



(An exploration company)

**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

**Fury Gold Mines Limited****Condensed Interim Consolidated Statements of Financial Position**

(Expressed in thousands of Canadian dollars – Unaudited)

	Note	At March 31 2022	At December 31 2021
<b>Assets</b>			
<b>Current assets:</b>			
Cash		\$ 4,998	\$ 3,259
Marketable securities	4	650	605
Accounts receivable		265	322
Prepaid expenses and deposits		550	502
		<b>6,463</b>	4,688
<b>Non-current assets:</b>			
Restricted cash		130	130
Accounts receivable		-	50
Prepaid expenses and deposits		198	266
Property and equipment		1,108	1,191
Mineral interests	5	143,872	160,693
Investment in associate	6	59,990	-
		<b>205,298</b>	162,330
<b>Total assets</b>		<b>\$ 211,761</b>	\$ 167,018
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 1,266	\$ 1,888
Lease liability		110	104
Flow-through share premium liability	7	2,721	3,124
		<b>4,097</b>	5,116
<b>Non-current liabilities:</b>			
Lease liability		326	357
Provision for site reclamation and closure		3,848	4,190
<b>Total liabilities</b>		<b>\$ 8,271</b>	\$ 9,663
<b>Equity:</b>			
Share capital	9	\$ 295,464	\$ 295,464
Share option and warrant reserve	10	19,139	18,640
Deficit		(111,113)	(156,749)
<b>Total equity</b>		<b>\$ 203,490</b>	\$ 157,355
<b>Total liabilities and equity</b>		<b>\$ 211,761</b>	\$ 167,018

Commitments (notes 11(a), 14) Subsequent events (notes 11(a), 15)

Approved on behalf of the Board of Directors:

"Forrester A. Clark"  
Chief Executive Officer

"Steve Cook"  
Director

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

**Fury Gold Mines Limited****Condensed Interim Consolidated Statements of (Earnings) Loss and Comprehensive (Income) Loss**

(Expressed in thousands of Canadian dollars, except per share amounts – Unaudited)

		<b>Three months ended March 31</b>	
	Note	<b>2022</b>	<b>2021</b>
<b>Operating expenses:</b>			
Exploration and evaluation	8	\$ <b>1,272</b>	\$ 3,688
Fees, salaries, and other employee benefits	10	<b>758</b>	1,261
Insurance		<b>193</b>	133
Legal and professional		<b>236</b>	917
Marketing and investor relations		<b>218</b>	592
Office and administration		<b>136</b>	200
Regulatory and compliance		<b>69</b>	117
		<b>2,882</b>	6,908
<b>Other income, net:</b>			
Net gain on disposition of mineral interests	3	<b>(48,390)</b>	-
Unrealized net (gain) loss on marketable securities	4	<b>(45)</b>	932
Net loss from associate	6	<b>449</b>	-
Amortization of flow-through share premium	7	<b>(403)</b>	(1,223)
Accretion of provision for site reclamation and closure		<b>17</b>	13
Interest expense on lease liability		<b>21</b>	26
Interest income		<b>(4)</b>	(20)
Foreign exchange loss		<b>2</b>	6
		<b>(48,353)</b>	(266)
<b>(Earnings) loss before taxes</b>			
		<b>(45,471)</b>	6,642
Income tax refunded	12	<b>(165)</b>	(1,717)
<b>Net (earnings) loss</b>			
		\$ <b>(45,636)</b>	\$ 4,925
<b>Total comprehensive (income) loss</b>			
		\$ <b>(45,636)</b>	\$ 4,925
<b>(Earnings) loss per share:</b>			
Basic and diluted (earnings) loss per share	13	\$ <b>(0.37)</b>	\$ 0.04

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

**Fury Gold Mines Limited****Condensed Interim Consolidated Statements of Equity**

(Expressed in thousands of Canadian dollars, except share amounts – Unaudited)

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Share option and warrant reserve</b>	<b>Deficit</b>	<b>Total</b>
Balance at December 31, 2020	117,823,857	\$ 294,710	\$ 11,521	\$ (139,959)	\$ 166,272
Total comprehensive loss	-	-	-	(4,925)	(4,925)
Warrants exercised	10,793	17	(1)	-	16
Share-based compensation	-	-	913	-	913
Balance at March 31, 2021	117,834,650	\$ 294,727	\$ 12,433	\$ (144,884)	\$ 162,276
Balance at December 31, 2021	125,720,950	\$ 295,464	\$ 18,640	\$ (156,749)	\$ 157,355
Total comprehensive income	-	-	-	<b>45,636</b>	<b>45,636</b>
Share-based compensation (note 10(a))	-	-	<b>499</b>	-	<b>499</b>
<b>Balance at March 31, 2022</b>	<b>125,720,950</b>	<b>\$ 295,464</b>	<b>\$ 19,139</b>	<b>\$ (111,113)</b>	<b>\$ 203,490</b>

