1246765 B.C. LTD.

ANNUAL FINANCIAL STATEMENTS

For the Year Ended December 31, 2021 and the Period from Incorporation on April 8, 2020 to December 31, 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of 1246765 B.C. Ltd.:

Opinion

We have audited the financial statements of 1246765 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had a net loss for the year ended December 31, 2021 and, as of that date, the Company had a negative working capital balance and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statement for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on March 5, 2021

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Brad Frampton.

Calgary, Alberta

April 12, 2022

MNP LLP

Chartered Professional Accountants

MNP

1246765 B.C. LTD.
STATEMENTS OF FINANCIAL POSITION
As at December 31,
(Expressed in Canadian Dollars)

	Note		2021		2020
ASSETS					
Current Assets					
Cash		$	1,456		-
Total assets		$	1,456		-
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	20,507	$	16,843
Due to related party	3		56,512		37,489
Total liabilities			77,019		54,332
SHAREHOLDER'S DEFICIT					
Share capital	4		300		300
Deficit			(75,863)		(54,632)
Total shareholders deficit			(75,563)		(54,332)
Total liabilities and shareholders' deficit		$	1,456	$	-

Nature of operations and going concern (Note 1)
Subsequent events (Note 8)

Approved and authorized on behalf of the Board of Directors on April 12, 2022

Director James Ward (signed) Director Stephen Sandusky (signed)

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

1246765 B.C. LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note		For the year ended December 31, 2021		For the period from April 8, 2020 (date of incorporation) to December 31, 2020
EXPENSES					
Accounting and corporate secretarial fees		**$**	**4,990**	$	24,591
Office			**24**		-
Professional fees			**15,368**		29,072
Regulatory and transfer agent fees			**849**		969
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**$**	**(21,231)**	$	(54,632)
NET LOSS PER SHARE – BASIC AND DILUTED		**$**	**(0.01)**	$	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			**3,000,000**		3,000,000

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

1246765 B.C. LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Deficit		Total
Balance, April 8, 2020	3,000,000	$	300	$	-	$	300
Net and comprehensive loss for the period from Incorporation on April 8, 2020 to December 2020	-		-		(54,632)		(54,632)
Balance, December 31, 2020	3,000,000	$	300	$	(54,632)	$	(54,332)
Net and comprehensive loss for the year	-		-		(21,231)		(21,231)
Balance, December 31, 2021	3,000,000	$	300	$	(75,863)	$	(75,563)

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

1246765 B.C. LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		For the year ended December31, 2021		For the period from April 8, 2020 (date of incorporation) to December 31, 2020
Operating activities:				
Net loss for the period	$	(21,231)	$	(54,632)
Changes in non-cash working capital related to operations:				
Accounts payable and accrued liabilities		3,664		16,843
Due to related party (note 3)		19,023		37,789
Net cash provided by (used in) operating activities		1,456		-
Increase in cash during the period		1,456		-
Cash – beginning of the period		-		-
Cash – end of the period	$	1,456	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

1246765 B.C. Ltd. ("the Company" or "765 BC") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company is engaged in the exploration and development of mineral properties in Canada. The Company's head office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6.

On June 25, 2020, 765 BC's parent company, 1289625 B.C. Ltd. ("1289625", formerly 2583262 Ontario Inc.), announced that it would go through a statutory plan of arrangement (the "Plan") involving its eight (8) wholly-owned subsidiaries. The Plan involved, among other things, the distribution of common shares of 765 BC to current shareholders of 1289625 on the basis of one hundred thousand (100,000) 765 BC common shares per outstanding common share of the 1289625**.**

On July 24, 2020, 1289625 completed the Plan thereby resulting in the Company being spun out and became a non-listed reporting issuer.

These financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the year ended December 31, 2021, the Company had a net loss of $21,231 (2020 - $54,632) and, as of that date, had a negative working capital balance of $75,563 (2020 - $54,332) and an accumulated deficit of $75,863 (2020 - $54,632). The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. These factors indicate material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern and raise additional financing.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company's ability to continue its operations as a going concern and raise additional financings.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). These financial statements were approved by the board of directors for issue on April 12, 2022.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Cash

Cash consists of balances held with financial institutions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign currencies

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

e) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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 if the Company has opted to measure them at FVTPL.

Measurement

<u>Financial assets and liabilities at FVTPL</u>

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 included 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).

<u>Financial assets at FVTOCI</u>

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).

<u>Financial assets and liabilities at amortized cost</u>

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

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, is recognized in profit or loss.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are recognized in profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the fair value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

f) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes

Income tax on profit or loss for the periods presented comprises current and deferred tax. 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 tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

h) New and revised standards and interpretations

The Company has adopted the following standards, interpretations and amendments effective for reporting periods beginning on or after January 1, 2020. The adoption of these standards did not have a material impact on the Company's financial statements:

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 –Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and must be applied prospectively.

Amendments to IFRS 3 – Definition of Business was issued in October 2018 by the IASB to improve the definition of a business. It is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- confirmed that a business must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrowed the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- added an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3. RELATED PARTY TRANSACTIONS

As at December 31, 2021, the Company has $56,512 (2020 - $37,489) owing to 1289625 for reimbursable expenses incurred on behalf of the Company. These amounts are non-interest bearing and due on demand.

4. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 3,000,000 common shares

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is currently dependent on 1289625 as its primary source of operating capital.

6. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash, accounts payable and accrued liabilities and due to related party as amortized cost.

a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2021, the Company believes that the carrying values of cash, accounts payable and accrued liabilities and due to related party approximate their fair values because of their nature and relatively short maturity dates or durations.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk related to cash is considered minimal as the Company currently does not hold cash balances.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. As at December 31, 2021, the Company does not have sufficient cash to settle liabilities as they come due. The Company is exposed to liquidity risk and will need to obtain financing or continued funding from 1289625 to meet obligations as they come due.

