

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 10-Q**

---

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2021

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-36908

---

**PARAMOUNT GOLD NEVADA CORP.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

665 Anderson Street  
Winnemucca, NV

(Address of principal executive offices)

98-0138393

(I.R.S. Employer  
Identification No.)

89445

(Zip Code)

Registrant's telephone number, including area code: (775) 625-3600

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Small reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of registrant's Common Stock outstanding, \$0.01 par value per share, as of February 4, 2022 was 43,778,796.

Securities registered pursuant to Section 12(b) of the Act:

---

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value Per Share	PZG	NYSE American

---

## Table of Contents

	<u>Page</u>
<b>PART I</b>	<b><u>FINANCIAL INFORMATION</u></b>
Item 1.	<u>Financial Statements</u> 2
	<u>Condensed Consolidated Interim Balance Sheets as of December 31, 2021 and June 30, 2021(Unaudited)</u> 2
	<u>Condensed Consolidated Interim Statements of Operations and Comprehensive Loss for the Three and Six Months Ended December 31, 2021 and December 31, 2020(Unaudited)</u> 3
	<u>Condensed Consolidated Interim Statements of Stockholders' Equity for the Six Months Ended December 31, 2021 and Year ended June 30, 2021 (Unaudited)</u> 4
	<u>Condensed Consolidated Interim Statements of Cash Flows for the Six-Months Ended December 31, 2021 and December 31, 2020 (Unaudited)</u> 5
	<u>Notes to Condensed Consolidated Interim Financial Statements (Unaudited)</u> 6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 13
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 18
Item 4.	<u>Controls and Procedures</u> 19
<b>PART II</b>	<b><u>OTHER INFORMATION</u></b>
Item 1A.	<u>Risk Factors</u> 20
Item 4.	<u>Mine Safety Disclosures</u> 20
Item 6.	<u>Exhibits</u> 21
Signatures	<u>Directors, Executive Officers and Corporate Governance</u> 22

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**PARAMOUNT GOLD NEVADA CORP.**  
**Condensed Consolidated Interim Balance Sheets**  
**(Unaudited)**

	<b>As at December 31, 2021</b>	<b>As at June 30, 2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,441,101	\$ 3,113,064
Prepaid expenses and deposits	671,625	1,152,396
<b>Total Current Assets</b>	<b>2,112,726</b>	<b>4,265,460</b>
<b>Non-Current Assets</b>		
Mineral properties (Note 7)	49,242,704	49,197,704
Reclamation bond (Note 8)	500,738	533,703
Property and equipment	7,389	5,959
<b>Total Non-Current Assets</b>	<b>49,750,831</b>	<b>49,737,366</b>
<b>Total Assets</b>	<b>\$ 51,863,557</b>	<b>\$ 54,002,826</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 878,593	\$ 638,950
Reclamation and environmental obligation, current portion (Note 8)	290,272	310,022
<b>Total Current Liabilities</b>	<b>1,168,865</b>	<b>948,972</b>
<b>Non-Current Liabilities</b>		
Convertible debt (Note 6)	4,191,904	4,161,502
Reclamation and environmental obligation, non-current portion (Note 8)	1,619,560	1,539,622
<b>Total Non-Current Liabilities</b>	<b>5,811,464</b>	<b>5,701,124</b>
<b>Total Liabilities</b>	<b>6,980,329</b>	<b>6,650,096</b>
<b>Stockholders' Equity</b>		
Common stock, par value \$0.01, 200,000,000 authorized shares, 40,623,857 issued and outstanding at December 31, 2021 and 200,000,000 authorized shares, 38,154,109 issued and outstanding at June 30, 2021 (Note 5)	406,240	381,542
Additional paid in capital	109,127,105	107,005,135
Deficit	(64,650,117)	(60,033,947)
<b>Total Stockholders' Equity</b>	<b>44,883,228</b>	<b>47,352,730</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 51,863,557</b>	<b>\$ 54,002,826</b>

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

Commitments and Contingencies: Note 11

Subsequent Events: Note 12

**PARAMOUNT GOLD NEVADA CORP.**  
**Condensed Consolidated Interim Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

	For the Three-Month Period Ended December 31, 2021	For the Three-Month Period Ended December 31, 2020	For the Six-Month Period Ended December 31, 2021	For the Six-Month Period Ended December 31, 2020
<b>Income</b>				
Other income (Note 9)	\$ —	\$ 185,852	\$ 116,299	\$ 254,800
<b>Total Income</b>	<u>—</u>	<u>185,852</u>	<u>116,299</u>	<u>254,800</u>
<b>Expenses</b>				
Exploration	1,907,861	874,488	3,164,668	1,510,515
Land holding costs	173,134	130,400	314,327	261,584
Professional fees	21,050	28,699	66,014	73,151
Salaries and benefits	216,063	579,935	463,478	835,877
Directors' compensation	19,281	45,169	33,118	76,111
General and administrative	161,346	124,752	281,207	238,877
Insurance	55,946	49,637	113,319	99,323
Depreciation	443	630	1,293	1,261
Accretion (Note 8)	45,969	15,010	91,938	30,020
<b>Total Expenses</b>	<u>2,601,093</u>	<u>1,848,720</u>	<u>4,529,362</u>	<u>3,126,719</u>
<b>Net Loss before Other Expense</b>	<u>2,601,093</u>	<u>1,662,868</u>	<u>4,413,063</u>	<u>2,871,919</u>
<b>Other Expense (Income)</b>				
Interest income	—	(1,032)	—	(2,256)
Interest and service charges	101,332	113,063	203,107	236,744
<b>Net Loss and Comprehensive Loss</b>	<u>\$ 2,702,425</u>	<u>\$ 1,774,899</u>	<u>\$ 4,616,170</u>	<u>\$ 3,106,407</u>
<b>Loss per Common Share</b>				
Basic	\$ 0.07	\$ 0.05	\$ 0.12	\$ 0.09
Diluted	\$ 0.07	\$ 0.05	\$ 0.12	\$ 0.09
<b>Weighted Average Number of Common Shares Used in Per Share Calculations</b>				
Basic	40,540,887	34,338,221	39,649,929	34,030,428
Diluted	40,540,887	34,338,221	39,649,929	34,030,428