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

**Fury Gold Mines Limited****Condensed Interim Consolidated Statements of Cash Flows**

(Expressed in thousands of Canadian dollars – Unaudited)

		<b>Three months ended March 31</b>	
	Note	<b>2022</b>	<b>2021</b>
<b>Operating activities:</b>			
Net earnings (loss)		\$ 45,636	\$ (4,925)
Adjusted for:			
Interest income		(4)	(20)
Items not involving cash:			
Net gain on disposition of mineral interests	3	(48,390)	-
Unrealized net (gain) loss on marketable securities	4	(45)	932
Depreciation		86	90
Net loss from associate	6	449	-
Amortization of flow-through share premium	7	(403)	(1,223)
Accretion expense		17	13
Share-based compensation	11	499	913
Interest expense on lease liability		21	26
Changes in non-cash working capital	13	(564)	334
Cash used in operating activities		(2,698)	(3,860)
<b>Investing activities:</b>			
Interest received		4	20
Acquisition of Eastmain, net of cash acquired		-	(1,209)
Proceeds from disposition of mineral interests, net of transaction costs	3	4,479	-
Property and equipment additions		-	(69)
Cash provided by (used in) investing activities		4,483	(1,258)
<b>Financing activities:</b>			
Lease payments		(46)	(44)
Proceeds from share option and warrant exercises		-	16
Cash used in financing activities		(46)	(28)
<b>Increase (decrease) in cash</b>		<b>1,739</b>	<b>(5,146)</b>
Cash, beginning of the period		3,259	15,361
<b>Cash, end of the period</b>		<b>\$ 4,998</b>	<b>\$ 10,215</b>

Supplemental cash flow information (note 12)

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

## **Note 1: Nature of operations**

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Fury Gold Mines Limited (the "Company" or "Fury Gold") was incorporated on June 9, 2008, under the *Business Corporations Act* (British Columbia) and is listed on the Toronto Stock Exchange and the NYSE-American, with its common shares trading under the symbol FURY. The Company's registered and records office is at 1500-1055 West Georgia Street Vancouver, BC, V6E 4N7 and the mailing address is 1630-1177 West Hastings Street, Vancouver, BC, V6E 2K3.

The Company's principal business activity is the acquisition and exploration of resource projects in Canada. At March 31, 2022, the Company had two principal projects: Eau Claire in Quebec, and Committee Bay in Nunavut.

### **Sale of Homestake Resources Corporation**

On December 6, 2021, the Company entered into a definitive agreement (the "Purchase Agreement") with Dolly Varden Silver Corporation ("Dolly Varden") pursuant to which the Company agreed to sell to Dolly Varden a 100% interest in Fury Gold's wholly owned subsidiary, Homestake Resources Corporation ("Homestake Resources") in exchange for \$5,000 in cash and 76,504,590 common shares in Dolly Varden. Homestake Resources is the owner of a 100% interest in the Homestake Ridge gold-silver project which is located adjacent to the Dolly Varden Project owned by Dolly Varden in the Golden Triangle, British Columbia ("the Dolly Varden Transaction"). The Dolly Varden Transaction completed on February 25, 2022. As a result, Fury acquired 76,504,590 common shares of Dolly Varden on February 25, 2022, representing approximately 35.3% of the Dolly Varden Shares currently outstanding and 32.9% of Dolly Varden on a fully diluted basis.

In connection with the Dolly Varden Transaction and as contemplated in the Purchase Agreement, Dolly Varden and Fury Gold have also entered into an investor rights agreement dated February 25, 2022 (the "Investor Rights Agreement"). Pursuant to its obligations under the Investor Rights Agreement, Dolly Varden has appointed Forrester "Tim" Clark, the Chief Executive Officer ("CEO") of Fury Gold, and Michael Henrichsen, the Chief Geological Officer of Fury Gold, to the board of directors of Dolly Varden.

### **Response to COVID-19**

The situation in Canada regarding COVID-19 remains fluid and permitted activities continue to be subject to change. At the Company's Eau Claire project in Quebec, all on-site employees have participated in the vaccination program and have received both doses and the booster dose. On-site measures are in place to mitigate the potential spread of the COVID-19 virus. These measures include a pre-travel COVID-19 screening questionnaire; a pre-travel COVID-19 PCR testing; and on-site Rapid Testing for COVID-19.

## **Note 2: Basis of presentation**

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### **Statement of compliance**

These unaudited condensed interim consolidated financial statements (the "interim financial statements") have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included in the Company's annual consolidated financial statements (the "consolidated financial statements") prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and interpretations issued by the IFRS Interpretations Committee ("IFRICs") have been condensed or omitted herein. Accordingly, these interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021.

These interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 12, 2022.

## Basis of preparation and consolidation

These interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the Company's returns. The Company's interim results are not necessarily indicative of its results for a full year.

