P2 GOLD INC.

UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars

	Note		March 31, 2024		Restated (note 2b) December 31, 2023
ASSETS					
Current assets					
Cash and cash equivalents		$	289,875	$	46,611
Receivables and other	3		446,722		167,554
			736,597		214,165
Non-current assets					
Property, plant and equipment	4		88,983		96,475
Total assets		$	825,580	$	310,640
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	5	$	517,607	$	486,980
Current portion of acquisition liabilities - Gabbs Project	6		152,296		4,557,915
Convertible debentures	7		2,857,810		-
Related party loans	11		845,000		545,000
			4,372,713		5,589,895
Non-current liabilities					
Acquisition liabilities - Gabbs Project	6		129,084		4,080,060
			4,501,797		9,669,955
SHAREHOLDERS' EQUITY					
Share capital	10		40,085,536		39,266,322
Other reserves	10		4,958,777		4,391,104
Accumulated other comprehensive income (loss) ("AOCI")			(660,992)		(537,542)
Deficit			(48,059,538)		(52,479,199)
			(3,676,217)		(9,359,315)
Total liabilities and shareholders' equity		$	825,580	$	310,640
Nature of operations and going concern	1				
Commitments	13				

Approved on behalf of the Board of Directors:

"Ron MacDonald"	*"Joseph Ovsenek"*
Ron MacDonald	Joseph Ovsenek
Chair of the Audit Committee	Chair of the Board, President and CEO

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)
Expressed in Canadian dollars, except for share data

	Note		For the three months ended March 31, 2024		March 31, 2023
Exploration and evaluation ("E&E") expenditures	8	$	111,387	$	1,535,820
Administrative expenses					
General and administrative			163,437		174,628
Professional fees			114,142		122,447
Investor relations and travel			68,717		166,654
Share-based compensation	10		64,306		149,638
Shareholder information			29,662		36,114
Depreciation	4		9,560		40,462
Total administrative expenses			449,824		689,943
Operating loss			(561,211)		(2,225,763)
Loss on financial instruments at fair value	6 , 7		(967,880)		(332,757)
Interest and finance expense	9		(319,425)		(253,456)
Foreign exchange (loss) gain			(92,741)		51,910
Interest and finance income			391		3,793
Gain on extinguishment of acquisition liabilities	6		6,360,508		2,056,201
Earnings (loss) before taxes			4,419,642		(700,072)
Current income tax recovery			19		-
Flow-through share ("FTS") premium recovery			-		35,133
Net earnings (loss) for the period		$	4,419,661	$	(664,939)
Other comprehensive earnings (loss), net of tax					
Items that may be subsequently reclassified to earnings or loss:					
Currency translation adjustments			(120,144)		(119,342)
Items that will not be reclassified to earnings or loss:					
Change in fair value attributable to change in credit risk of financial instruments designated at fair value through profit or loss ("FVTPL")			(3,306)		-
Comprehensive earnings (loss) for the period		$	4,296,211	$	(784,281)
Earnings (loss) per share					
Basic		$	0.04	$	(0.01)
Diluted			0.03		(0.01)
Weighted average number of shares outstanding					
Basic			112,821,382		89,348,491
Diluted			136,946,915		89,348,491

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited - Expressed in Canadian dollars

	Note	For the three months ended March 31, 2024	March 31, 2023
Cash flows used in operating activities			
Net earnings (loss) for the period		$ 4,419,661	$ (664,939)
Items not affecting cash:			
Current income tax recovery		(19)	-
Depreciation	4	9,560	40,462
FTS premium recovery		-	(35,133)
Loss on financial instruments at fair value	6 , 7	967,880	332,757
Gain on extinguishment of acquisition liabilities	6	(6,360,508)	(2,056,201)
Interest and finance expense, net		317,725	249,663
Share-based compensation	10	64,306	149,638
Shares issued for acquisition of mineral projects		-	900,000
Unrealized foreign exchange loss (gain)		90,045	(52,865)
Changes in non-cash working capital items:			
Receivables and other		(277,635)	175,636
Accounts payable and accrued liabilities		15,532	(70,469)
Net cash used in operating activities		(753,453)	(1,031,451)
Cash flows generated by (used in) investing activities			
Interest received		391	3,793
Purchase of property, plant and equipment	4	(2,068)	-
Net cash generated by (used in) investing activities		(1,677)	3,793
Cash flows generated by (used in) financing activities			
Payment of acquisition liabilities - Gabbs Project	6	(1,357,200)	-
Payment of lease obligations		-	(35,196)
Proceeds from convertible debentures	7	1,665,000	-
Proceeds from private placements	10	492,000	-
Proceeds from related party loans	11	350,000	-
Repayment of related party loans	11	(50,000)	-
Debt issuance costs		(88,139)	(33,370)
Share issuance costs		(13,857)	(190)
Net cash generated by (used in) financing activities		997,804	(68,756)
Increase (decrease) in cash and cash equivalents for the period		**242,674**	**(1,096,414)**
Cash and cash equivalents, beginning of period		46,611	1,474,424
Effect of foreign exchange rate changes on cash and cash equivalents		590	11
Cash and cash equivalents, end of period		**$ 289,875**	**$ 378,021**

