

STALLION GOLD CORP.

Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

STALLION GOLD CORP.
CONDENSED QUARTERLY REPORT
June 30, 2022

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

STALLION GOLD CORP.Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash	2,403,738	3,198,029
Amounts receivable	66,754	70,145
Prepaid expenses and deposits	14,574	19,948
Total current assets	2,485,066	3,288,122
Non-current assets		
Exploration and evaluation asset (Note 3)	9,907,974	6,803,889
Total assets	12,393,040	10,092,011
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	147,013	169,187
Total liabilities	147,013	169,187
Shareholders' equity		
Share capital (Note 5)	19,797,762	17,187,761
Share-based payment reserve (Note 6)	1,349,653	1,078,848
Warrants reserve (Note 5)	807,325	807,325
Deficit	(9,708,713)	(9,151,110)
Total shareholders' equity	12,246,027	9,922,824
Total liabilities and shareholders' equity	12,393,040	10,092,011

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 25, 2022:

/s/ "Drew Zimmerman"

Drew Zimmerman, Director

/s/ "Jay Martin"

Jay Martin, Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

STALLION GOLD CORP.Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended June 30, 2022 \$	Three months ended June 30, 2021 \$	Six months ended June 30, 2022 \$	Six months ended June 30, 2021 \$
Expenses				
Consulting fees (Note 4)	36,000	–	72,000	56,600
Management fees (Note 4)	45,000	36,600	90,000	76,200
Office and miscellaneous	34,008	36,910	60,277	44,214
Professional fees (Note 4)	24,506	39,390	35,374	61,665
Project evaluation costs	–	3,410	–	3,410
Rent	1,050	3,869	2,400	5,269
Salaries	–	–	–	1,782
Stock-based compensation (Note 6)	–	–	270,805	286,830
Transfer agent and filing fees	15,664	6,653	26,747	50,635
Total expenses	156,228	126,832	557,603	586,605
Net loss	(156,228)	(126,832)	(557,603)	(586,605)
Other comprehensive income				
Unrealized gain on foreign currency translation	–	4,780	–	8,927
Total comprehensive loss	(156,228)	(122,052)	(557,603)	(577,678)
Loss per share, basic and diluted	(0.003)	(0.004)	(0.010)	(0.018)
Weighted average number of common shares outstanding	60,062,502	34,752,310	56,416,093	32,916,356

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

STALLION GOLD CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Warrants reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$					
Balance, December 31, 2020	31,060,002	9,223,240	778,561	738,446	(6,172)	(8,536,369)	2,197,706
Shares issued for property	12,000,000	6,120,000	–	–	–	–	6,120,000
Stock-based compensation	–	–	286,830	–	–	–	286,830
Foreign currency translation gain	–	–	–	–	8,927	–	8,927
Net loss for the period	–	–	–	–	–	(586,605)	(586,605)
Balance, June 30, 2021	43,060,002	15,343,240	1,065,391	738,446	2,755	(9,122,974)	8,026,858
Shares issued for private placement	5,002,500	2,001,000	–	–	–	–	2,001,000
Share issuance costs	–	(156,479)	–	68,879	–	–	(87,600)
Stock-based compensation	–	–	13,457	–	–	–	13,457
Foreign currency translation loss	–	–	–	–	(2,755)	–	(2,755)
Net loss for the period	–	–	–	–	–	(28,136)	(28,136)
Balance, December 31, 2021	48,062,502	17,187,761	1,078,848	807,325	–	(9,151,110)	9,922,824
Shares issued for property	12,000,000	2,610,001	–	–	–	–	2,610,001
Stock-based compensation	–	–	270,805	–	–	–	270,805
Net loss for the period	–	–	–	–	–	(557,603)	(557,603)
Balance, June 30, 2022	60,062,502	19,797,762	1,349,653	807,325	–	(9,708,713)	12,246,027

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

STALLION GOLD CORP.Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Six months ended June 30, 2022 \$	Six months ended June 30, 2021 \$
Operating activities		
Net loss for the period	(557,603)	(586,605)
Items not involving cash:		
Share-based compensation	270,805	286,830
Changes in non-cash operating working capital:		
Amounts receivable	3,391	(9,921)
Prepaid expenses and deposits	5,374	(21,540)
Accounts payable and accrued liabilities	(22,174)	(2,410)
Net cash used in operating activities	(300,207)	(333,646)
Investing activities		
Exploration and evaluation asset expenditures	(494,084)	(379,414)
Net cash used in investing activities	(494,084)	(379,414)
Effects of foreign exchange rate changes on cash	–	8,927
Change in cash	(794,291)	(704,133)
Cash, beginning of period	3,198,029	2,574,675
Cash, end of period	2,403,738	1,870,542
Non-cash investing and financing activities:		
Shares issued for acquisition of exploration and evaluation asset	2,610,001	–

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

STALLION GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements
Six months ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Stallion Gold Corp. (formerly Hybrid Minerals Inc. and Savoy Ventures Inc.) (the “Company”) was incorporated on November 7, 2011 under the Business Corporations Act (British Columbia). The head office of the Company is located at Suite 700, 838 West Hastings Street, Vancouver, British Columbia, V6C 0A6.