The subsidiaries (with a beneficial interest of 100%) of the Company at March 31, 2022 were as follows:

<b>Subsidiary</b>	<b>Place of incorporation</b>	<b>Functional currency</b>
North Country Gold Corp. ("North Country")	BC, Canada	CAD
Eastmain Resources Inc. ("Eastmain")	ON, Canada	CAD
Eastmain Mines Inc. ("Eastmain Mines") <sup>(a)</sup>	Canada	CAD
Fury Gold USA Limited ("Fury Gold USA") <sup>(b)</sup>	Delaware, U.S.A.	USD

<sup>(a)</sup> Company incorporated federally in Canada.

<sup>(b)</sup> Fury Gold USA was incorporated on November 21, 2021 and will provide certain administrative services with respect to short-term employee benefits for US resident personnel.

These interim financial statements also include a 35.3% investment in Dolly Varden (note 6) that is accounted for using the equity method. Dolly Varden owns the Kitsault project which includes the Dolly Varden Project and the Homestake Ridge gold-silver project in British Columbia, Canada.

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value (note 14). All amounts are expressed in thousands of Canadian dollars unless otherwise noted. Reference to US\$ are to United States dollars. All intercompany balances and transactions have been eliminated.

## Segmented information

The Company's operating segments are reviewed by the key decision maker to make decisions about resources to be allocated to the segments and to assess their performance. The Company operates in one reportable operating segment, being the acquisition, exploration, and development of mineral resource properties, and in one geographical location, Canada.

## Critical accounting estimates, judgements, and policies

The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

In preparing the Company's interim financial statements for the three months ended March 31, 2022, the Company applied the significant accounting policies and critical accounting estimates and judgements disclosed in notes 3 and 5, respectively, of its consolidated financial statements for the year ended December 31, 2021, except as noted below:

## Investment in associate

The Company conducts a portion of its business through an equity interest in an associate. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of its associate are recognized in net (earnings)/loss during the period.

### **New and amended standards not yet effective**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods beginning after December 31, 2022. The Company has not early adopted any of these pronouncements, and they are not expected to have a significant impact in the foreseeable future on the Company's consolidated financial statements once adopted.

### **Note 3: Sale of Homestake Resources**

On February 25, 2022, the Company completed the sale of Homestake Resources to Dolly Varden for cash proceeds of \$5,000 and 76,504,590 common shares of Dolly Varden (note 6). The Company's resulting interest in Dolly Varden represented approximately 35.3% of the issued and outstanding common shares of Dolly Varden on February 25, 2022, which has been accounted for using the equity method (note 6). The Company recognized a gain of \$48,390, net of transaction costs of \$589, on the date of disposition, calculated as follows:

Net assets derecognized:		<b>Total</b>
Mineral interests	\$	16,460
Reclamation bond		68
	<b>\$</b>	<b>16,528</b>
Net proceeds:		
Cash	\$	5,000
Working capital adjustment		68
76,504,590 common shares of Dolly Varden		60,439
Transaction costs		(589)
	<b>\$</b>	<b>64,918</b>
<b>Net gain on disposition</b>		<b>\$ 48,390</b>

The fair value of the common shares of Dolly Varden received on date of disposition is based on the market price of the shares at the date of disposition of C\$0.79.

The Company has sufficient non-capital losses as at March 31, 2022 to offset the capital gain arising on disposition of Homestake Resources. As such, there is nil tax payable on the sale of Homestake Resources.



#### Note 4: Marketable securities

The marketable securities held by the Company were as follows:

		<b>Total</b>
Balance at December 31, 2020	\$	2,675
Additions		110
Sale of marketable securities		(1,000)
Realized loss on disposition		(311)
Unrealized net loss		(869)
Balance at December 31, 2021	\$	605
Unrealized net gain		<b>45</b>
<b>Balance at March 31, 2022</b>	<b>\$</b>	<b>650</b>

During the year ended December 31, 2021, the Company sold 1,581,177 common shares of Benz Mining Corp ("Benz Mining") for total proceeds of \$1,000. Upon disposition, the Company realized a loss of \$311, representing the decline in market value from the deemed date of acquisition of the shares on October 9, 2020, as part of the acquisition of Eastmain to date of disposition. As at March 31, 2022, the Company held 174,658 common shares of Benz Mining, received in respect of an option payment on certain mineral properties (note 10). The Company also holds 500,000 warrants which may be exchanged for 500,000 common shares of Benz Mining, with an exercise price of \$0.12 and an expiry date of April 27, 2023.

Subsequent to three months ended March 31, 2022, the Company exercised 500,000 warrants of Benz Mining with an exercise price of \$0.12.

Purchases and sales of marketable securities are accounted for as of the trade date.

#### Note 5: Mineral interests

The Company's principal resource properties are located in Canada.

