary of agreement date: \$30,000 (paid)
- (iv) Every subsequent anniversary: payments increase by \$10,000 annually (paid \$40,000 in August 2019 and \$50,000 in July 2020)

The Corporation may acquire the 3% NSR royalty for an additional \$3,000,000.

#### **Fish Creek**

On July 21, 2020, the Corporation acquired a 100% interest in the Fish Creek gold property, located in Alaska. The Corporation issued 2,500,000 common shares as consideration for the acquisition. The vendors were granted a 1% NSR on the Fish Creek property and a 0.2% NSR royalty on the Amanita property.

The vendors will also be entitled to receive one-half of any additional royalty granted to a third party in the event of the subsequent disposition by the Corporation of the Fish Creek property, and to receive 25% of any net profits received from such sale to third party after a deduction of an amount equal to two times the exploration costs expended by the Corporation on the Fish Creek property and reasonable transactional expenses incurred in connection with sale to the third party.

#### **Jungo (Formerly known as Shawnee Creek)**

On January 8, 2013, Dutch Gold Resources Inc. (“DGRI”), DGRI Jungo Development Corporation and the Corporation entered into an agreement pursuant to which DGRI and DGRI Jungo Development Corporation agreed to transfer to the Corporation all of the right, title and interest in and to the Red Dog Claims located in Nevada, in exchange for a 2% NSR and the obligation of the Corporation to pay annual advance minimum royalty payments to DGRI Jungo Development Corporation in the amount of \$20,000 beginning on August 25, 2015. The Corporation also holds a 100% interest in Red Dog Claims 101-160 that is not subject to an NSR.

# **AVIDIAN GOLD CORP.**

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

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(Expressed in US dollars – except where otherwise indicated)

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### **15. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

#### **Dome Hill**

The Corporation owns claims located in Mono County, California and Mineral County, Nevada (the "Nevero Claims") outright and free and clear of any claims, encumbrances or liens. The Corporation has no royalty or minimum payment obligations in respect of the Nevero Claims.

On August 1, 2016, the Corporation entered into a lease agreement with Chonna DeLaney on the Jump Up Joe patented claim (MS 160651) in Mono County, California. The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are \$1,000, and there is a two percent (2%) gross proceeds royalty from all production from the property. One half of the royalty can be purchased at any time for \$250,000. The Corporation did not renew the lease on August 1, 2019.

On August 1, 2016, the Corporation entered into a Lease with Option to Purchase Agreement with the Brook Family Trust on the Hermene patented claim (MS285868) in Mono County, California.

The lease is for an initial period of ten years with options for ten, one-year extensions as long as the Corporation is conducting exploration or mining on the property. Annual lease payments are \$1,000, and the claim can be purchased for \$75,000. There is no residual royalty. The Corporation did not renew the lease on August 1, 2019.

#### **Black Raven**

On November 26, 2018, the Corporation's majority controlled subsidiary, High Tide Resources Corp. ("High Tide"), entered into an option to earn a 100-per-cent interest in the Black Raven property over three years via the issuance of CDN\$275,000 in shares and the completion of at least CDN\$70,000 of exploration work. The vendor retains a 2-per-cent net smelter return, of which 1.75 per cent can be purchased by High Tide for CDN\$2,000,000.

The Corporation was required to make minimum payments as follows:

- (i) Upon signing of agreement date: CDN\$10,000 worth of High Tide shares (shares issued)
- (ii) First anniversary of agreement date: CDN\$15,000 worth of High Tide shares (shares issued)
- (iii) Second anniversary of agreement date: CDN\$250,000 worth of High Tide shares

Subsequent to September 30, 2020, the Corporation decided it would not proceed with the option agreement.

# **AVIDIAN GOLD CORP.**

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

**For the three months ended September 30, 2020 and 2019**

**(Expressed in US dollars – except where otherwise indicated)**

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### **15. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

#### **Labrador West**

On August 28, 2019, HTR Corp. agreed to terms with Altius Resources Inc. (“Altius”), a wholly owned subsidiary of Altius Minerals Corp., to acquire 100% of the Labrador West iron ore project, located in the Labrador Trough.