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P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited - Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	AOCI	Deficit	Total
Balance - December 31, 2022		88,742,452	$ 34,710,050	$ 4,000,283	$ (522,441)	$ (48,022,327)	$ (9,834,435)
Share issuance costs		-	(190)	-	-	-	(190)
Shares issued for acquisition of mineral projects		4,000,000	900,000	-	-	-	900,000
Shares issued for restructuring of acquisition liabilities - Gabbs Project		3,320,534	797,011	-	-	-	797,011
Value assigned to share options vested	10	-	-	149,638	-	-	149,638
Other comprehensive loss for the period		-	-	-	(119,342)	-	(119,342)
Loss for the period		-	-	-	-	(664,939)	(664,939)
Balance - March 31, 2023		96,062,986	$ 36,406,871	$ 4,149,921	$ (641,783)	$ (48,687,266)	$ (8,772,257)
Balance - December 31, 2023		106,871,913	$ 39,266,322	$ 4,391,104	$ (537,542)	$ (52,479,199)	$ (9,359,315)
Private placement	10	6,250,000	500,000	-	-	-	500,000
Private placement - subscription receipts		-	(8,000)	-	-	-	(8,000)
Share issuance costs	10	-	(12,857)	-	-	-	(12,857)
Debt issuance costs - broker warrants	10	-	-	45,926	-	-	45,926
Shares issued for termination of acquisition liabilities - Gabbs Project	6 , 10	5,231,869	340,071	-	-	-	340,071
Issuance of warrants - convertible debentures, net of debt issuance costs	7	-	-	457,441	-	-	457,441
Value assigned to share options vested	10	-	-	64,306	-	-	64,306
Other comprehensive loss for the period		-	-	-	(123,450)	-	(123,450)
Earnings for the period		-	-	-	-	4,419,661	4,419,661
Balance - March 31, 2024		118,353,782	$ 40,085,536	$ 4,958,777	$ (660,992)	$ (48,059,538)	$ (3,676,217)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

P2 Gold Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on November 10, 2017 and continued under the British Columbia ("BC") Business Corporations Act on August 31, 2020. The Company's common shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "PGLD" and the OTCQB Venture Market under the symbol "PGLDF". The address of the Company's registered office is 15th Floor, 1111 West Hastings Street, Vancouver, BC, Canada V6E 2J3.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties primarily in BC, Canada and the western United States of America ("USA"). Currently, the Company is focused on acquiring ownership rights to these properties and financing exploration programs to identify potential mineral reserves.

The Company has not yet determined whether its mineral resource properties contain mineral reserves that are economically recoverable. The continued operation of the Company is dependent upon the preservation of its interest in its properties, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties.

(b) Going concern assumption

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from March 31, 2024. For the three months ended March 31, 2024, the Company incurred net earnings of $4,419,661, which included a gain on extinguishment of acquisition liabilities in the amount of $6,360,508 and used cash in operating activities of $753,453. As at March 31, 2024, the Company had cash and cash equivalents of $289,875 (December 31, 2023 – $46,611) and a working capital (current assets less current liabilities) deficit of $3,636,116 (December 31, 2023 – $5,375,730, restated, refer to note 2b).

The Company has incurred losses to date, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of or eliminate one or more of its exploration programs or relinquish some or all of its rights under the existing option and acquisition agreements.