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

**PARAMOUNT GOLD NEVADA CORP.**

**Condensed Consolidated Interim Statements of Stockholders' Equity  
(Unaudited)**

	Shares (#)	Common Stock	Additional Paid-In Capital	Deficit	Total Stockholders' Equity
<b>Balance at June 30, 2021</b>	<b><u>38,154,109</u></b>	<b><u>\$ 381,542</u></b>	<b><u>\$107,005,135</u></b>	<b><u>\$(60,033,947)</u></b>	<b><u>\$ 47,352,730</u></b>
Stock based compensation	—	—	84,551	—	84,551
Capital issued for financing	2,301,058	23,011	1,875,464	—	1,898,475
Capital issued for payment of interest	168,690	1,687	161,955	—	163,642
Net loss	—	—	—	(4,616,170)	(4,616,170)
<b>Balance at December 31, 2021</b>	<b><u>40,623,857</u></b>	<b><u>\$ 406,240</u></b>	<b><u>\$109,127,105</u></b>	<b><u>\$(64,650,117)</u></b>	<b><u>\$ 44,883,228</u></b>
	Shares (#)	Common Stock	Additional Paid-In Capital	Deficit	Total Stockholders' Equity
<b>Balance at June 30, 2020</b>	<b><u>32,958,404</u></b>	<b><u>\$ 329,584</u></b>	<b><u>\$100,881,957</u></b>	<b><u>\$(54,130,329)</u></b>	<b><u>\$ 47,081,212</u></b>
Stock based compensation	—	—	278,889	—	278,889
Capital issued for services	166,792	1,668	179,790	—	181,458
Capital issued for payment of interest	183,395	1,834	203,579	—	205,413
Capital issued for financing	727,781	7,278	890,078	—	897,356
Capital issued on conversion of debt	550,609	5,506	524,343	—	529,849
Net loss	—	—	—	(3,106,407)	(3,106,407)
<b>Balance at December 31, 2020</b>	<b><u>34,586,981</u></b>	<b><u>\$ 345,870</u></b>	<b><u>\$102,958,636</u></b>	<b><u>\$(57,236,736)</u></b>	<b><u>\$ 46,067,770</u></b>

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

**PARAMOUNT GOLD NEVADA CORP.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**(Unaudited)**

	For the Six-Month Period Ended December 31, 2021	For the Six-Month Period Ended December 31, 2020
Net Loss	\$ (4,616,170)	\$ (3,106,407)
Adjustment for:		
Depreciation	1,293	1,261
Share based payments (Note 5)	—	181,458
Stock based compensation (Note 5)	84,551	278,889
Amortization of debt issuance costs (Note 6)	30,402	32,997
Interest expense	163,978	195,022
Accretion expense (Note 8)	91,938	30,020
Changes in reclamation bonds and accounts	1,215	(16,941)
(Increase)/Decrease in prepaid expenses	455,771	(108,983)
Increase/(Decrease) in accounts payable	239,307	(320,660)
<b>Cash used in operating activities</b>	<b>(3,547,715)</b>	<b>(2,833,344)</b>
Purchase of mineral properties	(20,000)	—
Purchase of equipment	(2,723)	—
<b>Cash used in investing activities</b>	<b>(22,723)</b>	<b>—</b>
Capital issued for financing, net of share issuance costs (Note 5)	1,898,475	897,356
<b>Cash provided by financing activities</b>	<b>1,898,475</b>	<b>897,356</b>
Change in cash during period	(1,671,963)	(1,935,988)
Cash at beginning of period	3,113,064	5,434,081
<b>Cash at end of period</b>	<b>\$ 1,441,101</b>	<b>\$ 3,498,093</b>

See Note 4 for supplemental cash flow information

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

**PARAMOUNT GOLD NEVADA CORP.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Six-Months Period Ended December 31, 2021 and 2020**  
**(Unaudited)**

**Note 1. Description of Business and Summary of Significant Accounting Policies**

Paramount Gold Nevada Corp. (the “Company” or “Paramount”), incorporated under Chapter 78 of Nevada Revised Statutes, and its wholly-owned subsidiaries are engaged in the acquisition, exploration and development of precious metal properties. The Company’s wholly owned subsidiaries include New Sleeper Gold LLC, Sleeper Mining Company, LLC, and Calico Resources USA Corp (“Calico”). The Company is in the process of exploring its mineral properties in Nevada and Oregon, United States. The Company’s activities are subject to significant risks and uncertainties, including the risk of failing to secure additional funding to advance its projects and the risks of determining whether these properties contain reserves that are economically recoverable. The Company’s shares of common stock trade on the NYSE American LLC under the symbol “PZG”.

**Basis of Presentation and Preparation**

The unaudited condensed consolidated interim financial statements are prepared by management in accordance with accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. In the opinion of management, all the normal and recurring adjustments necessary to fairly present the interim financial information set forth herein have been included.

