



P2 GOLD INC.

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of P2 Gold Inc. for the three months ended March 31, 2025 and 2024 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars

	Note	March 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 836,439	\$ 539,945
Marketable securities	3	454,545	-
Receivables and other	4	119,935	97,815
		1,410,919	637,760
Non-current assets			
Property, plant and equipment	5	44,841	47,337
Total assets		\$ 1,455,760	\$ 685,097
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 88,845	\$ 196,757
Current portion of lease obligations	7	1,748	-
Current portion of acquisition liabilities - Gabbs Project	8	-	179,863
Convertible debentures	9	1,263,688	1,448,688
Related party loans	13	990,500	915,500
		2,344,781	2,740,808
Non-current liabilities			
Lease obligations	7	1,665	-
Acquisition liabilities - Gabbs Project	8	-	153,220
		2,346,446	2,894,028
SHAREHOLDERS' EQUITY			
Share capital	12	42,842,940	42,605,973
Other reserves	12	4,210,610	4,193,331
Accumulated other comprehensive income (loss) ("AOCI")		(676,955)	(677,563)
Deficit		(47,267,281)	(48,330,672)
		(890,686)	(2,208,931)
Total liabilities and shareholders' equity		\$ 1,455,760	\$ 685,097
Nature of operations and going concern	1		
Commitments	15		

Approved on behalf of the Board of Directors:

"Ron MacDonald"

Ron MacDonald
Chair of the Audit Committee

"Joseph Ovsenek"

Joseph Ovsenek
Chair of the Board, President and
Chief Executive Officer ("CEO")

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

Unaudited - Expressed in Canadian dollars, except for share data

	Note	For the three months ended	
		March 31, 2025	March 31, 2024
Exploration and evaluation ("E&E") expenditures	10	\$ 52,588	\$ 111,387
Administrative expenses			
General and administrative		144,880	163,437
Investor relations and travel		49,537	68,717
Shareholder information		33,086	29,662
Professional fees		19,973	114,142
Share-based compensation	12	17,279	64,306
Depreciation	5	6,176	9,560
Total administrative expenses		270,931	449,824
Operating loss		(323,519)	(561,211)
Interest and finance expense	11	(33,251)	(319,425)
Loss on financial instruments at fair value	8, 9	-	(967,880)
Foreign exchange gain (loss)		1,255	(92,741)
Interest and finance income		2,655	391
Gain on extinguishment of acquisition liabilities	8	11,706	6,360,508
Unrealized fair value gain on marketable securities	3	204,545	-
Other income - sale of mineral claims	10	1,200,000	-
Earnings before taxes		1,063,391	4,419,642
Current income tax recovery		-	19
Net earnings for the period		\$ 1,063,391	\$ 4,419,661
Other comprehensive earnings, net of tax			
Items that may be subsequently reclassified to earnings or loss:			
Currency translation adjustments		608	(120,144)
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 for the period		\$ 1,063,999	\$ 4,296,211
Earnings per share			
Basic		\$ 0.01	\$ 0.04
Diluted	12	\$ 0.01	\$ 0.03
Weighted average number of shares outstanding			
Basic		151,260,729	112,821,382
Diluted	12	163,310,533	136,946,915

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, 2025	March 31, 2024
Cash flows generated by (used in) operating activities			
Net earnings for the period		\$ 1,063,391	\$ 4,419,661
Items not affecting cash:			
Current income tax recovery		-	(19)
Depreciation	5	6,176	9,560
Gain on extinguishment of acquisition liabilities	8	(11,706)	(6,360,508)
(Gain) loss on financial instruments at fair value	8, 9	-	967,880
Interest and finance expense, net		30,596	317,725
Related party loans	13	75,000	-
Share-based compensation	12	17,279	64,306
Shares received for sale of mineral projects	3, 10	(250,000)	-
Unrealized fair value gain on marketable securities	3	(204,545)	-
Unrealized foreign exchange loss (gain)		(178)	90,045
Changes in non-cash working capital items:			
Receivables and other		(25,926)	(277,635)
Accounts payable and accrued liabilities		(74,059)	15,532
Net cash generated by (used in) operating activities		626,028	(753,453)
Cash flows generated by (used in) investing activities			
Purchase of property, plant and equipment		-	(2,068)
Interest received		2,655	391
Net cash generated by (used in) investing activities		2,655	(1,677)
Cash flows generated by (used in) financing activities			
Payment of acquisition liabilities - Gabbs Project	8	(322,925)	(1,357,200)
Payment of lease obligations	7	(356)	-
Proceeds from convertible debentures	9	-	1,665,000
Proceeds from private placements	12	-	492,000
Debt issuance costs		-	(88,139)
Share issuance costs		-	(13,857)
Proceeds from related party loans		-	350,000
Repayment of related party loans		-	(50,000)
Interest paid		(9,059)	-
Net cash generated by (used in) financing activities		(332,340)	997,804
Increase in cash and cash equivalents for the period		296,343	242,674
Cash and cash equivalents, beginning of period		539,945	46,611
Effect of foreign exchange rate changes on cash and cash equivalents		151	590
Cash and cash equivalents, end of period		\$ 836,439	\$ 289,875