The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The Company's material accounting policies applied in these condensed consolidated interim financial statements are the same as those disclosed in note 3 of the Company's annual consolidated financial statements as at and for the years ended December 31, 2023 and 2022. These condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements.

The functional currency of the parent company is the Canadian dollar ("CAD" or "$") and the functional currency of each of the Company's subsidiaries is the United States dollar ("USD" or "US$"). The presentation currency of these condensed consolidated interim financial statements is CAD.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 15, 2024.

(b) Changes in material accounting policies

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* titled *Non-Current Liabilities with Covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of Liabilities as Current or Non-Current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and are applied retrospectively.

The Company applied the change retrospectively and restated the comparative financial information as if the amendments were always in place. The only impact to the Company's financial statements was the classification of the convertible note associated with the acquisition liabilities for the Gabbs Project. As at December 31, 2023, the convertible note, including the debt portion and embedded derivative, in the amount of $4,073,598 is now recorded as a current liability. There were no changes to the January 1, 2023 opening balances.

(c) Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Unaudited – Expressed in Canadian dollars, except for share data

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the condensed consolidated interim financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

Key instances of accounting policy judgment

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue exploring and developing its properties and meet working capital requirements, the outcome of which is uncertain (refer to note 1b).

Estimation uncertainty

- The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgement to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at inception and at the end of each reporting period. Refer to note 7 for further details on the methods and assumptions associated with the measurement of the convertible debentures.

(d) New accounting standards and recent pronouncements

The following standards, amendments and interpretations have been issued but are not yet effective:

- In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* which will replace IAS 1, *Presentation of Financial Statements.* The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is still in the process of assessing the impact of this standard.

There are no other IFRS® Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

3. RECEIVABLES AND OTHER

		March 31, 2024		December 31, 2023
Prepaid expenses and deposits	$	406,343	$	145,119
Other receivables		16,057		15,223
Tax receivables		24,322		7,212
	$	446,722	$	167,554

Unaudited – Expressed in Canadian dollars, except for share data

4. PROPERTY, PLANT AND EQUIPMENT

		Property, plant and equipment		Right-of-use asset		Total
Period ended March 31, 2024						
Cost						
Balance - December 31, 2023	$	185,432	$	354,359	$	539,791
Additions		2,068		-		2,068
Balance - March 31, 2024	$	187,500	$	354,359	$	541,859
Accumulated depreciation						
Balance - December 31, 2023	$	88,957	$	354,359	$	443,316
Depreciation		9,560		-		9,560
Balance - March 31, 2024	$	98,517	$	354,359	$	452,876
Net book value - March 31, 2024	$	88,983	$	-	$	88,983

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2024		December 31, 2023
Trade payables	$	222,064	$	302,253
Payroll liabilities		190,809		102,537
Accrued liabilities		67,681		57,732
Taxes payable		26,149		24,458
Interest payable		10,904		-
	$	517,607	$	486,980

6. ACQUISITION LIABILITIES – GABBS PROJECT

On February 22, 2021, the Company entered into an asset purchase agreement with Borealis Mining Company, LLC (“Borealis”), an indirect, wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (“Waterton”) to acquire all the assets that comprise the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada.

On May 4, 2021, the Company and Borealis agreed to amend the terms of the asset purchase agreement (“Amended Agreement”). Under the Amended Agreement, the Company paid $1,216,600 (US$1,000,000) and issued 15,000,000 common shares ($7,500,000 in fair value) in its capital to Waterton at closing of the transaction. In addition, the Company was required to pay Waterton Nevada Splitter LLC (“Splitter”), an affiliate of Borealis, (a) US$4,000,000 on the twelve-month anniversary of closing and (b) US$5,000,000 on the earlier of the announcement of results of a preliminary economic assessment (“PEA”) and the 24-month anniversary of closing.

6. ACQUISITION LIABILITIES – GABBS PROJECT (CONTINUED)

Borealis reserved for itself a 2% net smelter returns royalty on production from the Gabbs Project, of which one percent may be repurchased at any time by the Company for US$1,500,000 and the remaining one percent of which may be repurchased for US$5,000,000. Waterton assigned its rights to the royalty to Franco-Nevada Corporation in June 2023.