The Company faces various risks related to the COVID-19 global pandemic. The Company’s primary goal during the COVID-19 pandemic is to safeguard the health of our employees, suppliers and the communities where we operate while minimizing business interruption. To date, COVID-19 pandemic has not had a material impact on our business however because of the highly uncertain and dynamic nature of events relating to the COVID-19 pandemic, it is not currently possible to predict any future impact of the COVID-19 pandemic, but these impacts could have a material adverse effect on the business, financial position, results of operations and/or cash flows. We will continue to monitor the COVID-19 situation closely. The results of operations for the interim period ended December 31, 2021 are not necessarily indicative of the operating results expected for any future period.

The condensed consolidated interim financial statements have been prepared on an accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), are presented in US dollars and follow the same accounting policies and methods of their application as the most recent annual financial statements. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended June 30, 2021.

**Significant Accounting Policies**

Please see Note 1- Description of Business and Summary of Significant Accounting Policies contained in the 2021 10-K.

**Note 2. Recent Accounting Guidance**

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity, which addresses the complexity of its guidance for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 removes the accounting models that require beneficial conversion features or cash conversion features associated with convertible instruments to be recognized as a separate component of equity, adds certain disclosure requirements for convertible instruments, amends the guidance for the derivatives scope exception for contracts in an entity’s own equity and simplifies the diluted earnings per share calculation for certain situations. This ASU is effective for the Company beginning on January 1, 2024. The Company is currently evaluating the impact of implementing these changes on the Company’s consolidated financial position, operating results and cash-flows.

### Note 3. Fair Value Measurements

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Financial assets carried at fair value on a recurring basis by level within the fair value hierarchy in the Condensed Consolidated Interim Balance Sheets at December 31, 2021 and June 30, 2021 are presented in the following table:

	Total	Fair Value at December 31, 2021			June 30, 2021
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,441,101	1,441,101	—	—	\$ 3,113,064

The carrying values of accounts payable and accrued liabilities and convertible debt (Note 6) approximate fair value as of December 31, 2021 and June 30, 2021.

### Note 4. Non-Cash Transactions

During the six-month period ended December 31, 2021, the Company issued 168,690 shares of Common Stock for payment of interest accrued and owing on its outstanding 2019 Convertible Notes.

During the six-month period ended December 31, 2020, the Company issued 183,395 shares of Common Stock for payment of interest accrued and owing on its outstanding 2019 Convertible Notes. Additionally, 550,609 shares of Common Stock were issued upon the conversion of 551 of its outstanding 2019 Convertible Notes. The Company also issued 166,792 shares of Common Stock to Ausenco Engineering USA South Inc. in exchange for services valued at \$183,471.

### Note 5. Capital Stock

#### Authorized Capital

Authorized capital stock consists of 200,000,000 common shares with par value of \$0.01 per common share (June 30, 2021 – 200,000,000 common shares with par value \$0.01 per common share).

During the six-month period ended December 31, 2021, the Company issued 2,301,058 shares at an approximate average price of \$0.853 for gross proceeds of \$1,963,931 through its at-the-market offering. Share issuance costs related to this were \$65,456. The Company also issued 168,690 shares for payment of interest accrued and owing (Note 6) with a fair value of \$163,642.

During the six-month period ended December 31, 2020, the Company issued 727,781 shares at an approximate average price of \$1.30 for gross proceeds of \$948,026. Share issuance costs including commissions were \$50,670 for net proceeds of \$897,356. The Company also issued 183,395 shares for payment of interest accrued and owing at June 30, 2020 (Note 6) with a fair value of \$205,413. The Company also issued 550,609 shares upon the conversion of 551 of the 2019 Senior Secured Convertible Notes (Note 6).

At December 31, 2021 there were 40,623,857 common shares issued and outstanding (June 30, 2021 – 38,154,109 common shares).

#### Stock Options and Stock Based Compensation

Paramount's 2015 and 2016 Stock Incentive and Compensation Plans, which are stockholder-approved, permits the grant of stock options and stock to its employees and directors for up to 3.5 million shares of common stock. Option awards are generally granted

with an exercise price equal to the market price of Paramount's stock at the date of grant and have contractual lives of 5 years. To better align the interests of its key executives, employees and directors with those of its shareholders a significant portion of those share option awards will vest contingent upon meeting certain stock price appreciation performance goals and other performance conditions. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the employee share option plan).

During the three-month period ended December 31, 2021, the Company did not grant any stock options (2020 – 700,000).

During the three-month period ended December 31, 2021, share-based compensation expense relating to service condition options and performance condition options was \$25,410 and \$16,470, respectively (2020 - \$176,973 and \$24,492).

During the six-month period ended December 31, 2021, the Company did not grant any stock options (2020 – 755,000).

During the six-month period ended December 31, 2021, share-based compensation expense relating to service condition options and performance condition options was \$48,050 and \$36,501, respectively (2020 - \$200,002 and \$78,887).