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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, 2023		106,871,913	\$ 39,266,322	\$ 4,391,104	\$ (537,542)	\$ (52,479,199)	\$ (9,359,315)
Private placements	12	6,250,000	500,000	-	-	-	500,000
Private placement - subscription receipts		-	(8,000)	-	-	-	(8,000)
Share issuance costs	12	-	(12,857)	-	-	-	(12,857)
Debt issuance costs - broker warrants	9, 12	-	-	45,926	-	-	45,926
Shares issued for restructuring of acquisition liabilities - Gabbs Project	8, 12	5,231,869	340,071	-	-	-	340,071
Issuance of warrants - convertible debentures, net of debt issuance costs	9, 12	-	-	457,441	-	-	457,441
Value assigned to share options vested	12	-	-	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)
Balance - December 31, 2024		148,696,385	\$ 42,605,973	\$ 4,193,331	\$ (677,563)	\$ (48,330,672)	\$ (2,208,931)
Shares issued for settlement of convertible debentures	9, 12	3,465,321	236,967	-	-	-	236,967
Value assigned to share options vested	12	-	-	17,279	-	-	17,279
Other comprehensive earnings for the period		-	-	-	608	-	608
Earnings for the period		-	-	-	-	1,063,391	1,063,391
Balance - March 31, 2025		152,161,706	\$ 42,842,940	\$ 4,210,610	\$ (676,955)	\$ (47,267,281)	\$ (890,686)

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



P2 GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

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 the western United States of America (“USA”). Currently, the Company is focused on 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, 2025. For the three months ended March 31, 2025, the Company had net earnings of \$1,063,391, which included other income from the sale of the Ball Creek claims in the amount of \$1,200,000 and generated cash from operating activities of \$626,028, which included \$950,000 from the sale of the Ball Creek Claims. As at March 31, 2025, the Company had cash and cash equivalents of \$836,439 (December 31, 2024 – \$539,945) and a working capital (current assets less current liabilities) deficit of \$933,862 (December 31, 2024 – \$2,103,048).

The Company has incurred losses to date, has limited financial resources and has no current source of revenue or cash flow 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 planned exploration programs and adjust its corporate business plans.

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 condensed consolidated interim 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.



P2 GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

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 Accounting Standards”).

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, 2024 and 2023. 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 8, 2025.

(b) 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.

The following discusses the most significant accounting policy 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).



P2 GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

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2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 9 for further details on the methods and assumptions associated with the measurement of the convertible debentures.

(c) New accounting standards and recent pronouncements

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

- In May 2024, the International Accounting Standards Board (“IASB”) issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in *IFRS 9 Financial Instruments* and related disclosure requirements in *IFRS 7 Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.
- 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. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings, required disclosures in the financial statements for certain earnings 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 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. MARKETABLE SECURITIES

As at March 31, 2025, the Company holds 1,515,151 common shares of Kingfisher Metals Inc. (“Kingfisher”) that were received as part of the consideration for the sale of the Ball Creek claims (refer to note 10a). A continuity of the marketable securities is as follows:

	March 31, 2025	December 31, 2024
Opening balance	\$ -	\$ -
Common shares of Kingfisher received for sale of Ball Creek claims	250,000	-
Fair value adjustment to marketable securities at inception	7,576	-
Unrealized fair value gain on marketable securities	196,969	-
Ending balance	\$ 454,545	\$ -

4. RECEIVABLES AND OTHER

	March 31, 2025	December 31, 2024
Prepaid expenses and deposits	\$ 88,110	\$ 79,786
Other receivables	24,018	15,333
Tax receivables	7,807	2,696
	\$ 119,935	\$ 97,815

5. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Right-of-use ("ROU") asset	Total
Period ended March 31, 2025			
Cost			
Balance - December 31, 2024	\$ 161,855	\$ -	\$ 161,855
Additions	-	3,680	3,680
Balance - March 31, 2025	\$ 161,855	\$ 3,680	\$ 165,535
Accumulated depreciation			
Balance - December 31, 2024	\$ 114,518	\$ -	\$ 114,518
Depreciation	5,869	307	6,176
Balance - March 31, 2025	\$ 120,387	\$ 307	\$ 120,694
Net book value - March 31, 2025	\$ 41,468	\$ 3,373	\$ 44,841

Property, plant and equipment consists of exploration equipment, a light vehicle, office furniture and information technology hardware.

