



**TRISTAR GOLD, INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Unaudited)  
(Expressed in United States Dollars)**

**For the three and nine month periods ended September 30, 2021 and 2020**

Reader's Note: These condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2021 and 2020 of TriStar Gold, Inc. have been prepared by management and have not been reviewed by the Company's auditor.

**TriStar Gold, Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(Unaudited)**  
**(Expressed in United States Dollars)**

|                                                         | <b>September 30, 2021</b> | December 31, 2020 |
|---------------------------------------------------------|---------------------------|-------------------|
| <b>Assets</b>                                           |                           |                   |
| Current assets:                                         |                           |                   |
| Cash and cash equivalents (Note 6)                      | \$ 6,237,101              | \$ 10,022,590     |
| Accounts receivable                                     | 9,709                     | 25,570            |
| Prepaid expenses                                        | 141,775                   | 158,469           |
| Total current assets                                    | <b>6,388,585</b>          | 10,206,629        |
| Non-current assets:                                     |                           |                   |
| Mineral properties and deferred expenditures (Note 7)   | 21,433,007                | 18,985,590        |
| Plant and equipment, net (Note 8)                       | 18,951                    | 42,686            |
| Total non-current assets                                | <b>21,451,958</b>         | 19,028,276        |
| Total assets                                            | <b>\$ 27,840,543</b>      | \$ 29,234,905     |
| <b>Liabilities and Shareholders' equity</b>             |                           |                   |
| Current liabilities:                                    |                           |                   |
| Accounts payable and accrued liabilities                | \$ 233,609                | \$ 528,711        |
| Total current liabilities                               | <b>233,609</b>            | 528,711           |
| Non-current liabilities:                                |                           |                   |
| Provisions (Note 9)                                     | 231,883                   | 233,205           |
| Warrants liability (Note 10)                            | 3,136,517                 | 3,212,827         |
| Total non-current liabilities                           | <b>3,368,400</b>          | 3,446,032         |
| Total liabilities                                       | <b>3,602,009</b>          | 3,974,743         |
| Shareholders' equity:                                   |                           |                   |
| Share capital (Note 11)                                 | 52,412,971                | 52,356,302        |
| Capital reserve (Note 11, Note 13, Note 14 and Note 17) | 3,946,113                 | 3,864,330         |
| Accumulated deficit                                     | <b>(32,120,550)</b>       | (30,960,470)      |
| Total shareholders' equity                              | <b>24,238,534</b>         | 25,260,162        |
| Total liabilities and shareholders' equity              | <b>\$ 27,840,543</b>      | \$ 29,234,905     |

Nature of Operations and Going Concern (Note 2)  
Commitments and Contingencies (Note 18)

Approved on behalf of the Board of Directors.

Director: "Mark E. Jones, III"  
Director: "Nicholas Appleyard"

*See accompanying notes which are an integral part of these condensed consolidated interim financial statements.*

**TriStar Gold, Inc.**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
**(Unaudited)**

(Expressed in United States Dollars)

|                                                                           | Three months ended    |                       | Nine months ended     |                       |
|---------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                           | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| Expenses:                                                                 |                       |                       |                       |                       |
| General and administrative (Note 9, Note 15 and Note 17)                  | \$ 296,208            | \$ 344,166            | \$ 1,273,991          | \$ 1,014,600          |
| Foreign exchange (gain) losses                                            | 78,641                | (171,948)             | (35,861)              | (193,428)             |
|                                                                           | <b>374,849</b>        | <b>172,218</b>        | <b>1,238,130</b>      | <b>821,172</b>        |
| Other income (expenses):                                                  |                       |                       |                       |                       |
| Warrants liability fair value change (Note 10)                            | (385,631)             | 157,153               | 73,392                | (1,823,137)           |
| Bank charges                                                              | (1,393)               | (1,685)               | (4,700)               | (4,859)               |
| Loss on equipment disposal (Note 8)                                       | -                     | (202)                 | -                     | (202)                 |
| Interest income                                                           | 1,893                 | 17,228                | 9,358                 | 55,964                |
|                                                                           | <b>(385,131)</b>      | <b>172,494</b>        | <b>78,050</b>         | <b>(1,772,234)</b>    |
| Net income (loss) and comprehensive income (loss) for the period          | \$ (759,980)          | \$ 276                | \$ (1,160,080)        | \$ (2,593,406)        |
| Basic and diluted income (loss) per share (Note 16)                       | \$ (0.00)             | \$ 0.00               | \$ (0.00)             | \$ (0.01)             |
| Basic and diluted weighted-average number of shares outstanding (Note 16) | 229,960,372           | 222,008,830           | 229,932,625           | 202,561,023           |

*See accompanying notes which are an integral part of these condensed consolidated interim financial statements.*

**TriStar Gold, Inc.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**  
**(Unaudited)**  
**(Expressed in United States Dollars)**

|                                                                  | Common Shares      |                      | Capital Reserve     | Deficit and Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|------------------------------------------------------------------|--------------------|----------------------|---------------------|--------------------------------------------------|----------------------------|
|                                                                  | Number             | Amount               |                     |                                                  |                            |
| <b>Balance at December 31, 2020</b>                              | <b>229,685,372</b> | <b>\$ 52,356,302</b> | <b>\$ 3,864,330</b> | <b>\$ (30,960,470)</b>                           | <b>\$ 25,260,162</b>       |
| Shares issued on exercise of warrants (Note 10 and Note 11)      | 275,000            | 56,669               | -                   | -                                                | 56,669                     |
| Stock-based compensation (Note 11, Note 13, Note 14 and Note 17) | -                  | -                    | 81,783              | -                                                | 81,783                     |
| Net loss and comprehensive loss for the period                   | -                  | -                    | -                   | (1,160,080)                                      | (1,160,080)                |
| <b>Balance at September 30, 2021</b>                             | <b>229,960,372</b> | <b>\$ 52,412,971</b> | <b>\$ 3,946,113</b> | <b>\$ (32,120,550)</b>                           | <b>\$ 24,238,534</b>       |

|                                                                | Common Shares |               | Capital Reserve | Deficit and Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|----------------------------------------------------------------|---------------|---------------|-----------------|--------------------------------------------------|----------------------------|
|                                                                | Number        | Amount        |                 |                                                  |                            |
| Balance at December 31, 2019                                   | 189,954,440   | \$ 45,072,223 | \$ 4,791,167    | \$ (30,835,196)                                  | \$ 19,028,194              |
| Shares issued in financing; net of share issue costs (Note 11) | 30,705,000    | 4,496,496     | -               | -                                                | 4,496,496                  |
| Shares issued on exercise of options (Note 11 and Note 13)     | 4,570,000     | 1,549,318     | (903,196)       | -                                                | 646,122                    |
| Shares issued on exercise of warrants (Note 10 and Note 11)    | 2,938,182     | 862,762       | -               | -                                                | 862,762                    |
| Stock-based compensation (Note 11, Note 13 and Note 14)        | -             | -             | 18,872          | -                                                | 18,872                     |
| Net loss and comprehensive loss for the period                 | -             | -             | -               | (2,593,406)                                      | (2,593,406)                |
| Balance at September 30, 2020                                  | 228,167,622   | \$ 51,980,799 | \$ 3,906,843    | \$ (33,428,602)                                  | \$ 22,459,040              |