The fair value for these options was calculated using the Black-Scholes option valuations method. The weighted average assumptions used for the six-month period ended December 31, 2021 and six-month period ended December 31, 2020 were as follows:

	Six-Months Ended December 31, 2021	Six-Months Ended December 31, 2020
Weighted average risk-free interest rate	N/A	0.22%
Weighted-average volatility	N/A	60%
Expected dividends	N/A	\$ 0.00
Weighted average expected term (years)	N/A	5.00
Weighted average fair value	N/A	\$ 0.57

A summary of option activity under the Stock Incentive and Compensation Plans as of December 31, 2021 is presented below:

Options	Options	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2020	1,243,995	\$ 1.20	3.63	\$ 165,600
Granted	755,000	1.13	4.44	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Outstanding at June 30, 2021	1,998,995	\$ 1.17	3.31	\$ —
Granted	—	—	—	\$ —
Exercised	—	—	—	—
Forfeited or expired	(190,000)	—	—	—
Outstanding at December 31, 2021	1,808,995	\$ 1.14	2.92	\$ —
Exercisable at December 31, 2021	1,151,662	\$ 1.15	2.97	\$ —

A summary of the status of Paramount's non-vested options as at December 31, 2021 is presented below:

Non-vested Options	Options	Weighted-Average Grant-Date Fair Value
Non-vested at June 30, 2020	943,992	\$ 0.51
Granted	755,000	0.56
Vested	(664,994)	0.50
Forfeited or expired	—	—
Non-vested at June 30, 2021	<u>1,033,998</u>	<u>\$ 0.55</u>
Granted	—	—
Vested	(288,332)	0.53
Forfeited or expired	(88,333)	0.73
Non-vested at December 31, 2021	<u><u>657,333</u></u>	<u><u>\$ 0.55</u></u>

As of December 31, 2021, there was \$36,091 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the employee share option plans. That cost is expected to be recognized over a weighted-average period of 1.15 years. The total fair value of stock based compensation arrangements vested during the six-month period ended December 31, 2021 and 2020, was \$152,279 and \$nil, respectively.

#### Note 6. Convertible Debt

	Debt			
	December 31, 2021		June 30, 2021	
	Current	Non-Current	Current	Non-Current
2019 Secured Convertible Notes	\$ —	\$ 4,277,690	\$ —	\$ 4,277,690
Less: unamortized discount and issuance costs	—	(85,786)	—	(116,188)
	<u>\$ —</u>	<u>\$ 4,191,904</u>	<u>\$ —</u>	<u>\$ 4,161,502</u>

In September 2019, the Company completed a private offering of 5,478 Senior Secured Convertible Notes ("2019 Convertible Notes") at \$975 per \$1,000 face amount due in 2023. Each 2019 Convertible Note will bear an interest rate of 7.5% per annum, payable semi-annually. The effective interest rate of the 2019 Convertible Notes is 9.23%. The principal amount of the 2019 Convertible Notes will be convertible at a price of \$1.00 per share of Paramount common stock. Unamortized discount and issuance costs of \$275,883 will be amortized as an additional interest expense over the four year term of the 2019 Convertible Notes. During the six-month period ended December 31, 2021, the Company amortized \$30,402 (2020- \$53,758) of discount and issuance costs. At any point after the second anniversary of the issuance of the convertible notes, Paramount may force conversion if the share price of its common stock remains above \$1.75 for 20 consecutive trading days. The convertible notes are secured by a lien on all assets of the Company and the Company is required to maintain a working capital balance of \$250,000. At December 31, 2021, the working capital covenant was met by the Company.

During the six-month period ended December 31, 2021, there were no conversions of 2019 Convertible Notes to common stock of the Company.

During the six-month period ended December 31, 2020, 551 of the 2019 Convertible Notes outstanding were converted into 550,609 shares of common stock of the Company (Note 5) and \$20,760 of unamortized discount and issuance costs were debited to additional paid in capital to reflect the issued common stock.

## Note 7. Mineral Properties

The Company has capitalized acquisition costs on mineral properties as follows:

	December 31, 2021	June 30, 2021
Sleeper and other Nevada based Projects	\$ 26,031,976	\$ 26,011,976
Grassy Mountain and other Oregon based Projects	23,210,728	23,185,728
	<u>\$ 49,242,704</u>	<u>\$ 49,197,704</u>

### Sleeper:

Sleeper is located in Humboldt County, Nevada, approximately 26 miles northwest of the town of Winnemucca. The Sleeper Gold Mine consists of 2,322 unpatented mining claims totaling approximately 38,300 acres.

### Grassy Mountain:

The Grassy Mountain Project is located in Malheur County, Oregon, approximately 22 miles south of Vale, Oregon, and roughly 70 miles west of Boise, Idaho. It consists of 442 unpatented lode claims, 3 patented lode claims, and various leased fee land surface and surface/mineral rights, covering approximately 8,300 acres.

## Note 8. Reclamation and Environmental

Reclamation and environmental costs are based principally on legal requirements. Management estimates costs associated with reclamation of mineral properties and properties under mine closure. On an ongoing basis the Company evaluates its estimates and assumptions; however, actual amounts could differ from those based on estimates and assumptions.

The Company has posted several cash bonds as financial security to satisfy reclamation requirements. The balance of posted cash reclamation bonds at December 31, 2021 is \$500,738 (June 30, 2021 - \$533,703).

Paramount is responsible for managing the reclamation activities from the previous mine operations at the Sleeper Gold Mine as directed by the BLM and the Nevada State Department of Environmental Protection ("NDEP"). Paramount has estimated the undiscounted reclamation costs for existing disturbances at the Sleeper Gold Project required by the BLM to be \$3,557,944. These costs are expected to be incurred between the calendar years 2021 and 2060. Paramount has also estimated undiscounted reclamation cost as required by the NDEP to be \$1,470,000. These costs include on-going monitoring and new requests from the NDEP to convert three processing ponds from the historical operations to evaporation cell ponds by 2023. On-going monitoring costs are expected to be incurred between 2022 and 2039. The sum of expected costs by year are discounted using the Company's credit adjusted risk free interest rate from the time it expects to pay the retirement to the time it incurs the obligation. The asset retirement obligation for the Sleeper Gold Project recorded on the balance sheet is equal to the present value of the estimated reclamation costs as required by both the BLM and NDEP.