As at March 31, 2025, the ROU asset consists of the Company’s photocopier which is depreciated over the term of the lease.

**P2 GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended March 31, 2025 and 2024

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2025		December 31, 2024
Trade payables	\$	58,421	\$	45,627
Interest payable		24,589		54,830
Payroll liabilities		4,950		-
Accrued liabilities		885		96,300
	\$	88,845	\$	196,757

7. LEASE OBLIGATIONS

As at March 31, 2025, the Company's lease obligations consisted of the following:

		March 31, 2025		December 31, 2024
Gross lease obligations - minimum lease payments				
1 year	\$	2,136	\$	-
2-3 years		1,780		-
	\$	3,916	\$	-
Future interest expense on lease obligations		(503)		-
Total lease obligations	\$	3,413	\$	-
Current portion of lease obligations		(1,748)		-
Non-current portion of lease obligations	\$	1,665	\$	-

For the three months ended March 31, 2025, interest expense on the lease obligation was \$88 (2024 – nil). Total cash payments on lease obligations were \$356 (2024 – nil). To determine the ROU asset and lease obligation, the Company estimated its incremental borrowing rate to be 14.75% at inception of the lease agreement.

8. 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.



8. 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.

8. ACQUISITION LIABILITIES – GABBS PROJECT (Continued)

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.

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 (paid on January 28, 2025); and (d) US\$125,000 on or before January 31, 2026.

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.

On February 7, 2025, the Company and Splitter agreed to settle the final amount owing under the Termination Agreement for \$143,000 (US\$100,000) satisfying all of the Company’s obligations to Splitter for the acquisition of the Gabbs Project.

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

	For the three months ended		For the year ended	
	March 31,		December 31,	
	2025		2024	
Opening balance	\$	333,083	\$	8,637,975
Accretion of acquisition liabilities - Gabbs Project		2,377		235,119
Payment for settlement/termination of acquisition liabilities		(322,925)		(1,357,200)
Shares issued for termination of acquisition liabilities		-		(340,071)
Gain on financial instruments at fair value		-		(700,735)
Debt issuance costs		-		(7,347)
Foreign exchange movements		(829)		225,850
Gain on extinguishment of acquisition liabilities		(11,706)		(6,360,508)
Ending balance	\$	-	\$	333,083
Current portion of acquisition liabilities - Gabbs Project		-		(179,863)
Non-current portion of acquisition liabilities - Gabbs Project	\$	-	\$	153,220



P2 GOLD INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

9. 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, 2025, \$23,018 (2024 – \$8,615) of interest expense on convertible debentures was recorded in the statement of earnings.

On January 17, 2025, the Company issued 822,467 common shares to settle interest owing to the convertible debenture holders in the amount of \$51,967 (refer to note 12). For the three months ended March 31, 2025, the Company paid \$1,020 (2024 – nil) of interest expense on convertible debentures which were converted to common shares by the holders.

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 of the convertible debentures 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.

For the three months ended March 31, 2025, 2,642,854 common shares were issued for the conversion of convertible debentures in the amount of \$185,000 (refer to note 12).

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 fair values of the convertible debentures were estimated using the partial differential equation valuation method with key inputs used including share prices, risk-free interest rates, credit spreads, historical volatilities and dividend yields. At initial recognition, the fair value of the convertible debenture units was \$2,834,200, of which \$479,111 was allocated to the share purchase warrants. The excess of the initial fair value of the convertible debentures over the proceeds received was recorded in the statement of earnings and comprehensive earnings.

9. CONVERTIBLE DEBENTURES (Continued)

For the three months ended March 31, 2025, the change in fair value of the convertible debentures was a loss on financial instruments at fair value of nil (2024 – \$502,721). Of the change in fair value, a fair value loss of nil (2024 – \$499,415) was recognized in the statement of earnings and a fair value loss due to the change in the Company's credit risk of nil (2024 – \$3,306) was recognized in other comprehensive income.