Altius has granted to HTR Corp. an exclusive option to purchase the 100% undivided interest in and to the project upon: (i) HTR Corp. incurring exploration expenditures on the project of at least CDN\$2,000,000 by December 31, 2021; (ii) the issuance of a number of common shares such that Altius will own 19.9% of the issued and outstanding common shares of HTR Corp. immediately following cumulative equity financings of no less than CDN\$5,000,000; and (iii) HTR Corp. becoming a publicly-listed company in Canada within 24 months from the execution date.

Upon HTR Corp. acquiring a 100% interest in the project, the public company shall grant to Altius a 2.75% gross sales royalty (GSR) on all iron ore produced, removed and recovered from the project.

Additionally, HTR Corp. has issued 9,146,666 common shares to arm's-length parties as consideration for the assumption of the rights to the option. The fair value of these consideration shares was estimated to be CDN\$0.10 based on price of the shares issued in the most recent private placement closed by HTR Corp.

# AVIDIAN GOLD CORP.

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For the three months ended September 30, 2020 and 2019

(Expressed in US dollars – except where otherwise indicated)

### 15. EXPLORATION AND EVALUATION EXPENDITURES (continued)

The following table summarizes exploration and evaluation expenditures for each of the Corporation's respective properties:

	Three Month Period ended September 30, 2020	Three Month Period ended September 30, 2019
<b>Golden Zone</b>		
Acquisition and holding costs	\$ 60,075	\$ 38,682
Evaluation expenditures	152,100	176,694
	<b>\$ 212,175</b>	<b>\$ 215,376</b>
<b>Amanita</b>		
Acquisition and holding costs	\$ 50,000	\$ 58,090
Evaluation expenditures	800,367	142,315
	<b>\$ 850,367</b>	<b>\$ 200,405</b>
<b>Fish Creek</b>		
Acquisition and holding costs	\$ 830,274	\$ -
Evaluation expenditures	31,324	-
	<b>\$ 861,598</b>	<b>\$ -</b>
<b>Jungo (Formerly known as Shawnee Creek)</b>		
Acquisition and holding costs	\$ 38,775	\$ 41,964
Evaluation expenditures	2,984	-
	<b>\$ 41,759</b>	<b>\$ 41,964</b>
<b>Dome Hill</b>		
Acquisition and holding costs	\$ -	\$ 1,285
	<b>\$ -</b>	<b>\$ 1,285</b>
<b>Labrador West</b>		
Acquisition and holding costs	\$ -	\$ 692,771
Evaluation expenditures	484,489	4,544
	<b>\$ 484,489</b>	<b>\$ 697,315</b>
<b>Black Raven</b>		
Acquisition and holding costs	\$ -	\$ -
Evaluation expenditures	-	2,074
	<b>\$ -</b>	<b>\$ 2,074</b>
<b>TOTAL EXPLORATION AND EVALUATION EXPENDITURES</b>	<b>\$ 2,450,388</b>	<b>\$ 1,158,419</b>

# **AVIDIAN GOLD CORP.**

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

**For the three months ended September 30, 2020 and 2019**

**(Expressed in US dollars – except where otherwise indicated)**

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### **16. CONTINGENCIES**

#### **Environmental contingencies**

The Corporation's exploration activities are subject to various federal, provincial, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

#### **Flow-through commitment**

The Corporation is obligated to spend CDN\$830,000 (US\$609,054) by December 31, 2021 for the issuance of flow-through shares by HTR Corp. As at September 30, 2020, the Corporation had spent CDN\$701,068 (US\$525,590) and is obligated to spend an additional CDN\$128,932 (US\$96,660). The flow-through agreements require the Corporation to renounce certain tax deductions for Canadian exploration expenditures incurred on the Corporation's mineral properties to flow-through participants. The Corporation has indemnified the subscribers for certain tax related amounts that become payable by the subscribers should the Corporation not meeting its expenditure commitments.