The following variables were used in the calculation for the periods ending December 31, 2021 and June 30, 2021:

	Six-Months Ended December 31, 2021	Year Ended June 30, 2021
Weighted-average credit adjusted risk free rate	9.89%	9.89%
Weighted-average inflation rate	2.31%	2.31%

Changes to the Company's asset retirement obligations for the Sleeper Gold Mine for the six-month period ended December 31, 2021 and the year ended June 30, 2021 are as follows:

	Six-Month Period Ended December 31, 2021	Year Ended June 30, 2021
Balance at beginning of period	\$ 1,849,644	\$ 615,170
Accretion expense	91,938	60,040
Additions and change in estimates	—	1,498,950
Settlements	(31,750)	(324,516)
Balance at end of period	<u>\$ 1,909,832</u>	<u>\$ 1,849,644</u>

The balance of the asset retirement obligation of \$1,909,832 at December 31, 2021 (June 30, 2021 -\$1,849,644 ) is comprised of a current portion of \$290,272 (June 30, 2020 -\$310,022 ) and a non-current portion of \$1,619,560 (June 30, 2020 -\$1,539,622). The Company recorded an accretion expense for the three and six-month period ended December 31, 2021 of \$45,969 and \$91,938 (2020 - \$15,010 and \$30,020).

#### Note 9. Other Income

The Company's other income details for the three and six-month periods ended December 31, 2021 and 2020 were as follows:

	Three- Month Period Ended December 31, 2021	Six- Month Period Ended December 31, 2021	Three- Month Period Ended December 31, 2020	Six- Month Period Ended December 31, 2020
Re-imbusement of reclamation costs	\$ —	\$ 110,441	\$ 185,852	\$ 249,057
Leasing of water rights to third party	—	5,858	—	5,743
Total	<u>\$ —</u>	<u>\$ 116,299</u>	<u>\$ 185,852</u>	<u>\$ 254,800</u>

#### Note 10. Segmented Information

Segmented information has been compiled based on the material mineral properties in which the Company performs exploration activities.

Expenses and mineral property carrying values by material project for the three and six-month periods ended December 31, 2021:

	Exploration Expenses		Land Holding Costs		Mineral Properties As at December 31, 2021
	Three- Month Period Ended December 31, 2021	Six-Month Period Ended December 31, 2021	Three- Month Period Ended December 31, 2021	Six -Month Period Ended December 31, 2021	
Sleeper Gold Project and other Nevada based Projects	\$ 648,703	\$ 983,945	\$ 124,633	\$ 237,448	\$ 26,031,976
Grassy Mountain Project and other Oregon based Projects	1,259,158	2,180,723	48,501	76,879	23,210,728
	<u>\$ 1,907,861</u>	<u>\$ 3,164,668</u>	<u>\$ 173,134</u>	<u>\$ 314,327</u>	<u>\$ 49,242,704</u>

Expenses for the three and six-month periods ended December 31, 2020 and mineral property carrying values as at June 30, 2021 by material project:

	Exploration Expenses		Land Holding Costs		Mineral Properties As at June 30, 2021
	Three-Month Period Ended December 31, 2020	Six-Month Period Ended December 31, 2020	Three-Month Period Ended December 31, 2020	Six-Month Period Ended December 31, 2020	
Sleeper Gold Project and other Nevada based Projects	\$ 148,623	\$ 431,884	\$ 106,906	\$ 213,810	\$ 26,011,976
Grassy Mountain Project and other Oregon based Projects	725,865	1,078,631	23,494	47,774	23,185,728
	<u>\$ 874,488</u>	<u>\$ 1,510,515</u>	<u>\$ 130,400</u>	<u>\$ 261,584</u>	<u>\$ 49,197,704</u>

## Note 11. Commitments and Contingencies

### *Other Commitments*

Paramount has an agreement to acquire 44 mining claims (“Cryla Claims”) covering 589 acres located immediately to the west of the proposed Grassy Mountain site from Cryla LLC. Paramount is obligated to make annual lease payments of \$40,000 per year for the first two years of the lease term commencing in 2018 and \$60,000 per year thereafter with an option to purchase the Cryla Claims for \$560,000 at any time. The term of the agreement is 25 years. In the event Paramount exercises its option to acquire the Cryla Claims, all annual payments shall be credited against a production royalty that will be based on a prevailing price of the metals produced from the Cryla Claims. The royalty rate ranges between 2% and 4% based on the daily price of gold. The agreement with Cryla can be terminated by Paramount at any time. All lease payments under the agreement are up-to-date and no other payments were made during the six-month period ended December 31, 2021. The Cryla Claims are without known mineral reserves and there is no current exploratory work being performed.

Paramount has an agreement with Nevada Select Royalty (“Nevada Select”) to purchase 100% of the Frost Project, which consists of 40 mining claims located approximately 12 miles west of its Grassy Mountain Project. A total consideration of \$250,000 payable to Nevada Select will be based on certain events over time. Nevada Select will retain a 2% NSR on the Frost Claims and Paramount has the right to reduce the NSR to 1% for a payment of \$1 million. For the six-month period ended December 31, 2021, the Company has made all required payments under the agreement. The Frost Claims are without known mineral reserves.

During the six-month period ended December 31, 2021, the Company entered into an option agreement with Nevada Select to purchase the Bald Peak mining claims in the State of Nevada and California for a total consideration of \$300,000. Payments under the agreement will be based on achieving certain events over time. Upon signing the agreement Paramount made a payment to Nevada Select of \$20,000. The Bald Peak Claims are without known mineral reserves.