On April 28, 2022, the Company and Splitter agreed to amend the terms of the milestone payments under the Amended Agreement for the purchase of the Gabbs Project. Under the amended terms, the Company would pay Splitter (a) US$500,000 on May 31, 2022; (b) US$500,000 on December 31, 2022, if the Company completed an equity financing in the second half of 2022; and (c) US$8,000,000 or US$8,500,000 on May 14, 2023 (depending on whether US$500,000 was paid on December 31, 2022), provided that if the Company announced the results of a PEA prior to May 14, 2023, all outstanding payments would be due on the earlier of 60 days following the announcement of such results and May 14, 2023, and if the Company sold an interest in the Gabbs Project at any time, including without limitation, a royalty or stream, the proceeds of such sale shall be paid to Splitter up to the amount remaining outstanding.

On March 3, 2023, the Company and Splitter agreed to restructure the outstanding payment terms for the acquisition of the Gabbs Project. As part of the restructuring, the Company entered into an amending agreement (the "Second Amended Agreement") with Splitter pursuant to which the Company would pay to Splitter (a) US$150,000 on or before December 31, 2023, (b) US$250,000 on or before December 31, 2024, (c) US$2,000,000 on or before December 31, 2025 and (d) US$2,400,000 on or before December 31, 2026. Under the Second Amended Agreement, if the Company raised, through the issuance of debt or equity, in excess of $7,500,000 (excluding flow-through funds), 10% of the funds raised would be paid to Splitter against the longest dated milestone payment and on the sale of an interest in, or of, the Gabbs Project, the proceeds would be paid to Splitter up to the amount outstanding at the time.

In addition, on March 3, 2023, the Company issued to Splitter a US$4,000,000, zero coupon convertible note with a four-year term convertible at a price of $0.30 per share provided that the convertible note could not be converted if all payments due under the Second Amended Agreement had been made at the time the convertible note was called (other than if a change of control was to occur prior to repayment of the convertible note). The convertible note could be called by the Company at any time on payment of 115% in the first year, 130% in the second year and 150% thereafter and is due on maturity, an event of default or a change of control. Under the terms of the convertible note, approval by the shareholders of the Company was required if conversion of the convertible note would make Waterton (including affiliated entities) a control person (as defined in the Exchange's Corporate Finance Manual).

In consideration for the restructuring, the Company issued 3,320,534 common shares ($797,011 in fair value) in the capital of the Company to Splitter following Exchange approval of the Second Amended Agreement.

The initial measurement of the acquisition liabilities under the terms of the Second Amended Agreement resulted in a gain on extinguishment of the pre-existing acquisition liabilities of $2,056,201.

On February 9, 2024, the Company entered into a termination agreement ("Termination Agreement") with Splitter to settle the outstanding debt related to the acquisition of the Gabbs Project which included US$4,800,000 of contractual cash obligations and a US$4,000,000 convertible note as per the Second Amended Agreement.

Unaudited – Expressed in Canadian dollars, except for share data

6. ACQUISITION LIABILITIES – GABBS PROJECT (CONTINUED)

Under the Termination Agreement, in settling the outstanding debt with Splitter, the Company (a) issued 5,231,869 common shares ($340,071 in fair value) in the capital of the Company, (b) paid $1,357,200 (US$1,000,000) and will pay (c) US$125,000 on or before January 31, 2025; and (d) US$125,000 on or before January 31, 2026.

The components of the acquisition liabilities for the Gabbs Project consist of the following:

		March 31, 2024		Restated (note 2b) December 31, 2023
Contractual cash obligations under agreements		281,380		4,564,377
Debt portion of convertible note		-		3,372,863
Embedded derivative associated with convertible note		-		700,735
Total acquisition liabilities - Gabbs Project		281,380		8,637,975
Current portion of acquisition liabilities - Gabbs Project		(152,296)		(4,557,915)
Non-current portion of acquisition liabilities - Gabbs Project	$	129,084	$	4,080,060

Under the terms of the Termination Agreement, the remaining contractual cash obligations were initially recognized at amortized cost, net of transaction costs, in the amount of US$205,457 ($278,846) using a discount rate of 14.5%. The amortized cost was calculated based on the present value of the expected cash flows using a discount rate that reflects the risk-free rate and the Company specific credit spread.

The settlement of liabilities pursuant to the Termination Agreement and the initial measurement of the remaining acquisition liabilities under the terms of the Termination Agreement resulted in a gain on extinguishment of the pre-existing acquisition liabilities under the Second Amended Agreement of $6,360,508.

