



**Allegiant Gold Ltd.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada**

Consolidated Financial Statements

**For the Years Ended
September 30, 2021 and 2020**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Allegiant Gold Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Allegiant Gold Ltd. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 21, 2022

ALLEGIANT GOLD LTD.**Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

	September 30, 2021	September 30, 2020
	(\$)	(\$)
ASSETS		
Current assets		
Cash	4,256,565	2,875,470
Short-term investments (Note 4)	555,424	659,149
Receivables	42,461	24,511
Prepaid expenses	21,064	117,132
Total current assets	4,875,514	3,676,262
Non-current assets		
Reclamation bonds (Note 6)	292,595	290,960
Right-of-use asset (Note 5)	73,322	107,034
Exploration and evaluation assets (Note 7)	24,459,956	25,501,610
TOTAL ASSETS	29,701,387	29,575,866
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	245,442	284,123
Current portion of lease liability (Note 5)	27,229	23,606
Total current liabilities	272,671	307,729
Non-current liabilities		
Asset retirement obligation (Note 9)	220,604	228,573
CEBA loan (Note 8)	60,000	40,000
Lease liability (Note 5)	55,599	87,067
Due to Orea Mining Corp. (Note 11)	-	1,545,714
TOTAL LIABILITIES	608,874	2,209,083
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	33,421,052	27,913,934
Subscriptions receivable (Note 11)	-	(100,000)
Reserves (Note 10)	4,643,945	5,674,434
Deficit	(8,972,484)	(6,121,585)
	29,092,513	27,366,783
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	29,701,387	29,575,866
Nature of operations and going concern (Note 1)		
Commitment (Note 16)		
Subsequent events (Note 17)		
On behalf of the Board of Directors:		
<u>"Peter Gianulis"</u>	<u>"Shawn Nichols"</u>	
Director	Director	

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

ALLEGIANT GOLD LTD.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

(Expressed in Canadian dollars)

	Year Ended September 30, 2021	Year Ended September 30, 2020
	(\$)	(\$)
Operating expenses		
Administration and office (Note 11)	128,111	136,039
Depreciation (Note 5)	28,223	12,391
Director fees (Note 11)	127,839	78,000
General exploration	-	4,842
Investor relations	275,868	417,556
Management fees (Note 11)	207,202	172,147
Option payments received (Note 7)	(509,048)	(1,245,868)
Professional fees (Note 11)	450,648	243,046
Share-based payments (Notes 10 and 11)	218,086	207,187
Transfer agent and filing fees	89,268	76,549
Travel	26,289	32,360
	(1,042,486)	(134,249)
Interest expense	(10,566)	(1,397)
Gain (loss) on short-term investments (Note 4)	(626,792)	477,085
Impairment of exploration and evaluation assets (Note 7)	(1,642,394)	-
Gain on debt settlement	23,415	-
Gain on extinguishment of Grid Note (Note 11)	486,211	-
Accretion expense (Notes 9 and 11)	(16,479)	(217,587)
Foreign exchange gain (loss)	(21,808)	4,081
Income (loss) for the year	(2,850,899)	127,933
Item that may be reclassified to income (loss)		
Exchange differences on translating foreign operations	(1,321,362)	228,484
Comprehensive income (loss) for the year	(4,172,261)	356,417
Earnings (loss) per share:		
Basic	(0.04)	0.00
Diluted	(0.04)	0.00
Weighted average common shares outstanding:		
Basic	79,136,439	65,245,660
Diluted	79,136,439	69,501,974

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

ALLEGIANT GOLD LTD.**Consolidated Statements of Cash Flows**

(Expressed in Canadian dollars)

	Year Ended September 30, 2021	Year Ended September 30, 2020
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Income (loss) for the year	(2,850,899)	127,933
Adjusted for items not involving cash:		
Accretion	16,479	217,587
Depreciation	28,223	12,391
Impairment of exploration and evaluation assets	1,642,394	-
Gain on debt settlement	(23,415)	-
Gain on extinguishment of Grid Note	(486,211)	-
Interest expense on lease liability	10,566	7,218
Loss (gain) on short-term investments	626,792	(477,085)
Option payments received	(509,048)	(1,245,868)
Share-based payments	218,086	207,187
Unrealized foreign exchange (gain) loss	(68,669)	(5,916)
Changes in non-cash working capital:		
Prepaid expenses and receivables	69,942	(111,278)
Accounts payable and accrued liabilities	(15,266)	243,325
	(1,341,026)	(1,024,506)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(2,218,630)	(1,423,540)
Reclamation bonds	10,069	53,320
Option payments received	141,125	66,605
Proceeds from sale of short-term investments	195,127	2,025,906
Interest received	8,176	4,990
	(1,864,133)	727,281
FINANCING ACTIVITIES		
Common shares issued	5,054,200	2,744,271
Share issuance costs	(546,887)	-
Share subscriptions received	100,000	-
Payments on lease liability	(36,410)	(15,970)
Proceeds from CEBA loan	20,000	40,000
	4,590,903	2,768,301
Change in cash	1,385,744	2,471,076
Effect of exchange rate changes on cash denominated in a foreign currency	(4,649)	2,939
Cash, beginning of year	2,875,470	401,455
Cash, end of year	4,256,565	2,875,470