*See accompanying notes which are an integral part of these condensed consolidated interim financial statements.*

**TriStar Gold, Inc.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited)**

(Expressed in United States Dollars)

|                                                                                              | For the three months ended |                       | For the nine months ended |                       |
|----------------------------------------------------------------------------------------------|----------------------------|-----------------------|---------------------------|-----------------------|
|                                                                                              | September 30,<br>2021      | September 30,<br>2020 | September 30,<br>2021     | September 30,<br>2020 |
| <b>Operating activities</b>                                                                  |                            |                       |                           |                       |
| Net income (loss) for the period                                                             | \$ (759,980)               | \$ 276                | \$ (1,160,080)            | \$ (2,593,406)        |
| Adjustments to reconcile net loss to net cash provided by<br>(used in) operating activities: |                            |                       |                           |                       |
| Depreciation (Note 8)                                                                        | 345                        | 383                   | 1,135                     | 1,368                 |
| Stock-based compensation (Note 11, Note 13 and Note 14)                                      | -                          | -                     | 81,783                    | 18,872                |
| Warrants liability fair value change (Note 10)                                               | 385,631                    | (157,153)             | (73,392)                  | 1,823,137             |
| Disposal of equipment net value (Note 8)                                                     | -                          | 202                   | -                         | 202                   |
| Changes in non-cash operating working capital:                                               |                            |                       |                           |                       |
| Accounts receivable                                                                          | 4,988                      | 30,417                | 15,861                    | (4,738)               |
| Prepaid expenses                                                                             | (8,497)                    | (852)                 | 16,694                    | 100,981               |
| Accounts payable and accrued liabilities                                                     | (19,281)                   | 77,178                | (295,103)                 | (353,191)             |
| Provisions (Note 9)                                                                          | (22,942)                   | (7,046)               | (1,322)                   | (81,820)              |
| Net cash used in operating activities                                                        | (419,736)                  | (56,595)              | (1,414,424)               | (1,088,595)           |
| <b>Investing activities</b>                                                                  |                            |                       |                           |                       |
| Mineral properties acquisition and exploration (Note 7)                                      | (798,127)                  | (607,735)             | (2,410,895)               | (2,570,295)           |
| Purchase of equipment (Note 8)                                                               | (2,971)                    | (2,480)               | (13,922)                  | (8,943)               |
| Net cash used in investing activities                                                        | (801,098)                  | (610,215)             | (2,424,817)               | (2,579,238)           |
| <b>Financing activities</b>                                                                  |                            |                       |                           |                       |
| Net proceeds from financing (Note 11)                                                        | -                          | 6,186,505             | -                         | 6,186,505             |
| Net proceeds from exercise of options (Note 11 and Note 13)                                  | -                          | 155,095               | -                         | 646,122               |
| Net proceeds from exercise of warrants (Note 10 and Note 11)                                 | -                          | 705,064               | 53,752                    | 742,679               |
| Proceeds from sale of Royalty (Note 7)                                                       | -                          | -                     | -                         | 1,500,000             |
| Net cash provided by financing activities                                                    | -                          | 7,046,664             | 53,752                    | 9,075,306             |
| Net increase (decrease) in cash and cash equivalents                                         | (1,220,834)                | 6,379,854             | (3,785,489)               | 5,407,473             |
| Cash and cash equivalents, beginning of period                                               | 7,457,935                  | 4,568,748             | 10,022,590                | 5,541,129             |
| Cash and cash equivalents, end of period                                                     | \$ 6,237,101               | \$ 10,948,602         | \$ 6,237,101              | \$ 10,948,602         |

*See accompanying notes which are an integral part of these condensed consolidated interim financial statements.*

# **TriStar Gold, Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**

**(Expressed in United States Dollars)**

**For the three and nine month periods ended September 30, 2021 and 2020**

### **1. Corporate Information**

TriStar Gold, Inc. (“TriStar” or the “Company”) was incorporated on May 21, 2010, in British Columbia, Canada. The Company is listed on the TSX Venture Exchange (“TSX”), under the symbol TSG.V and on the OTCQX, under the symbol TSGZF. The address of the Company’s corporate office and principal place of business is 7950 E Acoma Drive, Suite 209, Scottsdale, Arizona, United States, 85260.

TriStar was created to hold certain existing Brazau Resources Corporation (“Brazau”) assets as a result of an Arrangement Agreement (the “Arrangement”) between Brazau and Eldorado Gold Corporation (“Eldorado”). Under the “spin out” Arrangement Brazau transferred certain Brazilian mineral exploration properties and Eldorado provided a cash contribution for working capital of \$10 million to TriStar. The completion of the Arrangement occurred on July 20, 2010.

### **2. Nature of Operations and Going Concern**

TriStar’s primary business focus is the acquisition, exploration and development of precious metal prospects in the Americas, including its current focus on advancing the exploration success of Castelo de Sonhos (“CDS”) located in the Tapajós Gold District of Brazil’s northerly Pará State. The Company is concentrating its exploration activities on the CDS property because the Company believes CDS has the potential to host several million ounces of gold.

The Company’s current properties are in the exploration stage and have not yet been proven to be commercially developable. The continued operations of the Company and the recoverability of the amounts shown for mineral property are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of such properties, and the future profitable production from or disposition of such properties.

The Company has no source of revenue. Its ability to continue as a going concern and meet its commitments as they become due, including completion of the exploration and development of its mineral property interests and to meet its general and administrative expenses, is dependent on the Company’s ability to obtain the necessary financing. The Company relies primarily on the sale of its treasury securities to fund its operations and the Company’s cash position is currently sufficient to maintain its planned operations for the remainder of 2021 and beyond. Management may raise additional capital to finance operations and expected growth. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

For the three month period ended September 30, 2021, the Company reported a net loss of \$759,980 (September 30, 2020: net income \$276). The Company’s accumulated deficit at September 30, 2021, was \$32,120,550 (December 31, 2020: \$30,960,470). The unaudited condensed consolidated interim financial statements (“consolidated financial statements”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for one year, adverse financial conditions may cast substantial doubt upon the validity of this assumption.

These consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the Condensed Consolidated Interim Statements of Comprehensive Loss that may be necessary if the Company was unable to continue as a going concern.

### **3. Basis of Presentation**

#### **Statement of Compliance**

The consolidated financial statements for the three and nine month periods ended September 30, 2021 and 2020 have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) in effect at September 30, 2021, have been omitted or condensed.

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 3. Basis of Presentation (continued)

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 23, 2021.

#### Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss. These consolidated financial statements are presented in United States dollars ("U.S. dollars"), unless otherwise noted.

### 4. Significant Accounting Policies

These consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2020, audited annual consolidated financial statements. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

### 5. Critical Accounting Judgments and Key sources of estimation uncertainty

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amount of assets and liabilities and disclosures of contingent assets or liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported periods.

The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Material areas that require estimates and assumptions as the basis for determining the reported amounts include, but are not limited to, the following:

*Going concern.* Management considers whether there exists any events or conditions that may cast doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future cash commitments.

*Functional currency.* The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the U.S. dollar. Functional currency of each of the entities was determined based on the currency that mainly influences sales prices for goods and services, labor, material and other costs and the currency in which funds from financing activities are generated.