The movement in the acquisition liabilities associated with the Gabbs Project during the period comprised the following:

		For the three months ended March 31, 2024		For the year ended December 31, 2023
Opening balance	$	8,637,975	$	11,681,066
Accretion of acquisition liabilities - Gabbs Project		200,690		1,069,120
Payment for termination of acquisition liabilities		(1,357,200)		-
Shares issued for termination/restructuring of acquisition liabilities		(340,071)		(797,011)
Gain on financial instruments at fair value		(700,735)		(1,102,568)
Debt issuance costs		(7,347)		(41,198)
Foreign exchange movements		208,576		(115,233)
Gain on extinguishment of acquisition liabilities		(6,360,508)		(2,056,201)
Ending balance	$	281,380	$	8,637,975

7. CONVERTIBLE DEBENTURES

On March 4, 2024, and March 14, 2024, the Company issued 1,665 convertible debenture units for gross proceeds of $1,665,000. Each unit consisted of one convertible debenture with a principal amount of $1,000 and 12,500 share purchase warrants.

The convertible debentures bear interest at a rate of 7.5%, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2024. Interest will be paid in shares based on the greater of the market price and 15-day volume weighted average price ("VWAP") of the shares on the Exchange, or cash, at the Company's election. For the three months ended March 31, 2024, $8,615 of interest expense on convertible debentures was recorded in the statement of earnings (loss). The convertible debentures have approximately a two-year term, with the principal amount being due to be repaid in full by the Company on January 31, 2026. At any time during the term, the Company will have the option to extend the term by up to one additional year on payment of an extension fee to the holders of the convertible debentures in the amount of six month's interest payable in shares based on the greater of the market price and the 15-day VWAP or cash, at the Company's election. The convertible debentures are unsecured.

Under the terms of the offering, at any time during the term, a holder may elect to convert the outstanding net principal amount, or any portion thereof, into common shares in the capital of the Company at a conversion price of $0.07 per share up to January 31, 2025 and $0.10 per share from February 1, 2025 to January 31, 2026. In the event the Company announces a business combination and the 15-day VWAP of the shares on the Exchange is greater than $0.07, the Company will have the right to require the holders to convert the outstanding net principal amount into common shares at the conversion price.

Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.30 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants.

The Company has determined that the convertible debentures are in substance a debt instrument with embedded derivatives due to a variable conversion price and prepayment options. The Company elected to classify and measure the entire hybrid convertible debentures as a financial liability carried at FVTPL. IFRS 9 requires the gain or loss associated with changes in the fair value of the convertible debentures be recorded in earnings (loss), except for changes in fair value attributable to changes in the credit risk of the liability, which must be presented in other comprehensive income (loss) ("OCI"). The liability's credit risk is represented by the difference between the discount rate associated with the liability and the risk-free rate.

The fair value of the convertible debenture was estimated using the partial differential equation method with key inputs used including share price, risk-free interest rate, credit spread, historical volatility and dividend yield. At initial recognition, the fair value of the convertible debentures was $2,834,200, of which $479,111 was allocated to the share purchase warrants. For the three months ended March 31, 2024, the change in fair value of the convertible debentures was a loss on financial instruments at fair value of $502,721. Of the change in fair value, a fair value loss of $499,415 was recognized in the statement of earnings (loss) and a fair value loss due to the change in the Company's credit risk of $3,306 was recognized in OCI.

Unaudited – Expressed in Canadian dollars, except for share data

7. CONVERTIBLE DEBENTURES (Continued)

The movement in the convertible debentures during the period comprised the following:

		For the three months ended March 31, 2024
Opening balance	$	-
Proceeds from convertible debentures		1,665,000
Fair value adjustment to convertible debentures at inception		1,169,200
Fair value allocated to warrants issued - convertible debentures at inception		(479,111)
Loss on financial instruments at fair value		499,415
Change in fair value attributable to change in credit risk of financial instruments designated at FVTPL		3,306
Ending balance	$	2,857,810

Total debt issuance costs associated with the convertible debenture offering were $128,192 including finders fees of $116,966 consisting of $71,040 in cash and $45,926 related to 916,875 brokers warrants issued. Debt issuance costs in the amount of $106,522 were expensed to the statement of earnings (loss) and $21,670 were capitalized to warrant reserve.