Supplemental cash flow information (Note 15)

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

ALLEGIANT GOLD LTD.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital		Reserves				Shareholders' Equity
	Number of Shares	Amount	Subscriptions Receivable	Options, RSUs and Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance at October 1, 2019	61,843,850	25,147,350	-	3,217,040	1,944,035	(6,249,518)	24,058,907
Shares issued - RSU exercise (Note 10)	112,500	11,812	-	(11,812)	-	-	-
Shares issued - private placement (Note 10)	12,006,992	3,001,748	(100,000)	-	-	-	2,901,748
Shares issued - warrant exercise (Note 10)	30,000	12,000	-	-	-	-	12,000
Share issuance costs	-	(258,976)	-	89,500	-	-	(169,476)
Share-based payments (Note 10)	-	-	-	207,187	-	-	207,187
Comprehensive income	-	-	-	-	228,484	127,933	356,417
Balance at September 30, 2020	73,993,342	27,913,934	(100,000)	3,501,915	2,172,519	(6,121,585)	27,366,783
Shares issued - RSU exercise (Note 10)	862,500	90,563	-	(90,563)	-	-	-
Shares issued - option exercise (Note 10)	250,000	51,850	-	(26,850)	-	-	25,000
Shares issued - debt settlement (Note 10)	3,201,766	1,072,592	-	-	-	-	1,072,592
Units issued - cash (Note 10)	12,500,000	4,875,000	-	125,000	-	-	5,000,000
Share issuance costs (Note 10)	-	(612,087)	-	65,200	-	-	(546,887)
Shares issued - warrant exercise (Note 10)	73,000	29,200	-	-	-	-	29,200
Share-based payments (Note 10)	-	-	-	218,086	-	-	218,086
Subscriptions received	-	-	100,000	-	-	-	100,000
Comprehensive loss	-	-	-	-	(1,321,362)	(2,850,899)	(4,172,261)
Balance at September 30, 2021	90,880,608	33,421,052	-	3,792,788	851,157	(8,972,484)	29,092,513

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

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Allegiant Gold Ltd. (the “Company” or “Allegiant”), was incorporated on September 26, 2017 under the laws of the Province of British Columbia, Canada. The Company was a wholly-owned subsidiary of Orea Mining Corp. (“Orea”) (formerly Columbus Gold Corp.), a Toronto Stock Exchange listed company, until January 25, 2018, when it was spun-out of Orea by way of a plan of arrangement (the “Arrangement”) as a separate entity. The Company trades on the TSX Venture Exchange (“TSXV”) under the symbol “AUAU” and on the OTCQX under the symbol “AUXXF”. The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

The Company’s principal business activities are the exploration and evaluation of resource properties located in the United States of America. The Company is in the process of exploring its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s financial statements and such adjustments could be material. The Company estimates that it has sufficient cash to continue operations for the upcoming twelve months.

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on January 21, 2022.

(b) Basis of consolidation

These consolidated financial statements include the accounts of Allegiant and its wholly-owned subsidiaries as follows:

Entity	Ownership Interest	Place of Incorporation
Allegiant Gold Holding Ltd.	100%	British Columbia, Canada
Allegiant Gold (U.S.) Ltd.	100%	Arizona, USA

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2021 and 2020
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2. BASIS OF PRESENTATION (continued)

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following areas required a significant degree of estimation and judgment:

Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Decommissioning provisions

Restoration costs will be incurred by the Company in connection with certain exploration activities conducted on exploration and evaluation assets. The Company estimates abandonment and reclamation costs based on a combination of publicly available industry benchmarks and internal site-specific information. The ultimate restoration liability is uncertain and can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, experience at other sites, or changes in the risk-free discount rate. The expected timing and amount of expenditure can also change in response to changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

Entity	Functional Currency
Allegiant Gold Ltd.	Canadian dollar
Allegiant Gold Holding Ltd. ("AGHL")	Canadian dollar
Allegiant Gold (U.S.) Ltd. ("AGUS")	United States dollar

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2021 and 2020
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3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

(b) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Investigation costs consist of expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

The proceeds from royalties granted are deducted from the costs of the related property and any excess is recorded as income.

