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**ORFORD MINING CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Orford Mining Corporation (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

# Orford Mining Corporation

## Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

	As at March 31, 2022	As at December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	\$ 6,092,105	\$ 5,466,687
Amounts receivable	138,993	516,132
Prepaid expenses	72,518	87,649
Tax credits receivable	35,391	35,391
	<b>6,339,007</b>	<b>6,105,859</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 4)	52,506	59,915
Mineral property interest (note 5)	11,943,304	12,070,488
<b>Total assets</b>	<b>\$ 18,334,817</b>	<b>\$ 18,236,262</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 366,558	\$ 381,290
Advances received for exploration expenditure (note 5)	809,851	-
Lease liability	3,381	8,295
	<b>1,179,790</b>	<b>389,585</b>
<b>Non-current liabilities</b>		
Other liability	869,687	934,767
Asset retirement obligation (note 6)	500,000	500,000
Deferred tax liability	2,315,614	2,315,614
<b>Total liabilities</b>	<b>4,865,091</b>	<b>4,139,966</b>
<b>Equity</b>		
Share capital	33,766,241	33,766,241
Contributed surplus and reserves	5,518,430	5,232,610
Deficit	(25,814,945)	(24,902,555)
<b>Total equity</b>	<b>13,469,726</b>	<b>14,096,296</b>
<b>Total liabilities and equity</b>	<b>\$ 18,334,817</b>	<b>\$ 18,236,262</b>

Going concern (note 1)

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

# Orford Mining Corporation

## Condensed Interim Consolidated Statements of Comprehensive Loss (Expressed in Canadian Dollars, except per share data)

	Three Months Ended March 31,	
	2022	2021
<b>Expenses</b>		
Exploration and evaluation (note 10)	\$ 410,262	\$ 265,642
Share-based payments	284,759	13,793
Professional fees	17,793	33,640
Management services (recovery)	(67,149)	21,465
Public company expenses	12,210	8,465
Investor relations	78,180	25,912
Salaries and wages	191,047	85,386
Office and general	52,613	24,096
Operating loss	(979,715)	(478,399)
Finance and other income	2,245	1,357
Consulting income	-	2,844
Loss before income tax	(977,470)	(474,198)
Deferred tax recovery	65,080	129,111
<b>Net and comprehensive loss</b>	<b>\$ (912,390)</b>	<b>\$ (345,087)</b>
<b>Basic loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - Basic</b>	<b>149,094,792</b>	116,775,814
<b>Weighted average number of common shares outstanding - Diluted</b>	<b>149,094,792</b>	116,775,814

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

# Orford Mining Corporation

## Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (912,390)	\$ (345,087)
Share-based payments	284,759	13,793
Deferred tax (recovery) expense	(65,080)	(129,111)
Changes in non-cash working capital items:		
Amounts receivable	377,139	(38,921)
Prepaid expenses	15,131	3,727
Accounts payable and accrued liabilities	(14,732)	121,903
Advances received for exploration expenditure	809,851	-
	<b>494,678</b>	<b>(373,696)</b>
<b>INVESTING ACTIVITIES</b>		
Recovery (expenditure) on mineral property interests	135,654	(159,909)
Expenditure on property, plant and equipment	-	(29,922)
	<b>135,654</b>	<b>(189,831)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from the exercise of stock options	-	3,333
Principal portion of lease payments	(4,914)	(4,233)
	<b>(4,914)</b>	<b>(900)</b>
<b>Change in cash and cash equivalents</b>	<b>625,418</b>	<b>(564,427)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>5,466,687</b>	<b>4,596,523</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 6,092,105</b>	<b>\$ 4,032,096</b>
Interest received	\$ 3,468	\$ 5,022

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

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**Orford Mining Corporation****Condensed Interim Consolidated Statements of Changes in Equity  
(Expressed in Canadian Dollars, except per share data)**