7. TAXES

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	2021	2020
Loss before taxes	**(21,231)**	(54,632)
Statutory tax rate	**27%**	27%
Expected tax recovery	**(5,732)**	(14,750)
Increase (decrease) resulting from:		
Deferred tax benefits not recognized	**5,732**	14,750
Tax recovery	**-**	-

The Company has estimated its gross deductible temporary differences related to non-capital loss carryforwards to be approximately $76,000. The non-capital loss carryforwards will commence to expire in 2040 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

8. SUBSEQUENT EVENTS

On April 6, 2022, the Company has completed its **(the "Transaction")** with Lahontan Gold Corp. ("Lahontan PrivCo"), pursuant to an amalgamation agreement (the "Amalgamation Agreement") dated January 29, 2021, between the Company, Lahontan PrivCo and 2812096 Ontario Ltd., a wholly-owned subsidiary of the Company, as amended October 15, 2021 and March 10, 2022. The Company acquired all of the issued and outstanding common shares of Lahontan PrivCo pursuant to a three-cornered amalgamation in accordance with Section 174 of the Business Corporations Act (Ontario), as further described below.

The Common Shares (as defined below) have been conditionally approved for listing (the "Listing") on the TSX Venture Exchange (the "TSXV") under the symbol "LG". The Listing remains subject to final approval by the TSXV and fulfilment of all of the requirements of the TSXV in order to obtain such approval, including, among other things, submission and acceptance of all documents requested by the TSXV in its conditional acceptance letter and payment of all outstanding fees to the TSXV.

8. SUBSEQUENT EVENTS (continued)

The Transaction

Pursuant to the Amalgamation Agreement, the Company issued an aggregate of 82,660,501 common shares of the Company to the former Lahontan PrivCo shareholders (the "Lahontan PrivCo Shareholders"). Upon completion of the Transaction the former Lahontan PrivCo Shareholders and subscribers for the Subscription Receipts will hold approximately 98.80% of the total number of the issued and outstanding common shares of the Company. All outstanding unexercised warrants in the capital of Lahontan PrivCo (the "Lahontan PrivCo Warrants") to acquire common shares in the capital of the Lahontan PrivCo will be cancelled. In consideration for such disposition, the holders of the Lahontan PrivCo Warrants received replacement warrants (the "Replacement Warrants"), to acquire one post-consolidation common share in the capital of the Company (each, a "Common Share"), such Replacement Warrants bearing the same terms and conditions as the Lahontan PrivCo Warrants. All outstanding unexercised stock options in the capital of Lahontan PrivCo (the "Lahontan PrivCo Options") to acquire common shares in the capital of the Lahontan PrivCo will be cancelled. In consideration for such disposition, the holders of the Lahontan PrivCo Options received replacement stock options (the "Replacement Options"), to acquire one post-consolidation common share in the capital of the Company (each, a "Common Share"), such Replacement Options bearing the same terms and conditions as the Lahontan PrivCo Options.

Concurrent Financing

In connection with the Transaction, On March 24, 2022 Lahontan PrivCo closed a private placement of 8,888,889 subscription receipts (the “Subscription Receipts”) at a price of $0.45 per Subscription Receipt (the “Issue Price”) for gross proceeds of $4,000,000.05 (the “Offering”) with Beacon Securities Limited (“Beacon”) acting as lead agent and sole bookrunner on behalf of a syndicate of agents, including Canaccord Genuity Corp. (together with Beacon, the “Agents”).

The gross proceeds of the Offering less 50% of the commission and certain expenses of the Agents were placed into escrow pursuant to a subscription receipt agreement, between the Company, Beacon and TSX Trust Company, as subscription receipt agent. The Company delivered a notice to TSX Trust Company confirming satisfaction of the applicable escrow release conditions on April 5, 2022. Effective April 5, 2022, each Subscription Receipt was automatically converted into one unit of Lahontan PrivCo (each, an “Underlying Unit”), with each Underlying Unit comprised of one common share of Lahontan PrivCo (each, a “Lahontan Share”) and one-half of one Lahontan Share purchase warrant of Lahontan PrivCo (each whole warrant, a “Warrant”). Each Warrant entitles the holder to acquire one additional Lahontan Share (each, a “Warrant Share”), at an exercise price of $0.65 per Warrant Share until April 5, 2022. Pursuant to the Amalgamation Agreement, the Lahontan Shares and other securities of Lahontan PrivCo (including, for certainty, the Warrants comprising part of the Underlying Units issued upon conversion of the Subscription Receipts) were automatically exchanged for Common Shares and other securities of the resulting Issuer.

In connection with the Offering, the Agents received a cash commission in the amount of $71,681 (the “Commission”), 50% of which was placed into escrow, and were issued 159,291 compensation options (the “Compensation Options”). The remaining 50% of the Commission has now been released from escrow and has been received by the Agent. Each compensation option is exercisable for one Underlying Unit at the Issue Price of the Subscription Receipts until April 5, 2024. In addition, certain eligible finders received a cash commission in the aggregate of $121,500 and have been issued 270,000 compensation options. The net proceeds of the offering are expected to be used for working capital and for the continuation of exploration drilling at its 100% owned Flagship Santa Fe Gold-Silver Project located in Nevada’s prolific Walker Lane.

Name Change and Consolidation

Prior to the completion of the Transaction, the Company changed its name from "1246765 B.C. Ltd.” to its current name, "Lahontan Gold Corp." in accordance with the provisions of the Business Corporations Act (British Columbia). Also prior to the completion of the Business Combination, the Company consolidated its common shares on the basis of 2.7 pre-consolidation common shares for one post consolidation common share.