(c) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of well sites is capitalized to the exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. The Company uses a pre-tax discount rate that reflects the time value of money to calculate the net present value of the decommissioning provisions. The restoration asset will be depreciated on the same basis as the exploration and evaluation assets or the oil and gas properties.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the exploration and evaluation assets with a corresponding entry to the restoration provision, except when the related exploration and evaluation assets is closed or the carrying value has been reduced to a \$nil value. Changes in estimates of restoration costs for closed exploration and evaluation assets are recorded in profit or loss. The Company's estimates are reviewed each reporting date for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The restoration provisions are accreted to full value over time through charges to finance expenses in profit or loss.

(e) Earnings per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

(f) Income taxes

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

Deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in profit or loss in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Share-based payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in profit or loss or as capitalized to exploration and evaluation assets, as appropriate, with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

(h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in reserves.

(i) Financial instruments

The Company's financial instruments consist of cash, short-term investments, receivables, reclamation bonds, accounts payable, CEBA loan, and due to Orea.

Classification

On initial recognition, the Company classifies its financial instruments in the following categories: at ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(j) Government assistance

The Company recognizes government grants and assistance when there is reasonable assurance that the grant will be received, and any conditions associated with the grant have been met.

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4. SHORT-TERM INVESTMENTS

Carrying Value October 1, 2020	Additions	Dispositions	Unrealized Gain (Loss)	Fair Value September 30, 2021
(\$)	(\$)	(\$)	(\$)	(\$)
659,149	718,194	(213,067)	(608,822)	555,424

Carrying Value October 1, 2019	Additions	Dispositions	Unrealized Gain (Loss)	Fair Value September 30, 2020
(\$)	(\$)	(\$)	(\$)	(\$)
652,153	1,555,150	(1,447,052)	(101,102)	659,149

During the year ended September 30, 2021, the Company recorded a realized loss of \$17,970 (2020 - \$578,187 realized gain).

5. LEASE

The Company's right-of-use asset, a storage facility lease in Reno, NV, is included in right of use asset.

	Facility Lease
	(\$)
Cost:	
At September 30, 2019	-
Additions	119,425
At September 30, 2020 and 2021	119,425
Accumulated amortization:	
At September 30, 2019	-
Depreciation for the year	(12,391)
At September 30, 2020	(12,391)
Depreciation for the year	(28,223)
At September 30, 2021	(40,614)
Foreign exchange:	
At September 30, 2019 and 2020	-
Additions	(5,489)
At September 30, 2021	(5,489)
Carrying amounts:	
At September 30, 2020	107,034
At September 30, 2021	73,322

During the year ended September 30, 2021, the Company made lease payments of \$22,210 (2020 - \$8,752). In addition, the Company incurred finance expenses of \$13,088 (2020 - \$7,218) related to interest on its lease.

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5. LEASE (continued)

Lease liability recognized at September 30, 2021 is as follows:

	Amount
	(\$)
Lease liability as at October 1, 2019	-
Recognition of lease liability	119,425
Payment of lease liability	(15,970)
Interest expense on lease liability	7,218
Lease liability as at September 30, 2020	110,673
Payment of lease liability	(36,410)
Interest expense on lease liability	13,088
Foreign exchange	(4,523)
Lease liability as at September 30, 2021	82,828
Current	27,229
Non-current	55,599

6. RECLAMATION BONDS

The drilling permits for the following properties require refundable reclamation bonds, which are held by the USA Forest Service and the US Bureau of Land Management:

	September 30,	September 30,
	2021	2020
	(\$)	(\$)
Browns Canyon	8,042	8,463
Eastside	269,799	266,970
Hughes Canyon	7,004	7,371
Red Hills	7,750	8,156
	292,595	290,960

Allegiant Gold Ltd.

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7. EXPLORATION AND EVALUATION ASSETS

A summary of exploration and evaluation assets by property for the year ended September 30, 2021 is set out below:

Property	Balance at September 30, 2020	Additions	Option Payment(s) Received	Impairment	Foreign Exchange	Balance at September 30, 2021
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Bolo	3,822,979	-	(351,145)	-	(185,247)	3,286,587
Browns Canyon	738,700	33,133	-	(728,657)	(43,175)	1
Clanton Hills	-	6,713	-	-	38	6,751
Eastside	20,125,946	2,031,082	-	-	(990,415)	21,166,613
West Goldfield	477,594	93,952	-	(543,389)	(28,156)	1
Overland Pass	112,300	18,812	-	(124,501)	(6,610)	1
White Horse Flats	120,439	18,812	-	(132,166)	(7,084)	1
White Horse North	103,652	16,126	-	(113,681)	(6,096)	1
	25,501,610	2,218,630	(351,145)	(1,642,394)	(1,266,745)	24,459,956

⁽¹⁾ Optioned to third party. Proceeds received exceed carrying value of property. Refer to "Four Metals" section for further details.