##### Quebec

The Company maintains interests in 12 properties within the James Bay region of Quebec. The principal projects are:

##### Eau Claire

The Company owns a 100% interest in the Eau Claire project located immediately north of the Eastmain reservoir, approximately 10 kilometres ("km") northeast of Hydro Quebec's EM-1 hydroelectric power facility, 80 km north of the town of Nemaska, 320 km northeast of the town of Matagami, and 800 km north of Montreal, Quebec. The property consists of map-designated claims totaling approximately 23,000 hectares.

##### Eastmain Mine

The Eastmain Mine project hosts the Eastmain Mine gold deposit. The past-producing Eastmain Mine project comprises 152 mineral claims and an industrial lease. Located on the eastern most part of the Upper Eastmain River Greenstone Belt of the James Bay District of northern Quebec, the property covers approximately 80 km<sup>2</sup> of highly prospective terrain.

In 2019, Benz Mining entered into an option agreement with Eastmain to allow Benz Mining the option to earn a 75% interest in the Eastmain Mine property in return for making option payments of \$2,320 between October 2019 and October 2023, and incurring exploration expenditures of \$3,500 on the property. The option payments may be settled in both cash and shares. Upon completion of the first option to earn 75%, Benz Mining may

acquire the remaining 25% interest upon payment of \$1,000 upon closing of project financing, and \$1,500 upon commencement of commercial production. This option agreement was subsequently amended in April 2020 to grant Benz Mining the option to earn up to 100% of the Ruby Hill properties located to the west of the Eastmain Mine project. The Company would retain 1-2% net smelter return ("NSR") royalties pursuant to the amended agreement are due annually in October.

### Éléonore South Joint Venture

The Éléonore South Joint Venture project consists of two separate blocks of map-designated claims, comprising a total of 282 claims covering approximately 147 km<sup>2</sup> of the Opinaca area of James Bay, Quebec. The Éléonore West block consists of 34 mineral claims covering approximately 18 km<sup>2</sup>, while the Éléonore South block contains 248 claims extending over an area of approximately 130 km<sup>2</sup>. The project is a three-way joint venture agreement between Eastmain, Azimut Exploration Inc. ("Azimut"), and Goldcorp Canada Ltd. ("Goldcorp Canada"), a wholly owned subsidiary of Newmont Corporation. Project ownership is based on participation in the funding of annual exploration programs. As such, the project is held by the joint operation partners approximately as follows: Fury Gold 38.12%, Goldcorp Canada 38.11%, and Azimut 23.77%. The Company is currently designated as operator.

### Nunavut

#### Committee Bay

The Company, through its wholly owned subsidiary North Country, owns a 100% interest in the Committee Bay project located in Nunavut, Canada. The Committee Bay project includes approximately 280,000 hectares situated along the Committee Bay Greenstone Belt located within the Western Churchill province of Nunavut. The Committee Bay project is subject to a 1% NSR royalty on gold production, with certain portions subject to an additional 1.5% NSR royalty. The 1.5% NSR royalty is payable on only 7,596 hectares and can be purchased by the Company within two years of commencement of commercial production for \$2,000 for each one-third (0.5%) of the 1.5% NSR royalty.

#### Gibson MacQuoid

In 2017, the Company acquired a number of prospecting permits and mineral claims along the Gibson MacQuoid Greenstone Belt in Nunavut, Canada. In 2019, the Company staked additional claims, which overlapped the Company's prospecting claims that expired in February 2020, to maintain a contiguous land package over the Company's current areas of interest. The Company's claims, which are located between the Meliadine deposit and Meadowbank mine, cover approximately 120 km of strike length of the prospective greenstone belt and total 51,622 hectares collectively.

	Quebec	Nunavut	British Columbia	Total
Balance at December 31, 2020	\$ 125,354	\$ 19,358	\$ 16,060	\$ 160,772
Option payment received	(260)	-	-	(260)
Purchase of Homestake Ridge royalty	-	-	400	400
Disposition of mineral interests	(50)	-	-	(50)
Change in estimate of provision for site reclamation and closure	50	(219)	-	(169)
Balance at December 31, 2021	\$ 125,094	\$ 19,139	\$ 16,460	\$ 160,693
Sale of Homestake Resources (note 3)	-	-	(16,460)	(16,460)
Change in estimate of provision for site reclamation and closure	(195)	(166)	-	(361)
<b>Balance at March 31, 2022</b>	<b>\$ 124,899</b>	<b>\$ 18,973</b>	<b>\$ -</b>	<b>\$ 143,872</b>

## Note 6: Investment in Associate

The Dolly Varden Transaction completed on February 25, 2022. As a result, Fury acquired 76,504,590 Dolly Varden Shares on February 25, 2022, representing approximately 35.3% of the Dolly Varden Shares outstanding. On March 31, 2022, Dolly Varden completed a private placement which included the issuance of 11.3 million common shares, resulting in the Company's equity interest being diluted to 33.2% as of March 31, 2022. Dolly Varden holds a 100% interest in the gold-silver Kitsault Valley project including the Dolly Varden Project and the Homestake Ridge gold-silver project, located in the southern tip of the Golden Triangle of British Columbia.