## Note 12. Subsequent Events

Subsequent to the period end, the Company issued 235,894 shares of Common Stock at a fair value price of \$0.68 for payment of interest accrued and owing at December 31, 2021 on its outstanding 2019 Convertible Notes.

Subsequent to the period end, the Company issued 2,919,045 ATM shares at an average price of \$0.70 for gross proceeds of approximately \$2,043,332.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

Certain statements in this Quarterly Report on Form 10-Q (“Form 10-Q”) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give the Company's current expectations and forecasts of future events. All statements other than statements of current or historical fact contained in this quarterly report, including statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are based on the Company's current plans, and the Company's actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Any or all of the forward-looking statements in this quarterly report may turn out to be inaccurate. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and assumptions. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form 10-Q, and in the risk factors on Form 10-K that was filed with the U.S. Securities and Exchange Commission (SEC) on September 17, 2021. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

### **Cautionary Note to U.S. Investors**

Paramount is subject to the reporting requirements of the Exchange Act and this filing and other U.S. reporting requirements are governed by the SEC Industry Guide 7. Additionally, Paramount is subject to certain reporting requirements under applicable Canadian securities laws with respect to our material mineral properties under National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) We caution investors that certain terms used under Canadian reporting requirements and definitions of NI 43-101 to describe mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Therefore, investors are cautioned not to assume that all or any part of the mineralized material contained at any of our material projects will ever be converted to Industry Guide 7 compliant reserves.

### **Overview**

We are a company engaged in the business of acquiring, exploring and developing precious metal projects in the United States of America. Paramount owns advanced stage exploration projects in the states of Nevada and Oregon. We enhance the value of our projects by implementing exploration and engineering programs that have the goal to expand and upgrade known mineralized material to reserves. The following discussion updates our outlook and plan of operations for the foreseeable future. It also analyzes our financial condition and summarizes the results of our operations for the three and six-month period ended December 31, 2021 and compares these results to the results of the prior year three and six-month period ended December 31, 2020.

### **Operating Highlights:**

During the six-month period ended December 31, 2021, the Company conducted several exploration programs and continued with its permitting at its Grassy Mountain Project. Highlights include:

- Submitted a modified Consolidated Permit Application (the “CPA”) with the State of Oregon seeking approval to construct and operate its proposed gold mine for its Grassy Mountain Project.
- Submitted a modified Plan of Operation to the Bureau of Land Management (the “BLM”) for its proposed mining operations for its Grassy Mountain Project.
- Entering into an option agreement with Nevada Select Royalty to purchase 100% interest in the Bald Peak Project (“Bald Peak”) located in Mineral County, Nevada. Total consideration of \$300,000 will be paid based on achieving certain milestones over time.
- Initiated a drill exploration program to test several targets identified to bring its Sleeper Gold Project back into production.
- Completed surface sampling and a geophysical survey at its Bald Peak Project in Nevada. Both these programs confirm a large and shallow target that the Company will design and plan a new drill program in 2022.
- Received positive assay results from geotechnical drill holes at its Grassy Mountain Project that indicate the potential for additional economic material to be used during mine operations.

- Received from Malheur County an extension on the Conditional Use Permit for the proposed Grassy Mountain underground mine.
- Commenced a 15-hole reverse circulation drill program at the Frost Project which is located 12 miles from the Company's Grassy Mountain Project in Eastern Oregon.

### **Outlook and Plan of Operation:**

We believe that investors will gain a better understanding of the Company if they understand how we measure and disclose our results. As an exploration and development company, we do not generate cash flow from our operations. We recognize the importance of managing our liquidity and capital resources. We pay close attention to all cash expenses and look for ways to minimize them when possible. We ensure we have sufficient cash on hand to meet our annual land holding costs as the maintenance of mining claims and leases are essential to preserve the value of our mineral property assets.

Having accomplished many of the activities we outlined in our Annual Report on Form 10-K for the year ended June 30, 2021, the Company now expects to undertake the following activities in the next several months:

### **Grassy Mountain Project:**

As a result of submitting both its state and federal modified permit applications, Paramount will continue to work with both regulators to ensure both applications are deemed complete. We expect the interaction between the Company and both the State of Oregon and the BLM to be a highly interactive process. Due to the amount of information contained in both applications, the Company is allocating significant resources to ensure this stage of permitting is completed in a timely fashion. For the State of Oregon permitting process, once the CPA is deemed complete, the State of Oregon will initiate an environmental assessment of the proposed operation and commence the preparation of draft permits. These activities by state law must be completed within a 225 day period. For federal permitting, once the submitted Plan of Operation (the "PoO") is deemed complete, the BLM will initiate the National Environmental Policy Act process which includes an Environmental Impact Statement for the proposed mining operation.

### **Sleeper Gold Project:**

With results pending from its recent drill exploration program and results of a comprehensive review of all geological, geochemical and geophysical data, Paramount will commission a new technical and economic analysis of its Sleeper Gold Project. In addition to providing updated information on the project, the technical report will allow the Company to provide disclosures specified by the Securities Exchange Commission amendments that modernize the property disclosure requirements for mining registrants under Regulation S-K (Subpart 1300).

### **COVID-19 Update**

Paramount continues to monitor the evolution of the COVID-19 pandemic and continues to evaluate its business activities and plans. Our priority is to ensure the health and safety of our employee and consultants. We continue to perform the majority of our activities remotely with a limited amount of on-site or in-office attendance only when required.

### **Comparison of Operating Results for the three and six-months ended December 31, 2021 and 2020**

#### **Results of Operations**

We did not earn any revenue from mining operations for the three and six-months ended December 31, 2021 and 2020.