⁽²⁾ Optioned to third party. Proceeds received exceed carrying value of property. Refer to "Mogollon" section for further details.

A summary of exploration and evaluation assets by property for the year ended September 30, 2020 is set out below:

Property	Balance at September 30, 2019	Additions	Option Payment(s) Received	Impairment	Foreign Exchange	Balance at September 30, 2020
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Bolo	4,050,740	-	(270,077)	-	42,316	3,822,979
Browns Canyon	696,156	34,912	-	-	7,632	738,700
Clanton Hills	67,118	7,073	(74,614)	-	423	-
Eastside	18,501,403	1,420,522	-	-	204,021	20,125,946
Four Metals ⁽¹⁾	-	-	-	-	-	-
West Goldfield	409,303	63,614	-	-	4,677	477,594
Mogollon ⁽²⁾	-	65,826	(65,826)	-	-	-
Overland Pass	91,406	19,822	-	-	1,072	112,300
White Horse Flats	99,462	19,822	-	-	1,155	120,439
White Horse North	85,664	16,992	-	-	996	103,652
	24,001,252	1,648,583	(410,517)	-	262,292	25,501,610

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7. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
Balance at September 30, 2019	24,001,252
Acquisition and land costs	514,004
Asset retirement obligation	225,055
Camp costs	7,594
Drilling	79,918
Geology, trenching and geophysics	415,233
Management and administration	101,579
Option proceeds	(410,517)
Technical studies	266,448
Travel	38,752
Foreign exchange	262,292
Balance at September 30, 2020	25,501,610
Acquisition and land costs	513,114
Camp costs	1,769
Drilling	775,736
Geology, trenching and geophysics	384,012
Impairment	(1,642,394)
Management and administration	39,474
Option proceeds	(351,145)
Technical studies	421,597
Travel	82,928
Foreign exchange	(1,266,745)
Balance at September 30, 2021	24,459,956

Bolo, Nevada

The Company holds a 100% interest in Bolo, subject to underlying royalties. On June 27, 2018, the Company entered into an agreement, as amended on October 24, 2018, December 14, 2018 and March 12, 2019, with New Placer Dome Gold Corp. (“NGLD”), under which NGLD may acquire up to a 50.01% undivided interest in Bolo by issuing common shares of NGLD to the Company, with an aggregate value of \$1,310,000 (US\$1,000,000) over a three year period, and also incurring certain exploration and evaluation expenditures on Bolo with a minimum aggregate value of \$5,240,000 (US\$4,000,000) by December 31, 2022. On April 24, 2019, the Company received 1,672,750 common shares of NGLD, representing an initial \$334,550 (US\$250,000) option payment. On January 29, 2020, the Company received 2,059,219 common shares of NGLD with a fair value of \$270,077, representing the first anniversary option payment of US\$250,000. On December 16, 2020, the Company received 1,170,483 common shares of NGLD with a fair value of \$351,145, representing the second anniversary option payment of US\$250,000.

NGLD may acquire an additional 24.99% interest in Bolo by incurring an additional \$5,240,000 (US\$4,000,000) in certain exploration and evaluation expenditures on Bolo within two years of acquiring the initial 50.01% interest in Bolo. If NGLD does not acquire the additional 24.99% interest, then NGLD will transfer a 0.02% interest in Bolo back to the Company.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Eastside, Nevada

The Company holds a 100% interest in Eastside, subject to underlying royalties.

In July 2021, the Company entered into a lease agreement (the “Hilger Agreement”), with option to purchase, for certain mineral claims (the “Hilger Property”) located adjacent to the Eastside project. The terms of the lease require escalating cash and common share payments over the initial six years with the subsequent years having a fixed aggregate annual payments of US\$75,000. The first two years of lease payments totaling US\$60,000 were settled through the issuance of 163,733 common shares of the Company subsequent to September 30, 2021.

The lease has a term of ten years with a renewal option for two additional ten year periods at the election of the Company.

At any time during the term of the lease, the Company has the option to purchase the Hilger Property for a cash payment of US\$750,000. On exercise of the option, the vendor will retain a 3% net smelter return royalty on production from the property, and the lease will terminate. The Company has the option to reduce the royalty by 2% in instalments of 1% each for payments of US\$1,000,000 per instalment. The Company must expend a minimum of US\$350,000 in expenditures on the Hilger Property before the fifth anniversary of the effective date of the Hilger Agreement, unless the option is exercised or the Hilger Agreement is terminated.