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	Share Capital		Contributed		
	Number	Amount	Surplus	Deficit	Total
<b>Balance, January 1, 2021</b>	<b>116,774,316</b>	<b>\$ 28,336,983</b>	<b>\$ 4,772,768</b>	<b>\$ (23,797,182)</b>	<b>\$ 9,312,569</b>
Shares issued for the exercise of stock options	66,667	6,072	(2,739)	-	3,333
Share-based compensation	-	-	17,935	-	17,935
Net and comprehensive loss for the period	-	-	-	(345,087)	(345,087)
<b>Balance, March 31, 2021</b>	<b>116,840,983</b>	<b>\$ 28,343,055</b>	<b>\$ 4,787,964</b>	<b>\$ (24,142,269)</b>	<b>\$ 8,988,750</b>
<b>Balance, January 1, 2022</b>	<b>149,094,792</b>	<b>\$ 33,766,241</b>	<b>\$ 5,232,610</b>	<b>\$ (24,902,555)</b>	<b>\$ 14,096,296</b>
Share-based compensation	-	-	285,820	-	285,820
Net and comprehensive loss for the period	-	-	-	(912,390)	(912,390)
<b>Balance, March 31, 2022</b>	<b>149,094,792</b>	<b>\$ 33,766,241</b>	<b>\$ 5,518,430</b>	<b>\$ (25,814,945)</b>	<b>\$ 13,469,726</b>

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

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# Orford Mining Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

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### 1. Nature of operations and going concern

Orford Mining Corporation ("Orford") is incorporated under the *Business Corporations Act* (Ontario) and its registered office is located at 2 St.Clair Avenue West, 18th Floor in Toronto, Ontario, Canada. Orford's common shares are listed on the TSX Venture Exchange under the ticker symbol "ORM".

The unaudited condensed interim consolidated financial statements of the Corporation comprise the accounts of Orford and its wholly-owned subsidiary, Condor Precious Metals Inc. ("Condor"). Collectively, these entities are referred to as the "Corporation".

The Corporation is a mineral resource company primarily focused on the acquisition, exploration and evaluation of base and precious metal assets. The business of mining and exploring for minerals involves a high degree of risk, and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete further exploration and evaluation or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write-downs of the carrying values of mineral property interests and property, plant and equipment.

The accompanying unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Corporation had working capital of \$5,159,217 and an accumulated deficit of \$25,814,945 as at March 31, 2022 and incurred a net loss of \$912,390 for the three months then ended. Working capital included cash and cash equivalents of \$6,092,105. The Corporation is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities and other commitments. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Corporation's ability to continue future operations and fund its operations is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, royalty financing and other capital market alternatives. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

Commencing in March 2020, the outbreak of the novel strain of coronavirus known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation.

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# Orford Mining Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

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### 2. Basis of Presentation and Accounting Policies

#### *Statement of Compliance*

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation's audited annual financial statements for the years ended December 31, 2021 and 2020.

The unaudited condensed interim consolidated interim financial statements were authorized for publication by the Board of Directors on May 24, 2022.

#### *Basis of preparation*

The accounting policies followed in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Corporation's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020.

#### *Accounting standards effective for future periods*

There are no IFRS or IFRIC interpretations that are not yet in effect that are currently expected to have a material impact on the Corporation.

### 3. Cash and cash equivalents

Components of cash and cash equivalents are as follows:

	As at March 31, 2022	As at December 31, 2021
Cash (overdraft)	\$ (36,683)	\$ 121,368
Cash equivalents	5,038,540	5,285,524
Cash held for Wyloo Metals Pty Ltd (note 5)	1,090,248	59,795
	<b>\$ 6,092,105</b>	<b>\$ 5,466,687</b>

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## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