The carrying amounts of the Company's investment in Dolly Varden at March 31, 2022 was:

<b>Carrying amount at December 31, 2021</b>	<b>\$</b>	<b>-</b>
Acquisition of equity investment (note 3)		60,439
Company's share of net loss of associate		(449)
<b>Carrying amount at March 31, 2022</b>	<b>\$</b>	<b>59,990</b>

The fair market value of the Company's investment in Dolly Varden as at March 31, 2022 was \$62,734 based upon a closing share price of \$0.82.

Summarized financial information of Dolly Varden on a 100% basis is as follows:

	<b>Three months ended March 31 2022</b>	
Exploration and evaluation	<b>\$</b>	124
Marketing		212
Stock-based compensation		822
Other		113
Net loss of associate		1,271
<b>Company's equity share of net loss</b>	<b>\$</b>	<b>449</b>

	<b>At March 31 2022</b>	
Current assets	<b>\$</b>	26,240
Non-current assets		157,478
Current liabilities		(3,025)
Net assets		180,693
<b>Company's equity share of net assets of associate</b>	<b>\$</b>	<b>59,990</b>

## Note 7: Flow-through share premium liability

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Flow-through shares are issued at a premium, calculated as the difference between the price of a flow-through share and the price of a common share at that date. Tax deductions generated by eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced. In July 2020, in response to the economic impact of COVID-19, the Government of Canada extended the timelines for eligible expenditures from 24 to 36 months.

The flow-through share funding and expenditures, along with the corresponding impact on the flow-through share premium liability, were as follows:

<b>Quebec</b>	<b>Flow-through funding and expenditures</b>	<b>Flow-through Premium liability</b>
Balance at December 31, 2020	\$ 18,079	\$ 7,644
Flow-through eligible expenditures	(10,789)	(4,520)
Balance at December 31, 2021	\$ 7,290	\$ 3,124
Flow-through eligible expenditures	<b>(939)</b>	<b>(403)</b>
<b>Balance at March 31, 2022</b>	<b>\$ 6,351</b>	<b>\$ 2,721</b>

In September 2020, the Company completed an equity financing by raising \$23,000 through the issuance of 7,750,000 subscription receipts. Out of the subscription receipts sold, 5,000,000 were flow-through receipts for gross proceeds of \$17,500 and were exchanged for Fury Gold common shares designated as flow-through shares, while 2,750,000 subscription receipts were sold as non-flow-through for gross proceeds of \$5,500 and exchanged for Fury Gold common shares. The flow-through proceeds are being used for mineral exploration in Quebec. The Company is committed to incur the remaining exploration expenditures of \$6,351 (December 31, 2021 – \$7,290) before December 31, 2022, which was renounced to investors in December 2020.

## Note 8: Exploration and evaluation costs

For the three months ended March 31, 2022 and 2021, the Company's exploration and evaluation costs were as follows:

	Quebec	Nunavut	British Columbia	Total
Assaying	\$ 162	\$ 18	\$ 2	\$ 182
Exploration drilling	14	-	-	14
Camp cost, equipment, and field supplies	131	58	10	199
Geological consulting services	(24)	2	-	(22)
Geophysical analysis	120	-	-	120
Permitting, environmental and community costs	29	59	-	88
Expediting and mobilization	2	-	-	2
Salaries and wages	443	14	1	458
Fuel and consumables	80	-	-	80
Aircraft and travel	19	-	-	19
Share-based compensation	130	1	1	132
<b>Three months ended</b>				
<b>March 31, 2022</b>	<b>\$ 1,106</b>	<b>\$ 152</b>	<b>\$ 14</b>	<b>\$ 1,272</b>
	Quebec	Nunavut	British Columbia	Total
Assaying	\$ 378	\$ 30	\$ 14	\$ 422
Exploration drilling	1,272	-	-	1,272
Camp cost, equipment, and field supplies	375	59	3	437
Geological consulting services	176	34	2	212
Geophysical analysis	149	-	-	149
Permitting, environmental and community costs	95	34	13	142
Expediting and mobilization	7	-	-	7
Salaries and wages	504	45	20	569
Fuel and consumables	174	35	-	209
Aircraft and travel	61	-	1	62
Share-based compensation	160	34	13	207
Three months ended				
March 31, 2021	\$ 3,351	\$ 271	\$ 66	\$ 3,688

## Note 9: Share capital

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### Authorized

Unlimited common shares without par value.

Unlimited preferred shares – nil issued and outstanding.

### Share issuances

Three months ended March 31, 2022:

- i. The Company did not have any new share issuances during the three months ended March 31, 2022.