Four Metals, Arizona

The Company and MinQuest Ltd. each own a 50% interest in 16 unpatented lode mining claims that, in addition to 24 unpatented lode mining claims that are 100% owned by the Company, comprise the Four Metals project. On April 19, 2018 the Company and MinQuest Ltd. entered into an option agreement with Arizona Standard (US) Corp. (the “Four Metals Optionee”) and Barksdale Metals Corp. (“Barksdale”) granting the Four Metals Optionee an option to acquire a 100% interest in the Four Metals project. The option agreement requires the Four Metals Optionee to pay \$294,750 (US\$225,000) in staged payments over a five-year period. In addition, Barksdale will issue common shares with a total value of \$294,750 (US\$225,000) in staged issuances over the same five-year period. The cash payments and share issuances are shared equally with MinQuest Ltd. so that the Company will receive 50% of the cash and share payments.

In April 2021, the Company received cash of \$15,125 (2020 – \$17,316) and 30,944 (2020 – 68,493) common shares of Barksdale, with a fair value of \$15,572 (2020 - \$15,753).

Mogollon, New Mexico

The Company holds a 100% interest in Mogollon, subject to underlying royalties. On June 19, 2018, the Company entered into an agreement with NGLD, granting NGLD an option to acquire a 100% interest in Mogollon by issuing common shares of NGLD with an aggregate value of \$1,310,000 (US\$1,000,000) over an approximate three-year period. On April 24, 2019, the Company received 1,672,750 shares of NGLD, representing an initial \$334,550 (US\$250,000) option payment. On January 29, 2020, the Company received 2,059,219 common shares of NGLD representing the first anniversary \$270,077 (US\$250,000) share option payment.

In May 2020, Mogollon was returned back to Allegiant by NGLD.

On August 21, 2020, the Company entered into an agreement with Summa Silver Corp. (“Summa”) wherein Summa can acquire a 75% interest in the Mogollon silver property in exchange for an initial cash payment of US\$50,000 and the issuance of 200,000 common shares of Summa, subsequent cash and share payments valued at US\$2,750,000 and by incurring exploration expenditures totalling US\$3,000,000 over a period of three years. Summa can further acquire the remaining 25% interest in Mogollon by paying the Company an additional US\$3,000,000 in either cash or common shares of Summa.

On August 26, 2020, the Company received a cash payment of \$65,826 (US\$50,000) and 200,000 common shares of Summa, with a fair value of \$424,000.

On August 17, 2021, the Company received a cash payment of \$126,000 (US\$100,000) and 352,351 common shares of Summa, with a fair value of \$352,351 (US\$300,000).

Allegiant Gold Ltd.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Clanton Hills, Arizona

The Company holds a 100% interest in Clanton Hills, subject to underlying royalties. On August 31, 2020, the Company entered into an option agreement with Supernova Metals Corp (“Supernova”) granting Supernova an option to acquire a 50.1% interest in the Clanton Hills silver property. To acquire its interest Supernova was required to pay US\$550,000 in cash, issue 2,000,000 common shares (received) and incur US\$1,500,000 in exploration expenditures prior to September 15, 2023.

In March 2021, Supernova elected not to proceed with the Clanton Hills option agreement and returned the property to the Company.

Other

The Company has additional exploration and evaluation assets located in the USA, comprised of the following properties: Browns Canyon, Overland Pass, Goldfield West, White Horse Flats, and White Horse North. The Company determined that the lack of recent exploration and planned future exploration on these properties indicated the existence of impairment on these properties. Accordingly, the Company recorded an aggregate impairment of \$1,642,394 for the year ended September 30, 2021 and reduced the carrying value of each property to a nominal value of \$1.

8. CEBA LOAN

In May 2020, the Company received a \$40,000 loan from the Canada Emergency Business Account (“CEBA”). The terms of the loan are as follows:

- Repayment of 75%, or up to \$30,000, of the contribution amount, on or before December 31, 2022, will result in the forgiveness of 25%, or up to \$10,000 of the total contribution;
- No scheduled monthly repayments are required until after December 31, 2022;
- If 75% of the contribution amount is not repaid by December 31, 2022, the balance owing will be converted to an additional three (3) year term repayable contribution (with a fixed monthly repayment schedule), beginning January 2023, with no forgivable portion, and it will accrue interest at a rate of 5%;
- The full balance, of the contribution amount must be repaid no later than December 31, 2025.

In December 2020, the Company received an additional \$20,000 loan from CEBA under the same terms as the first loan advance, with the exception that if 50% of the loan is repaid on or before December 31, 2022, then the remaining \$10,000 will be forgiven.

9. ASSET RETIREMENT OBLIGATION

	September 30, 2021	September 30, 2020
	(\$)	(\$)
Balance, beginning	228,573	-
Addition	-	225,055
Accretion expense	3,391	3,518
Foreign exchange	(11,360)	-
Balance, end	220,604	228,573

Allegiant Gold Ltd.