*Impairment of assets.* Management assesses each cash generating unit ("CGU") at each reporting period to determine whether any indication of impairment exists. In addition, management assesses a CGU for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as future capital requirements and assessments of preliminary assay results. Fair value is determined as the amount that could be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

*Fair value of derivative financial instruments (Warrants Liability).* Management assesses the fair value of the Company's financial derivatives in accordance with the accounting policy stated in Note 4 to the consolidated audited financial statements. Fair values of warrants have been measured using the Black-Scholes model, taking into account the terms and conditions upon which the warrants are granted. These calculations require the use of estimates and assumptions. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

*Fair value of stock options and stock-based compensation.* Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 4 to the consolidated audited financial statements. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's stock options.

*Mineral resources.* The Company estimates its measured and indicated and inferred mineral resources for Castelo de Sonhos based upon information compiled by Qualified Persons, as defined in National Instrument 43-101. Information relative to geological data on the size, depth, grade and shape of the mineralized body requires complex geological and geo-statistical judgements to interpret data, which judgements themselves contain significant estimates and assumptions.

Changes in the measured and indicated and inferred mineral resources may impact the carrying value of mineral properties and deferred expenditures.

*Uncertainty due to COVID-19.* The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. To the extent that inputs and assumptions used as at September 30, 2021 to arrive at accounting estimates and asset values have changed during the period, whether as a result of the COVID-19 or otherwise, the changes have been considered and reflected, where appropriate, in the consolidated financial statements. These inputs and assumptions relate to, among other things, interest rates, foreign exchange rates, cost of capital, commodity prices, and the amount and timing of future cash flows, while accounting judgments take into consideration the business and economic uncertainties caused by the COVID-19 and by the future response of governments, the Company and others to those uncertainties. In the current environment, the inputs and assumptions and judgements are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends but is not limited to the Company's valuation of the long-term assets (including the assessment for impairment and impairment reversal), estimation of reclamation provisions, estimation of mineral reserves and mineral resources, and estimation of income and mining taxes. Actual results may differ materially from these estimates.

### 6. Cash and Cash Equivalents

Cash and cash equivalents include:

|                     | Balance at<br>September 30, 2021 | Balance at<br>December 31, 2020 |
|---------------------|----------------------------------|---------------------------------|
| <i>Cash:</i>        |                                  |                                 |
| Cash at bank        | \$ 153,437                       | \$ 937,777                      |
| Investment accounts | 6,083,664                        | 9,084,813                       |
| <b>Total</b>        | <b>\$ 6,237,101</b>              | <b>\$ 10,022,590</b>            |



# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 6. Cash and Cash Equivalents (continued)

As at September 30, 2021 the investment accounts include saving accounts with a balance of \$2,944,064 (December 31, 2020: \$1,157,813) and Redeemable Short Term Investment Certificates with a balance of \$3,139,600 (December 31, 2020: \$7,927,000) with annual interest rates between 0.10% and 0.25% (December 31, 2020: between 0.10% and 1.25%) and maturity date of less than a year.

### 7. Mineral Properties and Deferred Expenditures

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures cannot guarantee the Company's title to all of its properties. Such properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers or indigenous land claims, and title may be affected by undetected defects. Certain of the mineral rights held by the Company are held under applications for mineral rights or renewal of mineral rights and, until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of the Company's properties may be subject to adjustment. The Company does not maintain title insurance on its properties.

#### Castelo de Sonhos Property (Brazil)

On November 9, 2010, the Company entered into an agreement with a third-party vendor to acquire 100% of the mineral rights to the Castelo de Sonhos property in Brazil. Pursuant to this agreement and subsequent amendments (three such amendments were agreed to), between 2010 and 2016, the Company made monetary payments totaling \$2,750,000 and issued the vendors a total of 2,000,000 common shares of the Company.

All agreed fixed price payments have been made. However, under the Second Amending Agreement, the Company agreed to pay the vendor \$3,600,000 out of production from the property over and above its royalty. At its option, TriStar may pay to the vendor \$1,500,000 on or prior to the making of a construction decision in lieu of the payment out of production.

Under the original agreement, the vendors had the right to receive a payment equal to \$1.00 per ounce should a gold deposit with proven and probable reserves in excess of 1 million troy ounces be identified and the property owner will retain a 2% Net Smelter Return ("NSR") royalty, half of which can be purchased by TriStar (purchase right subsequently transferred to Royal Gold) at any time and which amount will be calculated based on the proven and probable reserves identified by a feasibility study.

On August 2, 2019, the Company, through its subsidiary Mineracao Castelo de Sonhos Ltda., entered into a Royalty Agreement with RG Royalties, LLC ("RG"), a subsidiary of Royal Gold, Inc. Under the Royalty Agreement TriStar will sell and grant to RG a newly created 1.5% NSR royalty (incrementally earned pro-rata with the funding schedule) on the CDS property for the purchase price of \$7,250,000. Additionally, as part of the agreement, for a total consideration of \$250,000 the Company has granted International Royalty Corporation ("IRC"), a wholly-owned subsidiary of RG, a total of 19,640,000 common share purchase warrants (issued pro-rata with the funding schedule), each entitling IRC to purchase one common share of TriStar Gold Inc. at an exercise price of Can\$0.25 per common share for a period of five years. All payments have been received pursuant to this agreement.

Mineral properties and deferred expenditures were as follows:

|                                      | Balance at<br>December 31, 2020 | Additions    | Sale of Royalty | Balance at<br>September 30, 2021 |
|--------------------------------------|---------------------------------|--------------|-----------------|----------------------------------|
| <i>Castelo de Sonhos Properties:</i> |                                 |              |                 |                                  |
| Acquisition costs                    | \$ 3,303,945                    | \$ -         | \$ -            | \$ 3,303,945                     |
| Exploration costs                    | 21,820,055                      | 2,447,417    | -               | 24,267,472                       |
| Total Deferred Expenditures          | 25,124,000                      | 2,447,417    | -               | 27,571,417                       |
| Sale of Royalty                      | (6,138,410)                     | -            | -               | (6,138,410)                      |
| Total Carrying Amount                | \$ 18,985,590                   | \$ 2,447,417 | \$ -            | \$ 21,433,007                    |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 7. Mineral Properties and Deferred Expenditures (continued)

|                                      | Balance at<br>December 31, 2019 | Additions    | Sale of Royalty | Balance at<br>September 30, 2020 |
|--------------------------------------|---------------------------------|--------------|-----------------|----------------------------------|
| <i>Castelo de Sonhos Properties:</i> |                                 |              |                 |                                  |
| Acquisition costs                    | \$ 3,303,945                    | \$ -         | \$ -            | \$ 3,303,945                     |
| Exploration costs                    | 17,902,957                      | 2,604,430    | -               | 20,507,387                       |
| Total Deferred Expenditures          | 21,206,902                      | 2,604,430    | -               | 23,811,332                       |
| Sale of Royalty                      | (5,150,931)                     | -            | (987,479)       | (6,138,410)                      |
| Total Carrying Amount                | \$ 16,055,971                   | \$ 2,604,430 | \$ (987,479)    | \$ 17,672,922                    |