Three months ended March 31, 2021:

- i. 10,793 shares were issued as a result of share warrants being exercised with a weighted average exercise price of \$1.46 for gross proceeds of \$16. An amount of \$1 attributed to the fair value of these share warrants was transferred from the equity reserves and recorded against share capital.

## Note 10: Share option and warrant reserves

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### (a) Share-based compensation expense

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees, and other service providers. During the three months ended March 31, 2022 and 2021, the share-based compensation expense was as follows:

	Three months ended March 31	
	2022	2021
Recognized in net (earnings) loss and included in:		
Exploration and evaluation costs	\$ 132	\$ 207
Fees, salaries and other employee benefits	367	706
<b>Total share-based compensation expense</b>	<b>\$ 499</b>	<b>\$ 913</b>

During the three months ended March 31, 2022, the Company granted 1,745,000 (March 31, 2021 – nil) share options to directors, officers, employees, and certain consultants who provide certain on-going services to the Company, representative of employee services. The weighted average fair value per option of these share options was calculated as \$0.43 using the Black-Scholes option valuation model at the grant date. There were no share options granted during the three months ended March 31, 2021.

The fair value of the share-based options granted during the three months ended March 31, 2022 was based on the following weighted average assumptions:

	Three months ended March 31
	2022
Risk-free interest rate	1.63%
Expected dividend yield	Nil
Share price volatility	66%
Expected forfeiture rate	3%
Expected life in years	5.00

The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the share-based options. The expected

volatility assumption is based on the historical and implied volatility of the Company's common shares. The expected forfeiture rate and the expected life in years are based on historical trends.

**(b) Share option plan**

The Company maintains a rolling share option plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares at the time of the grant. The Company may grant share options from time to time to its directors, officers, employees, and other service providers. The share options typically vest as to 25% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months.

The number of share options issued and outstanding and the weighted average exercise price were as follows:

	Number of share options	Weighted average exercise price (\$/option)
Outstanding, December 31, 2020	8,141,004	\$ 2.67
Granted	1,405,000	1.03
Exercised	(5,834)	0.86
Expired	(1,685,048)	3.62
Forfeited	(1,103,125)	2.04
Outstanding, December 31, 2021	6,751,997	\$ 2.00
Granted	<b>1,745,000</b>	<b>1.00</b>
Expired	<b>(383,620)</b>	<b>3.94</b>
Forfeited	<b>(197,903)</b>	<b>1.80</b>
<b>Outstanding, March 31, 2022</b>	<b>7,915,474</b>	<b>\$ 1.69</b>

As at March 31, 2022, the number of share options outstanding was as follows:

Exercise price (\$/option)	Options outstanding			Options exercisable		
	Number of shares	Weighted average exercise price (\$/option)	Weighted average remaining life (years)	Number of shares	Weighted average exercise price (\$/option)	Weighted average remaining life (years)
\$0.56 – \$1.95	4,604,003	1.17	2.62	2,422,128	1.33	2.44
\$2.05 – \$5.31	3,180,203	2.17	3.34	2,865,828	2.19	3.31
\$7.54 – \$9.86	131,268	7.88	0.17	131,268	7.88	0.17
	<b>7,915,474</b>	<b>1.69</b>	<b>2.86</b>	<b>5,419,224</b>	<b>1.94</b>	<b>2.84</b>

**(c) Share purchase warrants**

The number of share purchase warrants outstanding at March 31, 2022 was as follows:

	<b>Warrants outstanding</b>	<b>Weighted average exercise price (\$/share)</b>
Outstanding at December 31, 2020	1,626,740	\$ 1.66
Issued	7,461,450	1.20
Exercised	(101,042)	1.46
Expired	(775,695)	1.42
Outstanding at December 31, 2021	8,211,453	\$ 1.27
Expired	<b>(412,190)</b>	<b>1.11</b>
<b>Outstanding at March 31, 2022</b>	<b>7,799,263</b>	<b>\$ 1.28</b>

The following table reflects the warrants issued and outstanding as of March 31, 2022:

<b>Expiry date</b>	<b>Warrants outstanding</b>	<b>Exercise price (\$/share)</b>
September 12, 2022	337,813	2.96
October 6, 2024	5,085,670	1.20
October 12, 2024	2,375,780	1.20
<b>Total</b>	<b>7,799,263</b>	<b>1.28</b>



## Note 11: Related party transactions and balances

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing, and have no specific terms of settlement, unless otherwise noted.

### (a) Related parties

Universal Mineral Services Ltd. ("UMS") provides geological, financial, and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS, on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice. Prior to December 31, 2021, UMS was a private company with one director in common, Mr. Ivan Bebek. On December 31, 2021, Mr. Bebek resigned as a director of UMS, with Mr. Steven Cook assuming sole directorship of UMS. Subsequently, on April 1, 2022, the Company purchased a 25% share interest in UMS for nominal consideration. The remaining 75% of UMS is owned equally by three other junior resource issuers, who share a head office location.