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9. ASSET RETIREMENT OBLIGATION (continued)

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required at the completion of exploration and evaluation activities. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by management. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

The Company has calculated the fair value of the asset retirement obligation using a risk-free discount rate of 0.57% (2020 – 0.57%) and an inflation rate of 1.9% (2020 – 1.9%). The estimated total future undiscounted cash flows to settle the asset retirement obligations are \$272,236 (US\$214,125) and are expected to be incurred over a period of approximately 14 years.

10. SHARE CAPITAL

Common shares

Authorized - unlimited common shares without par value.

Year Ended September 30, 2021

On October 21, 2020, the Company issued 3,201,766 common shares with a value of \$1,072,592 to Orea to settle a loan liability with a face value of \$1,604,405 (Note 11). A gain on extinguishment of debt totaling \$486,211 was recorded.

On December 21, 2020, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$25,000. Additionally, \$26,850 and has been transferred from reserves to share capital.

On December 21, 2020, the Company issued 237,500 common shares pursuant to the exercise of RSUs and accordingly transferred \$24,938 reserves to share capital.

On April 22, 2021, the Company issued 350,000 common shares pursuant to the exercise of RSUs, and accordingly transferred \$36,751 reserves to share capital.

On June 1, 2021, the Company issued 53,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$21,200.

On June 4, 2021, the Company issued 275,000 common shares pursuant to the exercise of RSUs, and accordingly transferred \$28,874 reserves to share capital.

On August 19, 2021, the Company completed a bought deal financing under a short form prospectus wherein it issued 12,500,000 units at a price of \$0.40 per unit for aggregate proceeds of \$5,000,000. Each unit consisted of a common share and one half of a common share purchase warrant, and each whole warrant entitles the holder to acquire an additional common share at a price of \$0.70 for a period of two years from the date of closing. The warrants were valued at \$125,000. The Company paid cash fees totalling \$268,500 to the syndicate of Agents that completed the financing and issued a total of 296,250 Agent's Warrants, valued at \$65,200, which are exercisable at \$0.40 per share for a period of two years from the date of closing. The Company also incurred \$230,669 in legal fees and \$47,718 in filing fees.

On August 23, 2021, the Company issued 20,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$8,000.

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10. SHARE CAPITAL (continued)

Year Ended September 30, 2020

On June 8, 2020, the Company issued 112,500 common shares pursuant to the exercise of RSUs, and accordingly transferred \$11,813 from reserves to share capital.

On July 6, 2020, the Company completed a non-brokered private placement wherein it issued an aggregate of 12,006,992 units at \$0.25 per Unit for aggregate proceeds of \$3,001,748. Each unit was comprised of a common share and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire an additional common share at \$0.40 for a period of 18 months from closing. As at September 30, 2020, \$100,000 in subscription proceeds had not been received.

The warrants were determined to have a value of \$nil. The Company incurred share issuance costs of \$169,477 and issued 471,600 finders' warrants that have the same terms as the Unit warrants. The finders' warrants were determined to have a value of \$89,500.

On September 14, 2020, the Company issued 30,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$12,000.

RSUs

On December 20, 2019 the Company adopted a fixed restricted share unit ("RSU") plan to issue up to 4,400,000 RSUs to eligible participants. The Board of Directors may from time to time, grant RSUs to directors, officers, employees or consultants. The vesting terms of an RSU are at the discretion of the Board of Directors.

The continuity of the Company's RSUs is as follows:

	Number of RSUs
Balance, September 30, 2019	-
Granted	3,300,000
Exercised	(112,500)
Balance, September 30, 2020	3,187,500
Granted	200,000
Exercised	(862,500)
Balance, September 30, 2021	2,525,000

As at September 30, 2021 there are 2,325,000 RSUs outstanding that expire December 31, 2023 and 200,000 that expire December 31, 2024.

The fair value of RSUs recognized as an expense during the year ended September 30, 2021 was \$192,607 (2020 - \$196,871). The fair value of each RSU is determined using the closing price of the common shares of the Company on the date of grant. The RSUs have varying vesting periods.

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10. SHARE CAPITAL (continued)

Share options

The Company has a share option plan to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the TSXV on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2019	2,685,000	0.41
Granted	550,000	0.38
Expired	(795,000)	0.60
Forfeited	(1,100,000)	0.50
Balance, September 30, 2020	1,340,000	0.22
Exercised	(250,000)	0.10
Balance, September 30, 2021	1,090,000	0.25

A summary of the Company's options at September 30, 2021 is as follows:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (yrs)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (yrs)
0.60	140,000	1.33	140,000	1.33
0.10	750,000	2.98	750,000	2.98
0.55	200,000	0.96	150,000	0.96
0.25	1,090,000	2.39	1,040,000	2.46

The fair value of share options recognized as an expense during the year ended September 30, 2021 was \$25,479 (2020 - \$10,316).