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

	For the three months ended March 31, 2025	For the year ended December 31, 2024
Opening balance	\$ 1,448,688	\$ -
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)
Conversion of convertible debentures into common shares	(185,000)	(290,500)
Gain on financial instruments at fair value	-	(618,144)
Change in fair value attributable to change in credit risk of financial instruments designated at FVTPL	-	2,243
Ending balance	\$ 1,263,688	\$ 1,448,688

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 and \$21,670 were capitalized to warrant reserve.

10. E&E EXPENDITURES

The E&E expenditures of the Company, by property, for the three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Gabbs Project	\$ 52,588	\$ 91,879
BAM Project	-	19,508
	\$ 52,588	\$ 111,387

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10. E&E EXPENDITURES (Continued)**(a) Sale of Ball Creek Claims**

On December 4, 2024, the Company entered into a definitive agreement to sell the Ball Creek Claims to Kingfisher, an arm's length party, on (a) payment of \$1,000,000, with a non-refundable \$50,000 deposit due on signing of the agreement (received on December 9, 2024) and \$950,000 due on closing of the transaction; and (b) issuance of shares of Kingfisher having a value of \$250,000, with the shares priced at the closing price of the shares on the Exchange immediately prior to the announcement of the agreement. On January 29, 2025, the transaction closed with the Company receiving \$950,000 in cash and 1,151,151 common shares of Kingfisher.

The proceeds received from the sale of the Ball Creek claims were recognized as other income – sale of mineral claims in the statement of earnings.

(b) E&E expenditures – Nature of expense

The E&E expenditures of the Company, by nature of expense, for the three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended	
	March 31, 2025	March 31, 2024
Consulting	\$ 17,670	\$ 800
Camp costs and access road	16,618	19,658
Technical and assessment reports	16,187	75,194
Government payments	1,405	1,258
Travel expenses	708	-
Other E&E expenditures	-	12,019
Assays	-	175
Salaries and benefits	-	2,283
	\$ 52,588	\$ 111,387

11. INTEREST AND FINANCE EXPENSE

	For the three months ended	
	March 31, 2025	March 31, 2024
Interest expense on convertible debentures	\$ 23,018	\$ 8,615
Interest expense on related party loans	7,768	2,289
Accretion of acquisition liabilities - Gabbs Project	2,377	200,690
Interest expense on leases	88	-
Debt issuance costs on convertible debentures	-	106,522
Interest expense - other	-	1,309
	\$ 33,251	\$ 319,425

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12. SHARE CAPITAL AND OTHER RESERVES**(a) Share capital**

At March 31, 2025, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

For the three months ended March 31, 2025, 2,642,854 common shares were issued for the conversion of convertible debentures in the amount of \$185,000 (refer to note 9).

On January 17, 2025, the Company issued 822,467 common shares to settle interest owing to the convertible debenture holders in the amount of \$51,967 (refer to note 9).

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 8).

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.

(b) Other reserves

The Company's other reserves consisted of the following:

	March 31, 2025	December 31, 2024
Other reserve - Share options	\$ 3,552,823	\$ 3,535,544
Other reserve - Warrants	657,787	657,787
	<u>\$ 4,210,610</u>	<u>\$ 4,193,331</u>



12. SHARE CAPITAL AND OTHER RESERVES (Continued)

(c) Share options

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

	2025		2024	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, January 1,	6,983,333	\$ 0.14	8,386,133	\$ 0.37
Granted	-	-	1,400,000	0.08
Expired	-	-	(1,725,300)	0.68
Outstanding, March 31,	6,983,333	\$ 0.14	8,060,833	\$ 0.25

The following table summarizes information about share options outstanding and exercisable at March 31, 2025:

	Share options outstanding		Share options exercisable	
	Number of share options outstanding	Weighted average years to expiry	Number of share options exercisable	Weighted average exercise price
Exercise prices				
\$0.01 - \$0.12	3,425,000	1.31	2,088,500	\$ 0.09
\$0.13 - \$0.25	3,558,333	0.34	3,558,333	0.20
	6,983,333	0.81	5,646,833	\$ 0.16

The total share-based compensation expense for the three months ended March 31, 2025 was \$17,279 (2024 – \$64,306) which was expensed in the statement of earnings.