The Company’s principal business activities include the acquisition and exploration of mineral property assets.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended June 30, 2022, the Company has not generated any revenues and incurred negative cash flow from operating activities. As at June 30, 2022, the Company has an accumulated deficit of \$9,708,713. The Company’s ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Stallion Gold Idaho Corp. (“Stallion Idaho”). All significant inter-company balances and transactions have been eliminated on consolidation. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year during which control exists.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

STALLION GOLD CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of share-based compensation, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six months ended June 30, 2022 and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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Notes to the Condensed Consolidated Interim Financial Statements
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3. Exploration and Evaluation Assets

	Horse Heaven Property \$	Richmond Mountain \$	Total \$
<i>Acquisition costs:</i>			
Balance, December 31, 2020	–	–	–
Cash payment	400,000	–	400,000
Share payment	6,120,000	–	6,120,000
Balance, December 31, 2021	6,520,000	–	6,520,000
Cash payment	400,000	32,062	432,062
Share payment	2,610,001	–	2,610,001
Balance, June 30, 2022	9,530,001	32,062	9,562,063
<i>Exploration costs:</i>			
Balance, December 31, 2020	–	–	–
Geological consulting and fieldwork	283,889	–	283,889
Balance, December 31, 2021	283,889	–	283,889
Geological consulting and fieldwork	62,022	–	62,022
Balance, June 30, 2022	345,911	–	345,911
<i>Carrying amounts:</i>			
As at December 31, 2021	6,803,889	–	6,803,889
As at June 30, 2022	9,875,912	32,062	9,907,974

Horse Heaven Property

On March 1, 2021, the Company entered into a Share Option Agreement (“Agreement”) pursuant to which the Company has been granted the option to acquire all the shares outstanding in 1262446 B.C. Ltd. (“Horse Heaven Parent”), a private mineral exploration company. Horse Heaven Parent is the sole owner of Horse Heaven Holdings Inc. which holds a 100% interest in the Horse Heaven mineral property located in Idaho, USA. As consideration, the Company has agreed to pay a total of \$1,200,000 and issue an aggregate 36,000,000 common shares as follows:

- \$200,000 as a non-refundable deposit on the letter of intent and execution and delivery of the agreement (paid).
- \$200,000 and 12,000,000 common shares following the satisfaction or waiver of all of the conditions precedent in the Agreement (the “Effective Date”) (paid and issued) (Note 5);
- \$400,000 and 12,000,000 common shares on the first anniversary of the Effective Date (paid and issued) (Note 5); and
- \$400,000 and 12,000,000 common shares on the second anniversary of the Effective Date.

The Company holds the right to accelerate any of these payments at its discretion and, upon all payments and share issuances being made, the option will be exercised.

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3. Exploration and Evaluation Assets (continued)

Richmond Mountain

On May 20, 2022, the Company entered into an earn-in option agreement to acquire 100% interest in the Richmond Mountain gold project (the "Project") from Bronco Creek Exploration Inc., a wholly-owned subsidiary of EMX Royalty Corporation ("EMX"). The Company can earn 100% interest in the Project by:

- (a) making execution and option payments totalling US\$500,000 over a five-year option period as follows; and
 - \$25,000 upon execution and delivery of the agreement (paid).
 - \$25,000 on or before the first anniversary of the Effective Date;
 - \$50,000 on or before the second anniversary of the Effective Date;
 - \$50,000 on or before the third anniversary of the Effective Date;
 - \$100,000 on or before the fourth anniversary of the Effective Date; and
 - \$250,000 on or before the fifth anniversary of the Effective Date.
- (b) completing US\$1,500,000 in exploration expenditures during the option period as follows:
 - \$200,000 on or before the first anniversary of the Effective Date;
 - \$200,000 on or before the second anniversary of the Effective Date;
 - \$300,000 on or before the third anniversary of the Effective Date;
 - \$350,000 on or before the fourth anniversary of the Effective Date; and
 - \$450,000 on or before the fifth anniversary of the Effective Date.