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during the years ended September 30, 2021 and 2020 were as follows:

Grant Date	Number of Share Options	Expected Price Volatility (%)	Risk Free Interest Rate (%)	Expected Life (yrs)	Expected Dividend Yield (%)	Fair Value Per Option (\$)	Total Fair Value (\$)
September 14, 2020	200,000	127	0.25	2.00	-	0.19	38,900

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10. SHARE CAPITAL (continued)

Warrants

The continuity of the Company's warrants is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2019	7,267,604	0.98
Issued	6,475,096	0.40
Exercised	(30,000)	0.40
Expired	(7,267,604)	0.98
Balance, September 30, 2020	6,445,096	0.40
Issued	6,546,250	0.69
Exercised	(73,000)	0.40
Balance, September 30, 2021	12,918,346	0.55

A summary of the Company's warrants at September 30, 2021 is as follows:

Number of Warrants	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (yrs)
2,690,896	0.40	December 11, 2021	0.20
2,872,200	0.40	December 25, 2021	0.24
809,000	0.40	January 6, 2022	0.27
296,250	0.40	August 19, 2023	1.88
6,250,000	0.70	August 19, 2023	1.88
12,918,346	0.55		1.07

Reserves

RSUs, Share options and warrants

The RSUs, share options and warrants reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the RSUs, stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Accumulated other comprehensive income (loss)

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

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11. RELATED PARTY TRANSACTIONS

As at September 30, 2021, the Company had a principal balance of \$Nil (September 30, 2020 - \$1,604,405) owing to Orea (the "Grid Note") originally due on March 1, 2019. On March 5, 2019, the Company issued 1,000,000 common shares valued at \$190,000 in exchange for extending the due date to December 31, 2020.

As the Grid Note was initially a non-current liability, the Company discounted the Grid Note with a 20% annual discount rate, resulting in a discount of \$213,639 allocated to the reserves account. Upon issuing the Extension Shares, the Grid Note was recognized as a new financial liability and the fair value of the Extension Shares was expensed. The Company discounted newly issued Grid Note with a 15% annual discount rate, resulting in a discount of \$383,665 allocated to the reserves account. On October 21, 2020, the Company issued 3,201,766 common shares to settle the balance of the Grid Note and recorded a gain of \$486,211.

During the year ended September 30, 2021, the Company recorded accretion expense of \$13,088 (2020 - \$214,069) in connection with the Grid Note.

As stated in Note 7, the Company entered into an agreement granting Supernova an option to acquire a 50.1% interest in the Clanton Hills silver property. Supernova is a publicly listed corporation trading on the TSXV that shares an officer in common with the Company. In March 2021, Supernova terminated the option agreement without earning any interest in the property.

The following is a summary of related party transactions for the years ended September 30, 2021 and 2020:

	September 30, 2021	September 30, 2020
	(\$)	(\$)
Office rent and administration services paid or accrued to Orea, a company that shares directors in common	18,000	33,481
Management fees paid or accrued to a corporation controlled by the former Chairman of the Company	24,000	59,500
Management and administration fees paid or accrued to the CEO of the Company	230,117	156,277
Professional fees paid to a corporation controlled by the CFO of the Company	120,000	75,000
Director fees paid or accrued	127,839	78,000
Share-based compensation in the form of vested stock options and RSUs issued to directors, officers and consultants of the Company	157,284	168,471
Option proceeds received from a corporation that shares an officer in common with the Company	-	580,000
Exploration and evaluation expenditures paid or accrued to a director of the Company	101,613	124,017
	<u>778,853</u>	<u>1,274,746</u>

The following summarizes advances and amounts payable to related parties:

	September 30, 2021	September 30, 2020
	(\$)	(\$)
Due to Orea - Grid Note	-	(1,545,714)
Due to Orea, included in accounts payable	-	(3,225)
Prepaid travel advances to the former Chairman of the Company	-	5,000
Subscription receivable from an officer of the Company	-	100,000
Amounts due to directors, included in accounts payable	(23,190)	(42,064)
	<u>(23,190)</u>	<u>(1,486,003)</u>

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12. SEGMENTED INFORMATION

The Company has one reportable business segment, being mineral exploration and evaluation. All of the Company's long-term assets are located in the USA.

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2021 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks in Canada and the USA, and risk is assessed as low.

The credit risk exposure on reclamation bonds is limited to its carrying amount at the date of the statements of financial position. Reclamation bonds are held by the USA Forest Service and the US Bureau of Land Management, and risk is assessed as low.