#### **Net Loss**

Our net loss for the three-months ended December 31, 2021 was \$2,702,425 compared to a net loss of \$1,774,899 in the previous three-month period ended December 31, 2020. The drivers of the increase in net loss of 52% are fully described below.

Our net loss for the six-months ended December 31, 2021 was \$4,616,170 compared to a net loss of \$3,106,407 in the previous six-months period ended December 31, 2020. The drivers of the increase in net loss of 49% are fully described below.

The Company expects to incur losses for the foreseeable future as we continue with our planned exploration and development programs.

## **Expenses**

### ***Exploration and Land Holding Costs***

For the three-month period ended December 31, 2021 and 2020, exploration expenses were \$1,907,861 and \$874,488, respectively. This represents an increase of 118% or \$1,033,373. The increase was a result of the Company completing several activities at both its Oregon and Nevada based projects. At Grassy Mountain the Company continued with permitting activities with the State of Oregon and the BLM and submitted modified permit applications and at our Frost Project the Company completed a drill program. These expenses totaled \$1,244,835. At Sleeper, the Company initiated a small drill program to test zones of mineralization and at its Bald Peak Project the Company conducted rock surface sampling. Total exploration expenses at the Sleeper Gold Project and Bald Peak during the current three-month period were \$648,703. In the prior year comparable period the company focused its efforts on completing the feasibility study for the Grassy Mountain Project and incurred expenses related to reclamation activities its Sleeper Gold Project.

For the three-month period ended December 31, 2021 and 2020, land holding costs were \$173,134 and \$130,400, respectively. The increase of land holding costs was primarily due to the acquisition of Bald Peak Project in Nevada.

For the six-month period ended December 31, 2021 and 2020, exploration expenses were \$3,164,668 and \$1,510,515, respectively. This represents an increase of 110% or \$1,654,153. The increase was a result of the Company completing several activities at both its Oregon and Nevada based projects. At Grassy Mountain the Company continued with permitting activities with the State of Oregon and the BLM and submitted modified permit applications and at our Frost Project completed a drill program. These expenses totaled \$2,166,400. At Sleeper, the Company initiated a small drill program to test zones of mineralization and at its Bald Peak Project conducted rock surface sampling and completed a geophysical survey. Total exploration expenses at the Sleeper Gold Project and Bald Peak during the current six-month period were \$983,945. In the prior year comparable period the Company focused its efforts on completing the feasibility study for the Grassy Mountain Project and incurred expenses related to reclamation activities its Sleeper Gold Project.

For the six-month period ended December 31, 2021 and 2020, land holding costs were \$314,327 and \$261,584, respectively. The increase of land holding costs was primarily due to the acquisition of Bald Peak Property in Nevada.

### ***Salaries and Benefits***

For the three-month period ended December 31, 2021, salary and benefits decreased by 63% or by \$363,872 to \$216,063 from the prior year's three-month period ended December 31, 2020. Salary and benefits are comprised of cash and stock-based compensation of the Company's executive and corporate administration teams. The decrease primarily reflects lower cash bonus and stock-based compensation that was recorded during the three-month period ended December 31, 2021 compared to the three-month period ended December 31, 2020. Included in the salary and benefits expense amount for the three-month period ended December 31, 2021 and 2020 was a non-cash stock-based compensation of \$33,575 and \$57,922, respectively.

For the six-month period ended December 31, 2021, salary and benefits decreased by 45% or by \$372,399 to \$463,478 from the prior year's six-month period ended December 31, 2020. Salary and benefits are comprised of cash and stock-based compensation of the Company's executive and corporate administration teams. The decrease primarily reflects lower cash bonus and stock-based compensation that was recorded during the six-month period ended December 31, 2021 compared to the six-month period ended December 31, 2020. Included in the salary and benefits expense for the six-month period ended December 31, 2021 and 2020 was non-cash stock-based compensation of \$79,669 and \$116,851, respectively.

### ***Directors' Compensation***

For the three-month period ended December 31, 2021, directors' compensation decreased by 57% or by \$25,888 to \$19,281 from the three-month period ended December 31, 2020. Directors' compensation consists of cash and stock-based compensation of the Company's board of directors. The decrease reflects lower stock-based compensation recorded in the current quarter compared to the prior year's comparable period.

For the six-month period ended December 31, 2021, directors' compensation decreased by 56% or by \$42,993 to \$33,118 from the six-month period ended December 31, 2020. Directors' compensation consists of cash and stock-based compensation of the Company's board of directors. The decrease reflects the lower stock-based compensation recorded in the current quarter compared to the prior year's comparable period.

### ***Professional Fees and General and Administration***

For the three-month period ended December 31, 2021 and 2020, professional fees were \$21,050 and \$28,699, respectively. This represents a decrease of 27% or \$7,649. Professional fees included legal, advisory and consultant expenses incurred on corporate and operational activities being performed by the Company on a period-by-period basis.

For the three-month period ended December 31, 2021, general and administration expenses increased by 29% to \$161,346 from \$124,752 from the three-month period ended December 31, 2020. The increase in general and administration expenses from the previous year's comparable period was mainly due to an increase in travel related expenses and insurance costs.

For the six-month period ended December 31, 2021 and 2020, professional fees were \$66,014 and \$73,151, respectively. This represents a decrease of 10%. Professional fees included legal, advisory and consultant expenses incurred on corporate and operational activities being performed by the Company on a period-by-period basis.

For the six-month period ended December 31, 2021, general and administration expenses increased by 18% to \$281,207 from \$238,877 from the previous six-month period ended December 31, 2020. The increase in general and administration expenses from the previous year's comparable period was mainly due to an increase in travel related expenses and insurance costs.