Upon completing the option earn-in, EMX will retain a 4% NSR royalty interest on the Project. The Company has the ability to buy down the NSR to 2.5% by:

- (a) completing an initial half-percent (0.5%) royalty buyback for a payment of US\$750,000 prior to the third anniversary of the option exercise.
- (b) If the first buyback is completed, an additional half percent (0.5%) can be bought back for US\$1,000,000, and a third half percent (0.5%) increment for US\$1,200,000 at any time prior to Commercial Production.

Beginning on the first anniversary of the option exercise, the Company will also make annual advance royalty ("AAR") payments of US\$100,000. Additionally, after the option has been exercised, the Company will make payments in gold ounces (or the USD equivalent) at the following Project milestones:

- (a) 200 ounces of gold upon completion of a Preliminary Economic Assessment;
- (b) 400 ounces of gold upon completion of a Prefeasibility Study; and
- (c) 650 ounces of gold upon completion of a Feasibility Study.

4. Related Party Transactions

- (a) As at June 30, 2022, the amount of \$73,400 (December 31, 2021 – \$73,400) was owed to a company where the former President of the Company is the President, CEO, and CFO. The amount owed is non-interest bearing, unsecured and due on demand and is included in accounts payable and accrued liabilities.
- (b) As at June 30, 2022, the balance owing of \$13,503 (December 31, 2021 – \$8,538) to a company controlled by the VP Exploration of the Company was included in accounts payable and accrued liabilities. During the six months ended June 30, 2022, the amount of \$54,000 (2021 – \$77,836) was incurred to a company controlled by the VP Exploration of the Company for consulting fees.

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4. Related Party Transactions (continued)

- (c) During the six months ended June 30, 2022, the amount of \$72,000 (2021 – \$55,200) was incurred to a company controlled by the Chief Executive Officer of the Company for management fees.
- (d) During the six months ended June 30, 2022, the amounts of \$18,000 (2021 – \$21,000) and \$17,000 (2021 – \$12,000) were incurred to companies controlled by the Chief Financial Officer of the Company for management fees and professional fees, respectively.
- (e) During the six months ended June 30, 2022, the amount of \$Nil (2021 – \$18,000) was incurred to a company controlled by the Corporate Secretary of the Company for consulting fees.

5. Share Capital

Authorized: Unlimited common shares without par value

Shares issued during the six months ended June 30, 2022:

- (a) On February 24, 2022, the Company issued 12,000,000 common shares with a fair value of \$2,610,001 pursuant to the Agreement to acquire Horse Heaven Parent (Note 3).

Shares issued during the year ended December 31, 2021:

- (b) On June 2, 2021, the Company issued 12,000,000 common shares with a fair value of \$6,120,000 pursuant to the Agreement to acquire Horse Heaven Parent (Note 3).
- (c) On July 15, 2021, the Company issued 5,002,500 common shares at a price of \$0.40 per share for gross proceeds of \$2,001,000. Each unit consisted of one common share and one-half of one transferable share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.50 expiring on July 15, 2022. In connection with this private placement, the Company paid finders' fees of \$87,600. The Company also issued 219,000 finder's warrants with a fair value of \$68,879. Each finder's warrant entitles the holder to purchase one common share at an exercise price of \$0.50 per share expiring on July 15, 2022. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with an expected life of one year, volatility of 202%, risk-free rate of 0.25%, and dividend yield of 0%.

6. Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

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(Expressed in Canadian dollars)

6. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2020	933,333	1.20
Granted	900,000	0.345
Expired	(1,033,333)	1.12
Outstanding, December 31, 2021	800,000	0.345
Granted	850,000	0.345
Outstanding, June 30, 2022	1,650,000	0.345

Additional information regarding stock options outstanding as at June 30, 2022, is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.345	1,650,000	4.19	0.345

During the six months ended June 30, 2022, the Company recognized share-based compensation expense of \$270,805 (2021 – \$286,830) in share-based payment reserve. The fair value of the stock options granted were calculated using the Black Scholes Option Pricing Model with the following weighted average assumptions: expected life of the options: 5 years, expected volatility: 175%, expected dividend yield: 0%, no forfeitures, and risk-free rate: 1.64%. The weighted average grant date fair value was \$0.32 per option.

7. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2020	1,570,667	0.15
Issued	2,720,250	0.50
Balance, December 31, 2021 and June 30, 2022	4,290,917	0.37

As at June 30, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,720,250	0.50	July 15, 2022
1,570,667	0.15	October 2, 2022
<u>4,290,917</u>		

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(Expressed in Canadian dollars)

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and warrants reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2021.

9. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and amount due to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is currently not exposed to any significant liquidity risk.

(d) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is currently not exposed to any significant foreign exchange rate risk.

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(Expressed in Canadian dollars)

9. Financial Instruments and Risk Management (continued)

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(f) Price Risk

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