	Three months ended March 31	
	2022	2021
<b>Universal Mineral Services Ltd.</b>		
Exploration and evaluation costs:		
Quebec	\$ 46	\$ 38
Nunavut	4	5
British Columbia	1	7
Fees, salaries and other employee benefits	46	10
Legal and professional fees	20	2
Marketing and investor relations	10	23
Office and administration	42	46
<b>Total transactions for the period</b>	<b>\$ 169</b>	<b>\$ 131</b>

The outstanding balance owing at March 31, 2022, was \$73 (March 31, 2021 – \$24) which is included in accounts payable. In addition, the Company had \$150 on deposit with UMS as at March 31, 2022 (March 31, 2021 – \$150) and \$23 in current prepaids (March 31, 2021 – \$nil) representing certain geological software licenses purchased on behalf of the Company by UMS, and which are amortized over twelve months.

On July 1, 2021, UMS commenced an office lease with a term of ten years, for which certain rent expenses will be payable by the Company. As at March 31, 2022, the Company expects to incur approximately \$659 in respect of its share of future rental expense.

### (b) Key management personnel

Key management personnel include Fury Gold's board of directors and certain executive officers of the Company, including the Chief Executive Officer and Chief Financial Officer.

The remuneration of the Company's key management personnel was as follows:

	Three months ended March 31	
	2022	2021 <sup>(b)</sup>
Short-term benefits provided to executives <sup>(a)</sup>	\$ 232	\$ 317
Directors' fees paid to non-executive directors	47	52
Share-based payments	313	663
<b>Total</b>	<b>\$ 592</b>	<b>\$ 1,032</b>

(a) Short-term employee benefits include salaries, bonuses payable within twelve months of the date of the condensed interim consolidated statements of financial position, and other annual employee benefits.

(b) As a result of the acquisition of Eastmain and the formation of a new board of directors and management team, certain former key management personnel of the Company were provided with transition contracts to support the formation of Fury Gold until April 2021. For the three months ended March 31, 2021, \$87 of short-term benefits and \$54 of share-based payment expense were recognized in the condensed interim consolidated statements of (earnings) loss and comprehensive (income) loss in respect of these transition arrangements.

## Note 12: Supplemental cash flow information

The impact of changes in non-cash working capital was as follows:

	Three months ended March 31	
	2022	2021
Accounts receivable	\$ 107	\$ 255
Prepaid expenses and deposits	(48)	(204)
Accounts payable and accrued liabilities	(623)	283
<b>Change in non-cash working capital</b>	<b>\$ (564)</b>	<b>\$ 334</b>

Operating activities include the following cash received:

	Three months ended March 31	
	2022	2021
Income taxes refunded	\$ 165	\$ 1,717

## Note 13: (Earnings) loss per share

For the three months ended March 31, 2022, and 2021, the weighted average number of shares outstanding and (earnings) loss per share were as follows:

	Three months ended March 31	
	2022	2021
Net (earnings) Loss	\$ (45,636)	\$ 4,925
Weighted average basic number of shares outstanding	125,720,950	117,829,973
Basic (earnings) loss per share	\$ (0.36)	\$ 0.04
Weighted average diluted number of shares outstanding	125,752,129	117,829,973
Diluted (earnings) loss per share	\$ (0.36)	\$ 0.04

All of the outstanding share options and share purchase warrants at March 31, 2021 were anti-dilutive for the periods then ended as the Company was in a loss position.

## Note 14: Financial instruments

The Company's financial instruments as at March 31, 2022 consisted of cash, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

### (a) Financial assets and liabilities by categories

	At March 31, 2022			At December 31, 2021		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
Cash	\$ 4,998	\$ -	\$ 4,998	\$ 3,259	\$ -	\$ 3,259
Marketable securities	-	650	650	-	605	605
Deposits	175	-	175	243	-	243
Accounts receivable	265	-	265	372	-	372
<b>Total financial assets</b>	<b>5,438</b>	<b>650</b>	<b>6,088</b>	<b>3,874</b>	<b>605</b>	<b>4,479</b>
Accounts payable and accrued liabilities	1,266	-	1,266	1,888	-	1,888
<b>Total financial liabilities</b>	<b>\$ 1,266</b>	<b>\$ -</b>	<b>\$ 1,266</b>	<b>\$ 1,888</b>	<b>\$ -</b>	<b>\$ 1,888</b>

### (b) Financial assets and liabilities measured at fair value

The categories of the fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy to determine when a transfer occurs between levels is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. No transfers occurred between the levels during the period.

The Company's financial instruments measured at fair value on a recurring basis were as follows:

	At March 31, 2022		At December 31, 2021	
	Level 1	Level 2 <sup>(1)</sup>	Level 1	Level 2 <sup>(1)</sup>
Marketable securities	300	350	282	323

<sup>(1)</sup> Marketable securities included in level 2 include warrants that are valued using an option pricing model which utilizes a combination of quoted prices and market-derived inputs, including volatility estimates.