#### 4. Property, Plant and Equipment

	Camp and Field Costs	Equipment Right of use	Total
<b>Balance as at January 1, 2021</b>	\$ 109,029	\$ 20,502	\$ 129,531
Additions	29,922	-	29,922
Depreciation expense capitalized to mineral property interests	(85,065)	(14,473)	(99,538)
<b>Balance as at December 31, 2021</b>	<b>53,886</b>	<b>6,029</b>	<b>59,915</b>
Depreciation expense capitalized to mineral property interests	(3,792)	(3,617)	(7,409)
<b>Balance as at March 31, 2022</b>	<b>\$ 50,094</b>	<b>\$ 2,412</b>	<b>\$ 52,506</b>
<b>As at December 31, 2021</b>			
Cost	\$ 1,031,288	\$ 72,363	\$ 1,103,651
Accumulated depreciation	(977,402)	(66,334)	(1,043,736)
<b>Net book value</b>	<b>\$ 53,886</b>	<b>\$ 6,029</b>	<b>\$ 59,915</b>
<b>Balance as at March 31, 2022</b>			
Cost	\$ 1,031,288	\$ 72,363	\$ 1,103,651
Accumulated depreciation	(981,194)	(69,951)	(1,051,145)
<b>Net book value</b>	<b>\$ 50,094</b>	<b>\$ 2,412</b>	<b>\$ 52,506</b>

#### 5. Mineral Property Interest and Exploration and Evaluation Expenditure

The following tables summarize capitalized costs in respect of properties which have filed an NI 43-101 compliant technical report:

	Qiqavik
<b>Balance as at January 1, 2021</b>	<b>\$ 8,544,276</b>
Environment, community and permitting	11,200
Exploration	3,255,751
Property acquisition and maintenance	152,023
Share-based payments	7,702
Depreciation	99,536
Impairment loss	-
<b>Balance as at December 31, 2021</b>	<b>12,070,488</b>
Environment, community and permitting	3,000
Exploration (recovery)	(138,655)
Share-based payments	1,061
Depreciation	7,410
<b>Balance as at March 31, 2022</b>	<b>\$ 11,943,304</b>



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## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

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#### 5. Mineral Property Interest and Exploration and Evaluation Expenditure (continued)

##### West Raglan property

On January 19, 2021, the Corporation reached a definitive agreement with Wyloo Metals Pty Ltd (Wyloo Metals) for a \$25 million earn-in and joint venture over Orford's 100% owned West Raglan property (the Property) in Nunavik, Quebec. The negotiated terms allow Wyloo Metals to earn up to 80% of the Property for total expenditures of \$25 million over 7 years, as follows:

- On or before the 4<sup>th</sup> anniversary Wyloo Metals may elect to incur aggregate expenditures of \$6 million to earn a 51% undivided interest in the Property and form a joint venture (JV). This includes minimum committed expenditures of \$1 million during the 1<sup>st</sup> year of the agreement;
- On or before the 5<sup>th</sup> anniversary Wyloo Metals may elect to incur aggregate expenditures of \$11 million to earn a 70% undivided interest in the JV;
- On or before the 6<sup>th</sup> anniversary Wyloo Metals may elect to incur aggregate expenditures of \$17 million to earn a 75% undivided interest in the JV;
- On or before the 7<sup>th</sup> anniversary Wyloo Metals may elect to incur aggregate expenditures of \$25 million make a \$1.5 million cash payment to Orford, and complete a feasibility study to earn an 80% undivided interest in the JV; and
- Upon completion of the earn-in period Orford may pro-rata contribute (20%) to maintain its interest in the JV or dilute down to a 2% net smelter return royalty (NSR).

In connection with this agreement, Orford will act as operator and Wyloo Metals has agreed to advance funds to Orford to incur approved expenditures on the Property. As at March 31, 2022, Wyloo Metals has funded approximately \$2.8 million towards eligible expenditures. As at March 31, 2022, the Corporation held \$1,090,248 of cash (note 3) and recorded a liability to spend Wyloo Metals funds of \$809,851.