### **Liquidity and Capital Resources**

As an exploration and development company, Paramount funds its operations, reclamation activities and discretionary exploration programs with its cash on hand. At December 31, 2021, we had cash and cash equivalents of \$1,441,101 compared to \$3,113,064 as at June 30, 2021. In May 2020, the Company established an \$8.0 million "at the market" equity offering program with Cantor Fitzgerald & Co. and Canaccord Genuity LLC to proactively increase its financial flexibility. During the six-months ended December 31, 2021, the Company issued 2,301,058 shares for net proceeds of \$1,898,475 under the program.

The main uses of cash for the six-month period ended December 31, 2021 comprised of the following material amounts:

- Cash used in operating activities which included general and administration expenses, land holding costs, exploration programs at our Grassy Mountain and Sleeper Gold Projects and reclamation activities of \$3,567,715 in the aggregate

We anticipate our cash expenditures for the remainder of our fiscal year ending June 30, 2022 to be as follows:

- \$1.1 million on corporate and general expenses

For discretionary exploration and permitting programs, subject to available cash on hand and additional share issuances, we are budgeting the following amounts for the remainder of our fiscal year ending June 30, 2022:

- \$1.5 million on the Grassy Mountain Project state and federal permitting activities
- \$0.3 million on a new technical report for the Sleeper Gold Project

Our anticipated expenditures will be funded by our cash on hand and by other capital resources. Historically, we and other similar exploration and development public companies have accessed capital through equity financing arrangements or by the sale of royalties on its mineral properties. If, however we are unable to obtain additional capital or financing, our exploration and development activities will be significantly adversely affected.

### **Critical Accounting Policies**

Management considers the following policies to be most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows. Our financial statements are affected by the accounting policies used and the estimates and assumptions made by management during their preparation. Management believes the Company's critical accounting policies are those related to mineral property acquisition costs, exploration and development cost, stock-based compensation, asset retirement obligations, derivative accounting and foreign currency translation.

### *Mineral property acquisition costs*

The Company capitalizes the cost of acquiring mineral properties and will amortize these costs over the useful life of a property following the commencement of production or expense these costs if it is determined that the mineral property has no future economic value or the properties are sold or abandoned. Costs include cash consideration and the fair market value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts of the specific mineral property at the time the payments are made.

The amounts recorded as mineral properties reflect actual costs incurred to acquire the properties and do not indicate any present or future value of economically recoverable reserves.

### *Exploration expenses*

We record exploration expenses as incurred. When we determine that a precious metal resource deposit can be economically and legally extracted or produced based on established proven and probable reserves, further exploration expenses related to such reserves incurred after such a determination will be capitalized. To date, we have not established any proven or probable reserves and will continue to expense exploration expenses as incurred.

### *Stock Based Compensation*

For stock option grants with market conditions that affect vesting, the Company uses a lattice approach incorporating a Monte Carlo simulation to value stock options granted.

Option awards are generally granted with an exercise price equal to the market price of Paramount's stock at the date of grant and have contractual lives of 5 years. To better align the interests of its key executives, employee and directors with those of its shareholders a significant portion of those share option awards will vest contingent upon meeting certain stock price appreciation performance goals and other performance conditions. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the employee share option plan). For stock option grants made in the fiscal years ended June 30, 2021 and 2020, the Company used the Black-Scholes option valuation model to value stock options granted. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

### *Use of Estimates*

The Company prepares its consolidated financial statements and notes in conformity to United States Generally Accepted Accounting Principles ("U.S. GAAP") and requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates these estimates, including those related to allowances for doubtful accounts receivable, long-lived assets and asset retirement obligations. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

### **Off-Balance Sheet Arrangements**

We are not currently a party to, or otherwise involved with, any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, or capital resources.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

#### **Foreign Currency Exchange Rate Risk**

The Company holds cash balances in both U.S. and Canadian dollars. We transact most of our business in US dollars. We do not manage our foreign currency exchange rate risk through the use of financial or derivative instruments, forward contracts or hedging activities.

In general, the strengthening of the U.S. dollar will positively impact our expenses transacted in Canadian dollars. Conversely, any weakening of the U.S dollar will increase our expenses transacted in Canadian dollars. We do not believe that any weakening of the U.S. dollar as compared to the Canadian dollar will have an adverse material effect on our operations.

#### **Interest Rate Risk**

The Company's investment policy for its cash and cash equivalents is focused on the preservation of capital and supporting the liquidity requirements of the Company. The Company's interest earned on its cash balances is impacted on the fluctuations of U.S. interest rates. We do not use interest rate derivative instruments to manage exposure to interest rate changes. We do not believe that interest rate fluctuations will have any material effect on our operations.

#### **Item 4. Controls and Procedures.**

##### **(a) Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The evaluation considered the procedures designed to ensure that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

##### **(b) Changes in Internal Control over Financial Reporting**

During the period covered by this Quarterly Report on Form 10-Q, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 13d-15(d) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

##### **(c) Inherent Limitations of Disclosure Controls and Internal Controls over Financial Reporting**

Because of its inherent limitations, disclosure controls and internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation or effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **PART II – OTHER INFORMATION**

### **Item 1A. Risk Factors.**

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended June 30, 2021.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

### **Item 4. Mine Safety Disclosures.**

Not applicable.

## PART IV

### Item 6. Exhibits.

- (a) Index to Exhibits

<b>Exhibit Number</b>	<b>Description</b>
31.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS*	Inline XBRL Instance Document -the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2021, has been formatted in Inline XBRL.

\* Filed herewith.