During the periods ended September 30, 2021 and 2020, the additions to exploration costs include the following:

|                                              | Three months ended    |                       | Nine months ended     |                       |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                              | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| <i>Castelo de Sonhos Properties:</i>         |                       |                       |                       |                       |
| Camp costs                                   | \$ 95,558             | \$ 50,144             | \$ 341,480            | \$ 255,507            |
| Wages, salaries and benefits costs (Note 17) | 175,295               | 99,798                | 511,604               | 397,273               |
| Geological analysis costs                    | 74,679                | 99,640                | 376,852               | 558,653               |
| Drilling costs                               | -                     | 128,953               | 327,824               | 805,366               |
| Other costs                                  | 464,781               | 239,007               | 889,657               | 587,631               |
| <b>Total Exploration Costs</b>               | <b>\$ 810,313</b>     | <b>\$ 617,542</b>     | <b>\$ 2,447,417</b>   | <b>\$ 2,604,430</b>   |

### 8. Plant and Equipment

Plant and equipment were as follows:

|                                  | Balance at<br>December 31, 2020 | Additions   | Disposals | Balance at<br>September 30, 2021 |
|----------------------------------|---------------------------------|-------------|-----------|----------------------------------|
| <i>Cost:</i>                     |                                 |             |           |                                  |
| Furniture                        | \$ 2,464                        | \$ -        | \$ -      | \$ 2,464                         |
| Office equipment                 | 22,723                          | 4,630       | -         | 27,353                           |
| Vehicles                         | 296,381                         | -           | -         | 296,381                          |
| Field equipment                  | 71,352                          | 9,292       | -         | 80,644                           |
| Total costs                      | 392,920                         | 13,922      | -         | 406,842                          |
| <i>Accumulated Depreciation:</i> |                                 |             |           |                                  |
| Furniture                        | (2,464)                         | -           | -         | (2,464)                          |
| Office equipment                 | (17,100)                        | (3,035)     | -         | (20,135)                         |
| Vehicles                         | (270,953)                       | (25,428)    | -         | (296,381)                        |
| Field equipment                  | (59,717)                        | (9,194)     | -         | (68,911)                         |
| Total accumulated depreciation   | (350,234)                       | (37,657)    | -         | (387,891)                        |
| Total net book value             | \$ 42,686                       | \$ (23,735) | \$ -      | \$ 18,951                        |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 8. Plant and Equipment (continued)

|                                  | Balance at<br>December 31, 2019 | Additions   | Disposals | Balance at<br>September 30, 2020 |
|----------------------------------|---------------------------------|-------------|-----------|----------------------------------|
| <i>Cost:</i>                     |                                 |             |           |                                  |
| Furniture                        | \$ 2,464                        | \$ -        | \$ -      | \$ 2,464                         |
| Office equipment                 | 18,248                          | 5,382       | (907)     | 22,723                           |
| Vehicles                         | 296,381                         | -           | -         | 296,381                          |
| Field equipment                  | 58,563                          | 3,561       | -         | 62,124                           |
| Total costs                      | 375,656                         | 8,943       | (907)     | 383,692                          |
| <i>Accumulated Depreciation:</i> |                                 |             |           |                                  |
| Furniture                        | (2,464)                         | -           | -         | (2,464)                          |
| Office equipment                 | (14,026)                        | (2,890)     | 705       | (16,211)                         |
| Vehicles                         | (231,989)                       | (30,488)    | -         | (262,477)                        |
| Field equipment                  | (56,046)                        | (2,125)     | -         | (58,171)                         |
| Total accumulated depreciation   | (304,525)                       | (35,503)    | 705       | (339,323)                        |
| Total net book value             | \$ 71,131                       | \$ (26,560) | \$ (202)  | \$ 44,369                        |

### 9. Provisions

The provision represents the Company's estimate of the taxes it may have to pay on a possible contingent liability for labor severance obligations in Brazil. The Company is uncertain about the amount or timing of any outflows of funds, if any were to occur.

The following table presents the changes in the Provision:

|                                           | Three months ended    |                       | Nine months ended     |                       |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                           | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| <b>Balance at beginning of the period</b> | \$ 254,825            | \$ 220,404            | \$ 233,205            | \$ 295,178            |
| Change in provision estimate              | (22,942)              | (7,046)               | (1,322)               | (81,820)              |
| <b>Balance at end of the period</b>       | \$ 231,883            | \$ 213,358            | \$ 231,883            | \$ 213,358            |

Each reporting period the Company reviews estimated amounts and other assumptions used in the valuation of the provision to reflect events, changes in circumstances and new information available. Changes in these estimates and assumptions may have a corresponding impact on the value of the provision. The changes in the provision estimate are reported in general and administrative expenses (Note 15).

During the period of three and nine months ended September 30, 2021, included in the change in the provision estimate are \$20,547 and \$10,603; respectively, from effect of exchange rates (September 30, 2020: \$6,244 and \$84,559; respectively).

### 10. Warrants Liability

Warrants have their exercise prices denominated in Canadian dollars which is not the Company's functional currency and therefore the warrants have been accounted for as a non-hedged derivative financial liability. The derivative liability is recorded at the estimated fair value through profit and loss at each reporting date based upon a Black-Scholes Option Pricing Model. At initial recognition when warrants are issued with the issuance of shares the Company allocates their full fair value as a warranty liability at issuance with the residual value of proceeds raised from the shares issued recorded in common shares. Subsequent changes in the fair value of the warrant's liability are recorded in the Condensed Consolidated Interim Statement of Comprehensive Loss for the period.

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

(Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 10. Warrants Liability (continued)

During the nine-month period ended September 30, 2020, a total of 200,000 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can\$0.25 for gross proceeds of \$37,615 which in addition to \$17,602 representing the fair value of the warrants liability, were allocated to common shares in the period.

On March 31, 2020, under the Royalty Agreement with RG Royalties, LLC, the Company issued 3,928,000 share purchase warrants exercisable to acquire 3,928,000 shares at Can\$0.25 per share until March 31, 2025. The estimated fair value of the warrant liability at issuance was \$512,521.

On July 24, 2020, a total of 2,613,182 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can\$0.35 for gross proceeds of \$681,480 which in addition to Can\$87,619 representing the fair value of the warrants liability, were allocated to common shares in the period.

On July 24, 2020, a total of 3,876,965 share purchase warrants with an exercise price of Can\$0.35 expired unexercised and were cancelled. The estimated fair value of the warrant liability at expiry date was nil.

On August 14, 2020, a total of 125,000 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can\$0.25 for gross proceeds of \$23,584 which in addition to \$14,862 representing the fair value of the warrants liability, were allocated to common shares in the period.

During the nine months ended September 30, 2021, a total of 275,000 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can\$0.25 for gross proceeds of \$53,752 which in addition to \$2,918 representing the fair value of the warrants liability, were allocated to common shares in the period.

During the nine months ended September 30, 2021, a total of 4,275,000 share purchase warrants with an exercise price of Can\$0.25 expired unexercised and were cancelled. The estimated fair value of the warrant liability at expiry date was nil.