##### Joutel Eagle property

On November 30, 2021, the Corporation announced that it entered into a definitive agreement with Globex Mining Enterprises Inc. ("Globex") to acquire its 50 square km, 191 claim property position in the Joutel region of the Quebec Abitibi, the Joutel Eagle Property.

The agreement between Orford and Globex includes both work commitments and cash/share payments over five years for Orford to earn 100% undivided legal and beneficial interest in the Globex properties.

Orford made a firm commitment to spend \$200,000 on the property before the first anniversary date of the agreement and a firm commitment of \$325,000 before the second anniversary date of the agreement. Years three, four and five work commitments are \$350,000, \$650,000 and \$1,250,000 respectively by the end of each of those years. The total work commitment of all five years is \$2,775,000, with more than half that amount in the last two years of the option.

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## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

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#### 5. Mineral Property Interest and Exploration and Evaluation Expenditure (continued)

##### Joutel Eagle property (continued)

Orford made a firm commitment to make a payment upon signing of \$225,000 (issued 632,023 shares valued at \$112,500 and paid cash of \$112,500) and a further payment of \$200,000 on the first anniversary date of the agreement (all cash payments can be made one half in cash and, at Orford's discretion, one half in common shares of Orford. If Orford elects to continue the option at the start of years three, four and five, then cash payments of \$250,000, \$350,000, and \$350,000 respectively would be due (half cash, half shares as per above). The total in cash to be paid to Globex by Orford to earn 100% undivided legal and beneficial interest in the Globex Joutel properties would be \$1,625,000 (half cash, half shares as per above). Any issuance of shares with respect to the payments described above is subject to the approval of the TSX Venture Exchange.

Upon exercise of the option by Orford, Globex's interest in the Property shall be automatically extinguished and converted to a 3.5% Gross Metal Royalty (GMR). Orford shall retain the right and option, at any time, to purchase 1.5% of this GMR for \$2 million and will retain a first right of refusal on the sale, transfer, assignment or other disposition of all or any part of the remaining GMR.

#### 6. Asset Retirement Obligation

The asset retirement obligation represents the legal and contractual obligation associated with the eventual closure and reclamation of the Corporation's exploration camp at the West Raglan and Qiqavik projects. The obligation consists of costs associated with reclamation, environmental monitoring, and the removal of tangible assets. As at March 31, 2022, the carrying value of the asset retirement obligation represents the net present value of the estimated undiscounted cash flows required to settle the environmental obligations, which total \$500,000 (December 31, 2021 - \$500,000), using an average discount rate of 0.6% (December 31, 2021 - 0.6%).

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<b>Balance as at December 31, 2021 and March 31, 2022</b>	<b>500,000</b>
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#### 7. Share Capital

##### *Authorized*

Unlimited number of common shares with no par value, voting.

##### *Issued and outstanding*

As at March 31, 2022, 149,094,792 common shares were issued and outstanding.

## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

#### 8. Warrants

The following tables reflect the continuity of warrants for the periods ended March 31, 2022 and 2021:

	Number of Warrants	Weighted average exercise price
<b>Balance, December 31, 2020 and March 31, 2021</b>	<b>16,239,070</b>	<b>\$ 0.24</b>
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>19,895,848</b>	<b>\$ 0.27</b>

Warrants outstanding as at March 31, 2022 are as follows:

Exercise Price Range	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
\$0.20 - \$0.29	14,888,724	1.54	\$ 0.26
\$0.30 - \$0.39	5,007,124	2.37	0.31
	<b>19,895,848</b>	<b>2.25</b>	<b>\$ 0.27</b>

#### 9. Stock options

At the time of grant or thereafter, the Board of Directors may determine when a share option will vest and become exercisable and may determine that the share option shall be exercisable in instalments on such terms as to vesting or otherwise as the Board of Directors deems advisable subject to the rules of the TSX Venture Exchange, if any. Unless otherwise determined by the Board of Directors, share options will vest and become exercisable, as to one third of the share options granted, on each of the date of the grant, the first and second anniversaries of the date of grant, provided that the participant is an eligible employee, eligible director, consultant or other participant at the time of vesting. Under the plan, the expiry date of share options may not exceed ten years from the date of grant.