Sensitivities for the key assumptions in the valuation model were as follows:

- With other variables unchanged, a 10% increase or decrease in share price would change the fair value of the convertible debentures by $289,891 or ($232,691), respectively;
- With other variables unchanged, a 10% increase or decrease in share price volatility would change the fair value of the convertible debentures by $107,620 or ($36,845), respectively; and
- With other variables unchanged, a 1% increase or decrease in discount rate would change the fair value of the convertible debentures by ($10,814) or $53,456, respectively.

8. E&E EXPENDITURES

The E&E expenditures of the Company, by property, for the three months ended March 31, 2024 and 2023 were as follows:

		For the three months ended March 31, 2024		March 31, 2023
Gabbs Project	$	91,879	$	84,088
BAM Project		19,508		1,424,488
Lost Cabin Property		-		27,244
	$	111,387	$	1,535,820

Unaudited – Expressed in Canadian dollars, except for share data

8. E&E EXPENDITURES (Continued)

(b) Option agreements

For the three months ended March 31, 2024 and the year ended December 31, 2023, the Company paid or accrued cash obligations and issued in common shares the following amounts under the option agreements for its mineral projects:

	For the three months ended March 31, 2024			For the year ended December 31, 2023		
	Cash paid	Common shares issued	Fair value of shares issued	Cash paid or accrued	Common shares issued	Fair value of shares issued
BAM Property	$ -	-	$ -	$ -	800,000	$ 176,000
Lost Cabin Property	-	-	-	54,374	-	-
	$ -	-	$ -	$ 54,374	800,000	$ 176,000

Future contractual obligations under option agreements

As at March 31, 2024, the Company has the following cash and share contractual obligations to maintain its existing option agreements:

Project	Ownership under option	Form	2024	2025	Total
Silver Reef Property[1]	70%	Cash or shares	$ 375,000	$ -	$ 375,000
		Shares	500,000	-	500,000

(1) Following exercise of the option for the Silver Reef Property, the Company has the right for a period of 120 days to acquire the remaining 30% interest, for a total of 100%, on payment of $7,500,000, of which, up to $4,000,000 may be paid in shares of the Company. If the Company elects not to purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator. In the first three years of the joint venture, if the vendor fails to sell its interest, the vendor's interest will convert to a 3% net smelter returns royalty with the Company having the opportunity to purchase the vendor's interest prior to conversion for $7,500,000.

In addition to the cash and share contractual obligations under the existing option agreements, there are minimum cumulative spending obligations on the properties as follows:

Project	2021	2022	2023	2024	Status
Silver Reef Property	250,000	750,000	-	2,000,000	In progress

Unaudited – Expressed in Canadian dollars, except for share data

8. E&E EXPENDITURES (Continued)

(c) E&E expenditures – Nature of expense

The E&E expenditures of the Company, by nature of expense, for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31, 2024	March 31, 2023
Technical and assessment reports	$ 75,194	$ 13,570
Camp costs and access road	19,658	145,442
Other E&E expenditures	12,019	14,109
Salaries and benefits	2,283	141,245
Government payments	1,258	1,378
Consulting	800	149,369
Assays	175	25,475
Acquisition costs	-	931,619
Helicopters	-	(198)
Drilling	-	37,976
Geophysical and other surveys	-	74,426
Travel expenses	-	1,409
	$ 111,387	$ 1,535,820

9. INTEREST AND FINANCE EXPENSE

	For the three months ended March 31, 2024	March 31, 2023
Accretion of acquisition liabilities - Gabbs Project	$ 200,690	$ 250,386
Debt issuance costs on convertible debentures	106,522	-
Interest expense on convertible debentures	8,615	-
Interest expense on related party loans	2,289	-
Interest expense - other	1,309	-
Interest expense on leases	-	3,070
	$ 319,425	$ 253,456

10. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

At March 31, 2024, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

Unaudited – Expressed in Canadian dollars, except for share data

10. SHARE CAPITAL AND OTHER RESERVES (Continued)

On February 2, 2024, the Company completed a private placement of 6,250,000 units at a price of $0.08 per unit for gross proceeds of $500,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than $0.30 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. Using the residual method, the warrants were valued at nil. Total share issue costs associated with the private placement were $13,857 including finder's fees paid in cash of $9,732.