The following is a summary of changes in warrants:

|                                      | Number of<br>Warrants | Weighted Average<br>Exercise Price | Amount              |
|--------------------------------------|-----------------------|------------------------------------|---------------------|
| <b>Balance at December 31, 2020</b>  | <b>45,142,500</b>     | <b>Can\$0.31</b>                   | <b>\$ 3,212,827</b> |
| Warrants expired                     | (4,275,000)           | Can\$0.25                          | -                   |
| Warrants exercised                   | (275,000)             | Can\$0.25                          | (2,918)             |
| Warrants liability fair value change | -                     | -                                  | (73,392)            |
| <b>Balance at September 30, 2021</b> | <b>40,592,500</b>     | <b>Can\$0.31</b>                   | <b>\$ 3,136,517</b> |

  

|                                      | Number of<br>Warrants | Weighted Average<br>Exercise Price | Amount       |
|--------------------------------------|-----------------------|------------------------------------|--------------|
| Balance at December 31, 2019         | 32,927,147            | Can\$0.28                          | \$ 2,044,923 |
| Issued warrants                      | 19,280,500            | Can\$0.37                          | 2,202,531    |
| Warrants exercised                   | (2,938,182)           | Can\$0.34                          | (120,083)    |
| Warrants expired                     | (3,876,965)           | Can\$0.35                          | -            |
| Warrants liability fair value change | -                     | -                                  | 1,823,137    |
| Balance at September 30, 2020        | 45,392,500            | Can\$0.31                          | \$ 5,950,508 |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 10. Warrants Liability (continued)

The warrants liability fair value change as reported in the Condensed Consolidated Interim Statements of Comprehensive Loss includes:

|                                      | Three months ended    |                       | Nine months ended     |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| Warrants liability fair value change | \$ 385,631            | \$ (157,153)          | \$ (73,392)           | \$ 1,823,137          |
| <b>Balance</b>                       | <b>\$ 385,631</b>     | <b>\$ (157,153)</b>   | <b>\$ (73,392)</b>    | <b>\$ 1,823,137</b>   |

As at September 30, 2021, outstanding warrants are as follows:

| Number of<br>Warrants | Weighted<br>Average Exercise<br>Price | Issuance Date     | Expiry Date       |
|-----------------------|---------------------------------------|-------------------|-------------------|
| 11,784,000            | Can\$0.25                             | August 2, 2019    | August 5, 2024    |
| 3,928,000             | Can\$0.25                             | November 30, 2019 | November 30, 2024 |
| 5,600,000             | Can\$0.30                             | December 12, 2019 | December 12, 2021 |
| 3,928,000             | Can\$0.25                             | March 31, 2020    | March 31, 2025    |
| 15,352,500            | Can\$0.40                             | July 14, 2020     | July 14, 2022     |
| <b>40,592,500</b>     |                                       |                   |                   |

At September 30, 2021 and 2020 the fair value of the Company's warrants was estimated using the Black-Scholes option-pricing model with the following assumptions:

|                         | September 30, 2021   | September 30, 2020 |
|-------------------------|----------------------|--------------------|
| Expected dividend yield | 0%                   | 0%                 |
| Expected volatility     | 65.10% - 76.72%      | 73.38% - 81.26%    |
| Risk-free interest rate | 0.42% - 0.78%        | 0.26% - 0.33%      |
| Expected life           | 2 months – 3.5 years | 4 - 54 months      |
| Share Price             | Can\$0.30            | Can\$0.36          |

### 11. Share Capital and Capital Reserve

The Company's authorized share capital consists of an unlimited number of common shares without par value. At September 30, 2021, the Company had 229,960,372 common shares outstanding, and a total of 47,681,750 common shares were reserved for issuance upon exercise of options and warrants outstanding.

- On January 22, 2020, a total of 1,500,000 common shares were issued as a result of exercise of the same number of stock options with an exercise price of Can\$0.20 for gross proceeds of \$228,720 which in addition to \$166,868 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period.
- On February 1, 2020, a total of 200,000 stock options granted on August 1, 2019 to an investor relation consultant vested. Their total estimated fair value at grant date of \$18,872 was recorded in capital reserve. The options expire on February 1, 2025 and have an exercise price of Can\$0.17 per option.

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 11. Share Capital and Capital Reserve (continued)

- c. On July 14, 2020, the Company closed the short form prospectus financing announced on June 22, 2020, consisting of 30,705,000 units at the price of Can\$0.30 per unit for gross proceeds of \$6,764,926 from which the Company deducted cash finder's fees in the amount of \$361,832 and share issue costs, including legal and other fees paid, in the amount of \$216,589 for net proceeds of \$6,186,505. Each unit in this financing consists of one common share and one half of a common share purchase warrant. Each of the 15,352,500 whole common share purchase warrants entitles the holder to purchase one additional common share of the Company at Can\$0.40 per share until July 14, 2022. The fair value of warrants issued in the amount of \$1,690,009 was recorded in warrants liability. The Company deducted the amount of the fair value of warrants from the net proceeds and recorded the remaining amount of \$5,074,917 in Common Shares.
- d. On August 12, 2020, a total of 50,000 common shares were issued as a result of exercise of the same number of stock options with an exercise price of Can\$0.25 for gross proceeds of \$9,431 which in addition to \$7,864 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period.
- e. During the nine month period ended September 30, 2020, a total of 3,020,000 common shares were issued as a result of exercise of the same number of stock options with an exercise price of Can\$0.18 for gross proceeds of \$407,971 which in addition to \$728,464 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period.
- f. During the nine month period ended September 30, 2020, a total of 2,938,182 common shares were issued as a result of exercise of the same number of share purchase warrants with an exercise price of Can\$0.25 for gross proceeds of \$742,679 which in addition to \$120,083 representing the fair value of the warrants liability, were allocated to common shares in the period.
- g. On January 19, 2021, a total of 300,000 stock options were granted to a director of the Company with an exercise price of Can\$0.27 per share. The options expire on January 18, 2026. Their estimated fair value at grant date of \$42,031 was recorded in capital reserve.
- h. On February 8, 2021, a total of 300,000 stock options were granted to a director of the Company with an exercise price of Can\$0.25 per share. The options expire on February 07, 2026. Their estimated fair value at grant date of \$39,752 was recorded in capital reserve.

### 12. Agent Compensation Options

As part of its financings the Company has issued agent compensation options.

The following is a summary of the changes in agent compensation options outstanding and exercisable:

|                               | Number of Options<br>Outstanding and<br>Exercisable | Weighted Average<br>Exercise Price of<br>Options (in Can\$) |
|-------------------------------|-----------------------------------------------------|-------------------------------------------------------------|
| Balance at December 31, 2020  | 571,750                                             | \$0.20                                                      |
| Compensation options expired  | (17,500)                                            | \$0.25                                                      |
| Balance at September 30, 2021 | 554,250                                             | \$0.20                                                      |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

(Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 12. Agent Compensation Options (continued)

|                               | Number of Options<br>Outstanding and<br>Exercisable | Weighted Average<br>Exercise Price of<br>Options (in Can\$) |
|-------------------------------|-----------------------------------------------------|-------------------------------------------------------------|
| Balance at December 31, 2019  | 702,046                                             | \$ 0.22                                                     |
| Compensation options expired  | (72,546)                                            | \$ 0.35                                                     |
| Balance at September 30, 2020 | 629,500                                             | \$ 0.20                                                     |