During the three months ended March 31, 2022, there were no financial assets or financial liabilities measured and recognized in the condensed interim consolidated statements of financial position at fair value that would be categorized as level 3 in the fair value hierarchy.

## (c) Financial instruments and related risks

The Company's financial instruments are exposed to liquidity risk, and market risks, which include currency risk and price risk. As at March 31, 2022, the primary risks were as follows:

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company proactively manages its capital resources and has in place a budgeting and cash management process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its current exploration plans and achieve its growth objectives. The Company ensures that there is sufficient liquidity available to meet its short-term business requirements, taking into account its anticipated cash outflows from exploration activities, and its holdings of cash and marketable securities. The Company monitors and adjusts, when required, these exploration programs as well as corporate administrative costs to ensure that adequate levels of working capital are maintained.

As at March 31, 2022, the Company had unrestricted cash of \$4,998 (December 31, 2021 – \$3,259), working capital surplus of \$2,366 (December 31, 2021 – working capital deficit of \$428), which the Company defines as current assets less current liabilities, and an accumulated deficit of \$111,113 (December 31, 2021 – \$156,749). The Company notes that the flow-through share premium liability, which reduced the Company's working capital by \$2,721 (December 31, 2021 – \$3,124), is not settled through cash payment. Instead, the flow-through share premium liability will be drawn down as the Company incurs exploration expenditures for the Eau Claire project. During the three months ended March 31, 2022, Fury Gold recognized net earnings of \$45,636 (three months ended March 31, 2021 – loss of \$4,925) primarily arising from the sale of Homestake Resources (note 3). The Company expects to incur future operating losses in relation to exploration activities. With no source of operating cash flow, there is no assurance that sufficient funding will be available to conduct further exploration and development of its mineral properties.

Subsequent to three months ended March 31, 2022, the Company completed a non-brokered private placement for gross proceeds of \$11,000 (note 15).

The Company's contractual obligations are as follows:

	<b>Within 1 year</b>	<b>2 to 3 years</b>	<b>Over 3 years</b>	<b>At March 31 2022</b>	At December 31 2021
Accounts payable and accrued liabilities	\$ 1,266	\$ -	\$ -	\$ 1,266	\$ 1,888
Quebec flow-through expenditure requirements	6,351	-	-	6,351	7,290
Undiscounted lease payments	184	377	16	577	622
<b>Total</b>	<b>\$ 7,801</b>	<b>\$ 377</b>	<b>\$ 16</b>	<b>\$ 8,194</b>	<b>\$ 9,800</b>

The Company entered into a drilling contract in November 2020, for which the Company has committed to drill a total of 50,000 metres. As at March 31, 2022, the company remains obligated to drill a further 15,000 meters in Quebec. The expenditures for the remaining drilling meters will be applied against the flow-through expenditure requirements included in the table above.

The Company also makes certain payments arising on mineral claims and leases on an annual or bi-annual basis to ensure all the Company's properties remain in good standing. Cash payments of \$22 were made during the three months ended March 31, 2022, in respect of these mineral claims, with \$122 recognized in prepaid expenses as at March 31, 2022 (March 31, 2021 – \$242).

### Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risks to which the Company is exposed are as follows:

*i. Currency risk*

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the Canadian dollar). The Company's foreign currency exposure related to its financial assets and liabilities held in US dollars was as follows:

	<b>At March 31 2022</b>	At December 31 2021
<b>Financial assets</b>		
US\$ bank accounts	\$ 121	\$ 569
<b>Financial liabilities</b>		
Accounts payable	(73)	(160)
	<b>\$ 48</b>	<b>\$ 409</b>

A 10% increase or decrease in the US dollar to Canadian dollar exchange rate would not have a material impact on the Company's net loss.

*ii. Price risk*

The Company holds certain investments in marketable securities (note 4) which are measured at fair value, being the closing share price of each equity security at the date of the condensed interim consolidated statements of financial position. The Company is exposed to changes in share prices which would result in gains and losses being recognized in the earnings for the period. A 10% increase or decrease in the Company's marketable securities' share prices would not have a material impact on the Company's net income.

## **Note 15: Subsequent events**

- i) On April 14, 2022, the Company completed a non-brokered private placement with two placees who include a Canadian corporate investor and a US institutional investor, for a private placement sale of 13.75 million common shares of the Company at a price of \$0.80 for proceeds of \$11,000 (the "Private Placement"). Proceeds from the Private Placement will be used to fund continued exploration at the Company's Eau Claire project in Quebec and for general working capital.
- ii) On April 22, 2022, the Company issued 1.7m share options to directors, officers and employees of the Company, with an exercise price of \$1.00 and a term of five years.