The following tables reflect the continuity of share options for the periods ended March 31, 2022 and 2021:

	Number of Options	Weighted average exercise price
<b>Balance, December 31, 2020</b>	<b>8,249,956</b>	<b>\$ 0.21</b>
Options exercised	(66,667)	0.05
Options cancelled	(181,624)	0.47
<b>Balance, March 31, 2021</b>	<b>8,001,665</b>	<b>\$ 0.21</b>
<b>Balance, December 31, 2021</b>	<b>8,950,000</b>	<b>\$ 0.18</b>
Options granted	4,025,000	0.16
<b>Balance, March 31, 2022</b>	<b>12,975,000</b>	<b>\$ 0.18</b>

## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

#### 9. Stock options (continued)

Stock options outstanding as at March 31, 2022 are as follows:

Exercise Price Range	Options Outstanding			Options Exercisable		
	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)
\$0.01 - \$0.10	2,175,000	7.94	0.06	2,175,000	7.94	0.06
\$0.11 - \$0.20	8,925,000	9.01	0.16	2,866,665	7.62	0.17
\$0.31 - \$0.40	1,875,000	5.63	0.39	1,875,000	5.63	0.39
	12,975,000	8.34	0.18	6,916,665	7.63	0.19

During the three months ended March 31, 2022, 4,025,000 stock options (three months ended March 31, 2021 - nil options) were granted to officers and directors on March 14, 2022 at a fair value of \$0.157. These were calculated using the Black-Scholes option pricing model, using the following assumptions:

March 14, 2022	
Number of options	4,025,000
Share price	\$ 0.16
Exercise price	\$ 0.16
Risk-free interest rate	2.16 %
Expected life (years)	10.00
Expected volatility	144 %
Expected dividends	nil

#### 10. Exploration and evaluation

Three Months Ended March 31, 2022	West Raglan	Joutel Properties	Total
Exploration	\$ -	\$ 410,262	\$ 410,262

Three Months Ended March 31, 2021	West Raglan	Joutel Properties	Total
Environment, community and permitting	\$ 600	\$ 1,324	\$ 1,924
Exploration	5,535	258,183	263,718
	\$ 6,135	\$ 259,507	\$ 265,642

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## Orford Mining Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars Except As Otherwise Indicated)

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#### 11. Related party transactions

The following table reflects the remuneration of key management, which consists of the Corporation's directors and executive officers:

	Three Months Ended March 31,	
	2022	2021
Management salaries and benefits	\$ 236,815	\$ 109,038
Management services	3,135	3,135
Share-based payments - Management	67,734	7,533
Share-based payments - Directors	139,937	7,238
	<b>\$ 447,621</b>	<b>\$ 126,944</b>

An employment agreement between the executive team and the Corporation contains a termination without cause provision. Assuming that all members of the executive team had been terminated without cause on March 31, 2022, the total amounts payable to the executive team in respect of severance would have totaled \$337,500.

As at March 31, 2022, Alamos Gold Inc. is the holder of 34,128,335 common shares representing a 23% of the Corporation's outstanding shares.

#### 12. Segmented information

The Corporation operates in one reportable business segment which is the exploration and evaluation of mineral properties.

#### 13. Commitments and contingencies

The Corporation entered into flow-through financing agreements with subscribers in 2012 which committed the Corporation to incur Canadian Exploration Expenses ("CEE") before specific deadlines. The Corporation incurred CEE in excess of its commitments within the specified time period.

Uncertainties exist with respect to the interpretation of tax regulations. The determination of whether expenditures qualify for Canadian exploration expenses requires significant judgment involving complex technical matters. There is a risk that the Corporation's historical tax returns could be reassessed resulting in reduced flow-through renunciations to subscribers.

See note 5 "Joutel Eagle property".