The following table summarizes information about agent compensation options outstanding at September 30, 2021:

| Grant<br>Date | Compensation<br>Options<br>Outstanding | Exercise<br>Price | Proceeds upon<br>exercise of<br>options<br>outstanding<br>(in Can\$) | Fair Value of<br>Options<br>Outstanding | Weighted<br>Average<br>Remaining<br>Life in Years | Expiration<br>Date |
|---------------|----------------------------------------|-------------------|----------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|--------------------|
| 12/12/2019    | 554,250                                | Can\$0.20         | 110,850                                                              | 38,093                                  | 0.2                                               | 12/12/2021         |

Option pricing models require the input of subjective assumptions including the expected price volatility, the expected life and forfeiture rate. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The expected price volatility used was based on the historic volatility of the Company's share price

### 13. Stock Option Plan

The Company maintains a stock option plan ("the Plan") for directors, senior officers, employees and consultants of TriStar and its subsidiaries. Under the terms of the Plan, the options are exercisable over periods of up to ten years, and the exercise price of each option equals the closing market price of the Company's stock on the trading day immediately before the date of grant. Any consideration paid by the option holder on the exercise of options is credited to share capital and offset against amounts previously recorded in capital reserve.

The number of shares which may be issued pursuant to options previously granted and those granted under the Plan shall not exceed 18,800,000 at the time of the grant. The options granted under the Plan vest at determination of the Board. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued and outstanding shares on a yearly basis.

The Plan will terminate when all of the options have been granted or when the Plan is otherwise terminated by TriStar. Any options outstanding when the Plan is terminated will remain in effect until they are exercised or they expire.

The following is a summary of the changes in options outstanding and exercisable during the periods ended September 30, 2021 and 2020:

|                                      | Number of Options<br>Outstanding | Number of Options<br>Vested | Weighted Average<br>Exercise Price of<br>Options (in Can\$) |
|--------------------------------------|----------------------------------|-----------------------------|-------------------------------------------------------------|
| <b>Balance at December 31, 2020</b>  | <b>6,085,000</b>                 | <b>6,085,000</b>            | <b>\$0.23</b>                                               |
| Options granted                      | 600,000                          | 600,000                     | \$0.26                                                      |
| Options expired                      | (150,000)                        | (150,000)                   | \$0.25                                                      |
| <b>Balance at September 30, 2021</b> | <b>6,535,000</b>                 | <b>6,535,000</b>            | <b>\$0.23</b>                                               |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 13. Stock Option Plan (continued)

|                               | Number of Options<br>Outstanding | Number of Options<br>Vested | Weighted Average<br>Exercise Price of<br>Options (in Can\$) |
|-------------------------------|----------------------------------|-----------------------------|-------------------------------------------------------------|
| Balance at December 31, 2019  | 16,210,000                       | 16,010,000                  | \$0.20                                                      |
| Options vested                | -                                | 200,000                     | \$ 0.17                                                     |
| Options expired               | (1,050,000)                      | (1,050,000)                 | \$ 0.27                                                     |
| Options exercised             | (4,570,000)                      | (4,570,000)                 | \$ 0.19                                                     |
| Balance at September 30, 2020 | 10,590,000                       | 10,590,000                  | \$ 0.20                                                     |

During the period ended September 30, 2021, a total of 600,000 stock options were granted to directors of the Company. Their estimated fair value at grant date of \$81,783 was recorded in capital reserve.

During the period ended September 30, 2021, a total of 150,000 stock options with an exercise price of Can\$0.25 per option were expired unexercised (September 30, 2020: nil).

During the period ended September 30, 2020, a total of 200,000 stock options granted on August 1, 2019 vested. The options have an exercise price of Can\$0.17 per option. Their total estimated fair value at grant date of \$18,872 was recorded in capital reserve.

During the period ended September 30, 2020, a total of 1,050,000 options with a weighted average exercise price of Can\$0.27 expired unexercised (September 30, 2021: nil).

During the period ended September 30, 2020, a total of 4,570,000 common shares were issued as a result of exercise of the same number of stock options with an weighted average exercise price of Can\$0.19 for gross proceeds of \$646,122 which in addition to \$903,196 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period (September 30, 2021: nil).

During the three and nine month periods ended September 30, 2021 and 2020 the estimated forfeiture rates were nil.

The weighted average fair value at grant date of options granted during the period ended September 30, 2021, was Can\$0.17 per option (September 30, 2020: nil).

The fair value of options granted during the period ended September 30, 2021, has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

|                                                | Year ended<br>September 30, 2021 |
|------------------------------------------------|----------------------------------|
| Expected dividend yield                        | 0%                               |
| Expected volatility                            | 81.87% - 82.29%                  |
| Risk-free interest rate                        | 0.33% - 0.35%                    |
| Expected life                                  | 5 years                          |
| Share price                                    | Can\$0.26 – Can\$0.28            |
| Weighted average fair value of options granted | Can\$0.17 – Can\$0.18            |

Option pricing models require the input of subjective assumptions including the expected price volatility, the expected life and forfeiture rate. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The expected price volatility used was based on the historic volatility of the Company's share price.



# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 13. Stock Option Plan (continued)

The following table summarizes information about stock options outstanding at September 30, 2021:

| Grant Date | Options Outstanding | Options Vested   | Exercise Price | Proceeds upon exercise of options outstanding (in Can\$) | Fair Value of Options Outstanding | Weighted Average Remaining Life in Years | Expiration Date |
|------------|---------------------|------------------|----------------|----------------------------------------------------------|-----------------------------------|------------------------------------------|-----------------|
| 9/28/2017  | 2,225,000           | 2,225,000        | Can\$0.25      | \$ 556,250                                               | \$ 372,514                        | 1                                        | 9/27/2022       |
| 10/20/2017 | 150,000             | 150,000          | Can\$0.25      | 37,500                                                   | 25,434                            | 1                                        | 10/19/2022      |
| 2/7/2018   | 100,000             | 100,000          | Can\$0.28      | 28,000                                                   | 17,658                            | 1.3                                      | 2/7/2023        |
| 8/1/2019   | 400,000             | 400,000          | Can\$0.17      | 68,000                                                   | 37,745                            | 2.8                                      | 8/1/2024        |
| 11/27/2019 | 2,360,000           | 2,360,000        | Can\$0.20      | 472,000                                                  | 255,620                           | 3.1                                      | 11/26/2024      |
| 10/27/2020 | 200,000             | 200,000          | Can\$0.28      | 56,000                                                   | 27,364                            | 4                                        | 10/27/2025      |
| 10/28/2020 | 200,000             | 200,000          | Can\$0.28      | 56,000                                                   | 28,328                            | 4                                        | 10/27/2025      |
| 12/18/2020 | 300,000             | 300,000          | Can\$0.25      | 73,500                                                   | 35,345                            | 4.2                                      | 12/17/2025      |
| 01/19/2021 | 300,000             | 300,000          | Can\$0.27      | 81,000                                                   | 42,031                            | 4.3                                      | 01/18/2026      |
| 02/08/2021 | 300,000             | 300,000          | Can\$0.25      | 75,000                                                   | 39,752                            | 4.3                                      | 02/07/2026      |
|            | <b>6,535,000</b>    | <b>6,535,000</b> |                | <b>\$ 1,503,250</b>                                      | <b>\$ 881,791</b>                 | <b>2.5</b>                               |                 |

### 14. Stock-based Compensation

During the nine-month period ended September 30, 2021 stock-based compensation expenses in the amount of \$81,783 related to options granted to directors vested and were included in the consulting expense account (Note 15) reported in the Condensed Consolidated Interim Statements of Comprehensive Loss (September 30, 2020: \$18,872). These amounts have been recorded as capital reserve (Note 11) in the Condensed Consolidated Interim Statements of Financial Position.