On February 28, 2024, the Company issued 5,231,869 common shares with a fair value of $340,071 related to the Termination Agreement with Splitter associated with the Gabbs Project (refer to note 6).

(b) Other reserves

The Company's other reserves consisted of the following:

		March 31, 2024		December 31, 2023
Other reserve - Share options	$	3,425,441	$	3,361,135
Other reserve - Warrants		1,533,336		1,029,969
	$	4,958,777	$	4,391,104

(c) Share options

The following table summarizes the changes in share options for the three months ended March 31:

	2024			2023		
	Number of share options		Weighted average exercise price	Number of share options		Weighted average exercise price
Outstanding, January 1,	8,386,133	$	0.37	7,219,166	$	0.51
Granted	1,400,000		0.08	-		-
Expired	(1,725,300)		0.68	(125,000)		0.52
Outstanding, March 31,	8,060,833	$	0.25	7,094,166	$	0.51

Unaudited – Expressed in Canadian dollars, except for share data

10. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following table summarizes information about share options outstanding and exercisable at March 31, 2024:

	Share options outstanding		Share options exercisable		
Exercise prices	Number of share options outstanding	Weighted average years to expiry	Number of share options exercisable		Weighted average exercise price
$0.01 - $0.25	5,678,333	1.42	3,225,333	$	0.20
$0.26 - $0.50	2,382,500	0.28	2,382,500		0.43
	8,060,833	1.08	5,607,833	$	0.30

The total share-based compensation expense for the three months ended March 31, 2024 was $64,306 (2023 – $149,638) which was expensed in the statement of earnings (loss).

The following are the weighted average assumptions used to estimate the fair value of share options granted for the three months ended March 31, 2024 and 2023 using the Black-Scholes pricing model:

	For the three months ended	
	March 31, 2024	March 31, 2023
Expected life	2 years	N/A
Expected volatility	106.21%	N/A
Risk-free interest rate	4.30%	N/A
Expected dividend yield	Nil	N/A
Forfeiture rate	Nil	N/A

The Black Scholes option pricing model requires the input of subjective assumptions including the expected price volatility and expected share option life. Changes in these assumptions would have a significant impact on the fair value.

Unaudited – Expressed in Canadian dollars, except for share data

10. SHARE CAPITAL AND OTHER RESERVES (Continued)

(d) Warrants

The following table summarizes the changes in warrants for the three months ended March 31:

	2024			2023		
	Number of warrants		Warrant reserve	Number of warrants		Warrant reserve
Outstanding, January 1,	27,312,897	$	1,029,969	40,267,045	$	1,127,482
Transactions during the period:						
Warrants issued - private placements	6,250,000		-	-		-
Warrants issued - convertible debentures, net of debt issuance costs	20,812,500		457,441	-		-
Broker's warrants issued - convertible debentures	916,875		45,926	-		-
Outstanding, March 31,	55,292,272	$	1,533,336	40,267,045	$	1,127,482

At March 31, 2024, the weighted average exercise price for the outstanding warrants is $0.36 (2023 – $0.79).

Brokers warrants issued in connection with the equity-related offerings were valued at $45,926 (2023 – nil) using the Black-Scholes pricing model. The following are the weighted average assumptions used to estimate the fair value of brokers warrants issued for the three months ended March 31, 2024 and 2023 using the Black Scholes pricing model:

	For the three months ended March 31, 2024	March 31, 2023
Expected life	2 years	N/A
Expected volatility	104.46%	N/A
Risk-free interest rate	4.15%	N/A
Expected dividend yield	Nil	N/A
Forfeiture rate	Nil	N/A

For brokers warrants, the Black Scholes option pricing model requires the input of subjective assumptions including the expected price volatility. Changes in these assumptions would have a significant impact on the fair value.

11. RELATED PARTIES

Key management consists of the Company's directors and officers including its President and Chief Executive Officer, Chief Exploration Officer ("CExO"), Executive Vice President and Chief Financial Officer ("CFO").

Unaudited – Expressed in Canadian dollars, except for share data

11. RELATED PARTIES (Continued)

Directors and key management compensation:

		For the three months ended March 31, 2024		March 31, 2023
Salaries and benefits	$	119,264	$	87,333
Share-based compensation		51,809		118,428
Management and consulting fees		-		30,369
	$	171,073	$	236,130

As at March 31, 2024, accounts payable and accrued liabilities include $271,435 (December 31, 2023 – $317,551) owed to four officers (December 31, 2023 – four officers) of the Company for salaries and benefits and reimbursement of transactions incurred in the normal course of business.