The credit risk exposure on receivables is limited to its carrying amount at the date of the statements of financial position. Receivables are due primarily from the Canada Revenue Agency for GST/HST refunds.

Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2021, the Company had a working capital of \$4,602,843 (September 30, 2020 – \$3,368,533) so liquidity risk is assessed as low.

Market risks

(i) Foreign currency risk

The Company's presentation currency is the Canadian dollar, however the functional currency of AGUS is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary. The Company also has certain assets and liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(iii) Interest rate risk

The Company does not have any variable interest-bearing debt and is therefore not exposed to interest rate risk.

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13. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Sensitivity analysis

A 10% change in interest rates does not have a significant effect on the Company's profit or loss.

The Company has certain assets and liabilities in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar would affect the Company's profit or loss by \$39,291 and \$526,362 on net assets.

Capital management

The Company considers the components of equity as being capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from equity financings.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

Fair value

The fair value of the Company's financial instruments, including cash, short-term investments, receivables, accounts payable, CEBA loan and due to Orea approximates their carrying value due to the immediate or short-term maturity of these financial instruments. These items are measured at amortized cost.

The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair value of the short-term investments is measured using level 1 of the fair value hierarchy.

IFRS 9, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

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14. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year ended	
	September 30, 2021	September 30, 2020
	(\$)	(\$)
Loss before taxes	(2,850,899)	127,933
Canadian federal and provincial income tax rates	27%	27%
Expected income tax expense (recovery)	(770,000)	34,500
Foreign tax differences, rate changes and foreign exchange	(355,000)	998,100
Non-taxable items	457,000	115,800
Share issue costs	(148,000)	(45,800)
Change in valuation of deferred tax assets	816,000	(1,102,600)
Income tax (recovery) expense	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30,	September 30,
	2021	2020
	(\$)	(\$)
Net operating losses carried forward	3,817,000	6,216,900
Share issuance costs	151,000	87,100
Allowable capital losses	178,000	-
Investments	110,000	50,200
Resource properties costs	348,000	(5,025,200)
Valuation allowance	(4,604,000)	(1,329,000)
	-	-

As of September 30, 2021, the Company has Canadian tax loss carry-forwards of approximately \$3,644,000 (2020 - \$2,530,800) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions.

In addition, the Company has non-capital losses in its United States subsidiary which will expire over various terms. The amount of those non-capital losses carried forward is \$26,611,000 (US\$20,885,700).

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15. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's non-cash investing and financing transactions are as follows:

	September 30, 2021	September 30, 2020
	(\$)	(\$)
Received short-term investments as an option payment for the Clanton Hills property (Note 7)	-	580,000
Received short-term investments as an option payment for the Mogollon property (Note 7)	352,351	694,077
Received short-term investments as an option payment for the Bolo property (Note 7)	351,145	270,077
Received short-term investments as an option payment for the Four Metals property (Note 7)	15,572	15,753
Fair value transfer from reserves to share capital for stock option exercise	26,850	-
Fair value transfer from reserves to share capital for RSU exercise	90,563	-
Initial recognition of right-of-use asset and associated lease liability	-	119,425
Initial recognition of asset retirement obligation on exploration and evaluation assets	-	225,043
Issued 471,600 finders' warrants (Note 10)	65,200	89,500
Issued 3,201,766 common shares to settle the Orea grid note	1,072,592	-
	<u>1,974,273</u>	<u>1,993,875</u>

16. COMMITMENT

The Company entered into a lease agreement on May 1, 2020 for the rental of storage space in Reno, Nevada with a term that expires on April 30, 2022 with an option to renew the lease for a further term of 2 years expiring on April 30, 2024. The remaining rent payable under the lease is \$21,359 (US\$16,800) up until the lease expires.

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17. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, the Company:

- a) granted 1,800,000 stock options exercisable at \$0.35 for a period of five years.
- b) granted 1,100,000 RSUs that expire on December 31, 2024.
- c) received 150,000 common shares of Summa valued at \$127,500 in connection with the approval of a royalty buy-down with one of the underlying claim owners.
- d) issued 293,750 common shares pursuant to the exercise of RSUs.
- e) received \$320,750 (US\$250,000) in cash and 2,402,119 common shares valued at \$192,170 (US\$150,000) from NGLD in connection with the Bolo option agreement. The cash and share payments totaling US\$400,000 were accepted by the Company in lieu of the exploration and evaluation expenditures that were required to be expended by NGLD before December 31, 2021.
- f) received 1,608,350 common shares of NGLD valued at \$144,752, representing the third anniversary option payment pursuant to the Bolo option agreement.
- g) issued 163,733 common shares in connection with the Hilger Agreement.