### 15. General and Administrative Expenses

General and administrative expenses consist of the following:

|                                                         | Three months ended |                    | Nine months ended   |                     |
|---------------------------------------------------------|--------------------|--------------------|---------------------|---------------------|
|                                                         | September 30, 2021 | September 30, 2020 | September 30, 2021  | September 30, 2020  |
| Consulting and professional fees (Notes 14 and Note 17) | \$ 53,723          | \$ 35,381          | \$ 258,327          | \$ 140,742          |
| Change in provisions (Note 9)                           | (2,394)            | (802)              | 9,281               | 2,739               |
| Depreciation (Note 8)                                   | 345                | 383                | 1,135               | 1,368               |
| Insurance                                               | 3,642              | 3,025              | 10,655              | 8,582               |
| Office                                                  | 12,746             | 9,772              | 38,779              | 26,026              |
| Rent                                                    | 9,586              | 9,531              | 24,449              | 23,504              |
| Salaries and benefits (Note 17)                         | 172,874            | 160,689            | 700,295             | 561,508             |
| Shareholder relations                                   | 43,813             | 125,998            | 225,008             | 229,693             |
| Travel and meals                                        | 1,873              | 189                | 6,062               | 20,438              |
| Total                                                   | <b>\$ 296,208</b>  | <b>\$ 344,166</b>  | <b>\$ 1,273,991</b> | <b>\$ 1,014,600</b> |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

(Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 16. Basic and Diluted Loss per Share

The following table sets forth the computation of basic and diluted loss per share:

|                                                             | Three months ended    |                       | Nine months ended     |                       |
|-------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                             | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| <b>Numerator:</b>                                           |                       |                       |                       |                       |
| Numerator for basic and diluted income (loss) per share:    |                       |                       |                       |                       |
| Net income (loss)                                           | \$ (759,980)          | \$ 276                | \$ (1,160,080)        | \$ (2,593,406)        |
| <b>Denominator:</b>                                         |                       |                       |                       |                       |
| Initial balance of issued common shares                     | 229,960,372           | 193,604,440           | 229,685,372           | 189,954,440           |
| Effect of shares issued in financing                        | -                     | 26,032,500            | -                     | 8,740,839             |
| Effect of shares issued on options exercise                 | -                     | 376,549               | -                     | 3,026,432             |
| Effect of shares issued on warrants exercise                | -                     | 1,995,341             | 247,253               | 839,312               |
| Denominator for basic and diluted income (loss) per share:  |                       |                       |                       |                       |
| Basic and diluted weighted average number of commons shares | 229,960,372           | 222,008,830           | 229,932,625           | 202,561,023           |
| Basic and diluted income (loss) per share                   | \$ (0.00)             | \$ 0.00               | \$ (0.00)             | \$ (0.01)             |

During the three and nine month periods ended September 30, 2021 and 2020 the share purchase warrants, agent compensation options and stock options were excluded from the computation of diluted loss per share as their inclusion would be antidilutive

### 17. Related Party Transactions

Key management personnel compensation comprised:

|                                                         | Three months ended    |                       | Nine months ended     |                       |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                         | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| Short term employee salaries and benefits (Note 15)     | \$ 137,297            | \$ 128,708            | \$ 565,973            | \$ 451,405            |
| Consulting fees                                         | 108,209               | 90,327                | 385,061               | 196,219               |
| Director fees                                           | 27,000                | 6,000                 | 81,750                | 18,000                |
| Stock-based compensation (Note 12, Note 13 and Note 14) | -                     | -                     | 81,783                | -                     |
|                                                         | \$ 272,506            | \$ 225,035            | \$ 1,114,567          | \$ 665,624            |

For the period ended September 30, 2021, consulting fees, paid to directors and officers for advisory service, in the amount of \$338,732 (September 30, 2020: \$141,477) were reported in Mineral properties and deferred expenditures (Note 7) under exploration cost of the Castelo de Sonhos project, and the amount of \$46,329 (September 30, 2020: \$54,742) was recorded in the consulting fees account (Note 15) in the Condensed Consolidated Interim Statements of Comprehensive Loss.

For the period ended September 30, 2021, stock option compensation in the amount of \$81,783 (September 30, 2020: nil) received by key management personnel were recorded as capital reserve on the Condensed Consolidated Interim Statements of Financial Position (Note 11 and Note 13). They were also included in the consulting and salaries expenses accounts (Note 15) in the Condensed Consolidated Interim Statements of Comprehensive Loss.

During the three and nine month periods ended September 30, 2021, the Company paid directors' fees of \$27,000 and \$81,750 respectively (September 30, 2020: \$6,000 and \$18,000).

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 17. Related Party Transactions (continued)

During the nine month period ended September 30, 2020, directors exercised a total of 2,800,000 stock options (September 30, 2021: nil).

As of September 30, 2021, the total number of outstanding options held by directors and officers of the Company was 4,975,000 (September 30, 2020: 7,075,000). As of September 30, 2020, the total number of outstanding warrants held by directors and officers of the Company was 500,000 (September 30, 2021: nil).

During the nine month period ended September 30, 2021, the Company paid legal fees in the amounts of \$9,775 to a company where one director has ownership interests (September 30, 2020: nil). These amounts were recorded in professional fees (Note 15) in the Condensed Consolidated Statement of Comprehensive Loss.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Board of Directors.

### 18. Commitments and Contingencies

The Company leases offices in United States and houses and equipment in Brazil, with expiration dates ranging between December 2021 and April 2022, for an estimated cost of \$6,300 per month and are cancellable within one to three months' notice.

The Company has various property access agreements related to its projects at an estimated cost of approximately \$1,400 per month.

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject.

### 19. Segmented Information

Segments are defined as material components of an enterprise about which separate financial information is available and deemed relevant in managing the business. All of the Company's operations are within the mineral exploration sector. The Company's exploration operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's mineral properties are located in Brazil.