As at March 31, 2024, related party loans consist of $495,000 (December 31, 2023 – $545,000) of non-interest bearing, due on demand, loans owed to two officers of the Company.

On March 14, 2024, the Company issued 85 convertible debenture units for gross proceeds of $85,000 to an officer of the Company (refer to note 7).

On March 1, 2024, the Company executed a related party loan with the Company's CExO in the amount of $350,000. The principal amount borrowed and outstanding bears interest at a rate per annum equal to the financial institution prime rate plus 0.5%. Interest will be calculated monthly in arrears and is payable on a monthly basis within 10 business days after month-end. The promissory note is due on demand and the Company has the option to prepay the entire principal amount and accrued interest at any time. For the three months ended March 31, 2024, $2,289 of interest expense was expensed in the statement of earnings (loss).

For the three months ended March 31, 2024, the Company charged $45,998 (2023 – $33,499) to Austin Gold Corp. ("AGC") and Innovation Mining Inc. under financial services agreements. AGC is considered a related party of the Company due to three common directors and a shared CFO. As at March 31, 2024, under the financial services agreements, $16,057 (December 31, 2023 – $15,223) is owed to the Company and included in receivables and other.

12. FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

12. FINANCIAL RISK MANAGEMENT (Continued)

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of earnings (loss).

The Company is exposed to currency risk through cash and cash equivalents and accounts payable and accrued liabilities held in the parent entity which are denominated in USD.

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company's current policy is to invest cash at floating rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates impact interest and finance income earned.

The Company is subject to interest rate risk with respect to the variable financial institution prime rate associated with the related party loan.

The Company is subject to interest rate risk with respect to the fair value of the convertible debentures, which is accounted for at FVTPL.

(b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly to ensure that there is sufficient liquidity in order to meet short-term business requirements.

Refer to note 1b for further discussion regarding the Company's ability to continue as a going concern.

The Company has issued surety bonds to support future decommissioning and restoration provisions.

The Company's financial obligations consist of accounts payable and accrued liabilities, acquisition liabilities related to the Gabbs Project, convertible debentures and related party loans.

Unaudited – Expressed in Canadian dollars, except for share data

12. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2024	**Carrying value**		**Fair value**		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ -	$ 289,875	$ -	$ -	$ -
Receivables and other	-	446,722	-	-	-
	$ -	$ 736,597	$ -	$ -	$ -
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ 517,607	$ -	$ -	$ -
Acquisition liabilities - Gabbs Project:					
Contractual cash obligations under agreements	-	281,380	-	-	-
Convertible debentures	$ 2,857,810	$ -	$ -	$ -	$ 2,857,810
	$ 2,857,810	$ 798,987	$ -	$ -	$ 2,857,810

Unaudited – Expressed in Canadian dollars, except for share data

12. FINANCIAL RISK MANAGEMENT (Continued)

As at December 31, 2023	Carrying value		Fair value		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ -	$ 46,611	$ -	$ -	$ -
Receivables and other	-	167,554	-	-	-
	$ -	$ 214,165	$ -	$ -	$ -
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ 486,980	$ -	$ -	$ -
Acquisition liabilities - Gabbs Project:					
Contractual cash obligations under agreements	-	4,564,377	-	-	-
Debt portion of convertible note	-	3,372,863	-	-	-
Embedded derivative associated with convertible note	700,735	-	-	-	700,735
	$ 700,735	$ 8,424,220	$ -	$ -	$ 700,735

13. COMMITMENTS

The following table provides the Company's undiscounted contractual obligations as of March 31, 2024:

	1 year	2 -3 years	More than 3 years	Total
Convertible debentures(1)	$ -	$ 1,665,000	$	$ 1,665,000
Acquisition liabilities - Gabbs Project:				
Contractual cash obligations under agreements	169,375	169,375	-	338,750
Interest on convertible debentures	102,699	135,481	-	238,180
	$ 272,074	$ 1,969,856	$ -	$ 2,241,930

(1) The timing in the commitments table is based on the time in which the gross contractual obligation is due. The convertible debentures have been classified as current on the statement of financial position due to the ability of the holders to exercise their conversion option as at March 31, 2024.