Information relating to each of the Company's reportable segments is presented as follows:

|                          | September 30, 2021   | September 30, 2020   |
|--------------------------|----------------------|----------------------|
| <b>Assets:</b>           |                      |                      |
| Corporate Office         | \$ 6,386,447         | \$ 11,228,147        |
| Mineral Exploration      | 21,454,096           | 17,730,414           |
| <b>Total assets</b>      | <b>\$ 27,840,543</b> | <b>\$ 28,958,561</b> |
|                          |                      |                      |
|                          | September 30, 2021   | September 30, 2020   |
| <b>Liabilities:</b>      |                      |                      |
| Corporate Office         | \$ 3,235,798         | \$ 6,117,865         |
| Mineral Exploration      | 366,211              | 381,656              |
| <b>Total liabilities</b> | <b>\$ 3,602,009</b>  | <b>\$ 6,499,521</b>  |

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 19. Segmented Information (continued)

|                          | Three months ended    |                       | Nine months ended     |                       |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                          | September 30,<br>2021 | September 30,<br>2020 | September 30,<br>2021 | September 30,<br>2020 |
| <b>Net income (loss)</b> |                       |                       |                       |                       |
| Corporate Office         | \$ (760,548)          | \$ 4,416              | \$ (1,117,588)        | \$ (2,652,044)        |
| Mineral Exploration      | 568                   | (4,140)               | (42,492)              | 58,638                |
| <b>Total</b>             | <b>\$ (759,980)</b>   | <b>\$ 276</b>         | <b>\$ (1,160,080)</b> | <b>\$ (2,593,406)</b> |

Geographical information related to non-current assets is presented as follows:

|                                                       | United States   | Brazil               | Total                |
|-------------------------------------------------------|-----------------|----------------------|----------------------|
| <b>As at September 30, 2021</b>                       |                 |                      |                      |
| Mineral properties and deferred expenditures (Note 7) | \$ -            | \$ 21,433,007        | \$ 21,433,007        |
| Property, plant and equipment (Note 8)                | 6,488           | 12,463               | 18,951               |
| <b>Total non-current assets</b>                       | <b>\$ 6,488</b> | <b>\$ 21,445,470</b> | <b>\$ 21,451,958</b> |
|                                                       | United States   | Brazil               | Total                |
| <b>As at September 30, 2020</b>                       |                 |                      |                      |
| Mineral properties and deferred expenditures (Note 7) | \$ -            | \$ 17,672,922        | \$ 17,672,922        |
| Property, plant and equipment (Note 8)                | 4,455           | 39,914               | 44,369               |
| <b>Total non-current assets</b>                       | <b>\$ 4,455</b> | <b>\$ 17,712,836</b> | <b>\$ 17,717,291</b> |

### 20. Capital Management and Liquidity

The Company considers its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objective in managing capital is to maintain adequate levels of funding to support exploration of its mineral property interests, maintain corporate and administrative functions necessary to support organizational management oversight, and obtain funding sufficient for advancing the Company's investments.

The Company manages its capital structure in a manner that intends to provide sufficient funding for operational activities. Funds are primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

In order to facilitate management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary with actual spending compared to budget on a monthly basis. The Company's investment policy, in general, is to invest short-term excess cash in highly liquid short-term interest-bearing investments with maturities of less than one year or that may be liquidated with no reduction in principal. This is to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and preserving its invested balances.

### 21. Financial Instruments and Management of Financial Risk

The Company is exposed to potential loss from various risks including currency risk, interest rate risk, liquidity risk, market risk and commodity price risk.

#### Market Risks

The significant market risks to which the Company is exposed include commodity price risk and interest rate risk.

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 21. Financial Instruments and Management of Financial Risk (continued)

#### Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and accounts receivable. The Company invests any excess capital in short-term, highly liquid and highly-rated financial instruments such as cash and short-term guaranteed deposits, all held with Canadian and USA based financial institutions.

#### Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital to meet short-term obligations. The Company estimates that its contractual obligations pertaining to accounts payable and accrued liabilities should be satisfied within one year.

#### Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market price of gold. The Company does not have any sales revenue and accordingly no hedging or other commodity-based risks impact its operations.

Market prices for gold historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

#### Currency risk

The Company operates in USA, Canada, and Brazil. As a result, the Company has foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk of the Company can be categorized as follows:

##### Transaction exposure

The Company operates and incurs costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

##### Translation exposure

A strengthening of the U.S. dollar by 10% against the Canadian dollar and the Brazilian Real at September 30, 2021, with all other variables held constant would have increased the Company's before tax net loss by approximately \$560,000 (at September 30, 2020, would have decreased the Company's before tax net loss by approximately \$156,000) as a result of a change in value of the financial assets and liabilities denominated in those currencies.

##### Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, accounts receivables, prepaid expenses, accounts payables and other liabilities, provisions and warrants liability. The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 21. Financial Instruments and Management of Financial Risk (continued)

|                                          | September 30, 2021 |                     | December 31, 2020   |                     |
|------------------------------------------|--------------------|---------------------|---------------------|---------------------|
|                                          | Canadian dollar    | Brazilian Real      | Canadian dollar     | Brazilian Real      |
| Cash and cash equivalents                | \$ 3,188,896       | \$ 7,025            | \$ 4,668,192        | \$ 4,189            |
| Accounts receivable                      | 8,509              | 1,199               | 23,267              | 2,303               |
| Prepaid expenses                         | 137,926            | 401                 | 152,247             | 3,413               |
| Accounts payable and accrued liabilities | (14,260)           | (134,327)           | (50,213)            | (375,650)           |
| Provisions                               | -                  | (231,883)           | -                   | (233,205)           |
| Warrants liability                       | (3,136,517)        | -                   | (3,212,827)         | -                   |
| Net balance sheet exposure               | <b>\$ 184,554</b>  | <b>\$ (357,585)</b> | <b>\$ 1,580,666</b> | <b>\$ (598,950)</b> |

### Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In respect of financial assets, the Company's policy is to invest cash at variable rates of interest in cash equivalents, in order to maintain liquidity, while preserving capital. The Company is exposed to interest rate risk on its short-term investments which were included in cash and cash equivalents at September 30, 2021. The short-term investment interest earned is based on prevailing one day to one year market savings interest rates which may fluctuate. Based on amounts as at September 30, 2021, a one percent change in the interest rate would change interest income by approximately \$35,000 (September 30, 2020: \$7,000). The Company has not entered into any derivative contracts to manage this risk.

### 22. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (for example, interest rate and yield curves observable at commonly quoted interval and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at September 30, 2021, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

# TriStar Gold, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements (Unaudited) (Expressed in United States Dollars)

For the three and nine month periods ended September 30, 2021 and 2020

### 22. Fair Value Measurements (continued)

|                              | Level 1     | Level 2             | Level 3     |
|------------------------------|-------------|---------------------|-------------|
| <b>Liabilities</b>           |             |                     |             |
| Warrants liability (Note 10) | \$ -        | \$ 3,136,517        | \$ -        |
|                              | <b>\$ -</b> | <b>\$ 3,136,517</b> | <b>\$ -</b> |

The following table provides the carrying value and the fair value of financial instruments at September 30, 2021:

|                                          | Carrying Amount     | Fair Value          |
|------------------------------------------|---------------------|---------------------|
| <b>Financial assets</b>                  |                     |                     |
| Cash and cash equivalents (Note 6)       | \$ 6,237,101        | \$ 6,237,101        |
| Accounts receivable                      | 9,709               | 9,709               |
|                                          | <b>\$ 6,246,810</b> | <b>\$ 6,246,810</b> |
| <b>Financial liabilities</b>             |                     |                     |
| Accounts payable and accrued liabilities | \$ 233,609          | \$ 233,609          |
| <b>Derivative instruments</b>            |                     |                     |
| Warrants liability (Note 10)             | \$ 3,136,517        | \$ 3,136,517        |

### 23. Subsequent Events

In October 2021, a total of 150,000 common shares were issued as a result of exercise of the same number of stock options with an exercise price of Can\$0.20 for gross proceeds of \$24,225 which in addition to \$16,247 representing the fair value of the stock options, were allocated from capital reserve to common shares in the period.