The following are the weighted average assumptions used to estimate the fair value of share options granted for the three months ended March 31, 2025 and 2024 using the Black-Scholes pricing model:

	For the three months ended	
	March 31, 2025	March 31, 2024
Expected life	N/A	2 years
Expected volatility	N/A	106.21%
Risk-free interest rate	N/A	4.30%
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil



12. SHARE CAPITAL AND OTHER RESERVES (Continued)

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.

(d) Warrants

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

	2025		2024	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	58,307,059	\$ 657,787	27,312,897	\$ 1,029,969
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,	58,307,059	\$ 657,787	55,292,272	\$ 1,533,336

At March 31, 2025, the weighted average exercise price for the outstanding warrants is \$0.18 (2024 – \$0.36).

Brokers warrants issued in connection with the equity related offerings were valued at nil (2024 – \$45,926) using the Black Scholes option 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, 2025 and 2024 using the Black-Scholes option pricing model:

	For the three months ended	
	March 31, 2025	March 31, 2024
Expected life	N/A	2 years
Expected volatility	N/A	104.46%
Risk-free interest rate	N/A	4.15%
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil

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.

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12. SHARE CAPITAL AND OTHER RESERVES (Continued)**(e) Earnings per share**

The calculation of diluted earnings per share was based on earnings attributable to ordinary shareholders and the weighted-average number of shares outstanding after adjustments for the effect of potential dilutive shares. For the three months ended March 31, 2025 and 2024, potential share issuances arising from the exercise of share options and warrants and settlement of convertible debentures in common shares were included in the calculation of diluted weighted average shares outstanding as well as their impact on earnings attributable to shareholders of the Company. Potentially dilutive shares associated with share options and warrants (out of the money) were not included in the diluted earnings per share calculation as their effect was antidilutive.

The following table summarizes the calculation of basic and diluted earnings per share:

	For the three months ended	
	March 31, 2025	March 31, 2024
Net earnings for the period	\$ 1,063,391	\$ 4,419,661
Basic weighted average number of common shares outstanding	151,260,729	112,821,382
Effective impact of dilutive securities:		
Share options	113,449	143,168
Warrants	41,355	196,651
Convertible debentures	11,895,000	23,785,714
Diluted weighted average number of common shares outstanding	163,310,533	136,946,915
Earnings per share		
Basic	0.01	0.04
Diluted	0.01	0.03

13. RELATED PARTIES

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

Directors and key management compensation:

	For the three months ended	
	March 31, 2025	March 31, 2024
Salaries and benefits	\$ 113,677	\$ 119,264
Share-based compensation	15,647	51,809
	\$ 129,324	\$ 171,073



13. RELATED PARTIES (Continued)

As at March 31, 2025, accounts payable and accrued liabilities include \$8,054 (December 31, 2024 – \$17,981) owed to three officers (December 31, 2024 – three officers) of the Company for salaries and benefits and reimbursement of transactions incurred in the normal course of business.

For the three months ended March 31, 2025, the Company charged \$46,558 (2024 – \$45,998) 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, 2025, under the financial services agreements, \$24,018 (December 31, 2024 – \$15,333) is owed to the Company and included in receivables and other.

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 9). On January 24, 2025, the Company issued 1,214,285 common shares to the officer of the Company for the conversion of the convertible debentures in the amount of \$85,000 (refer to note 9 and 12).

(a) Related party loans

As at March 31, 2025, related party loans total \$990,500 (December 31, 2024 – \$915,500) owed to three officers (December 31, 2024 – three officers) of the Company.

Non-interest bearing related party loans

As at March 31, 2025, related party loans include \$440,500 (December 31, 2024 – \$365,500) of non-interest bearing, due on demand, loans owed to three officers (December 31, 2024 – three officers) of the Company.

Interest bearing related party loans

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.

On July 9, 2024, the Company received additional proceeds of \$200,000 from the Company’s CExO borrowed under the same terms as the interest-bearing related party loan entered into on March 1, 2024 (see above).

For the three months ended March 31, 2025, \$7,768 (2024 – \$2,289) of interest expense was expensed in the statement of earnings. As at March 31, 2025, accounts payable and accrued liabilities include \$2,591 (December 31, 2024 – \$2,862) of interest expense on related party loans owed to the Company’s CExO.

14. 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.



14. FINANCIAL RISK MANAGEMENT (Continued)

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.

(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.

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.

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in USD, as of March 31, 2025, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	\$ 10,911	\$ (10,911)
Accounts payable and accrued liabilities	(1,936)	1,935

(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 impact on pre-tax loss of a 1% change in interest rates on financial assets as of March 31, 2025, with all other variables held constant, would be nominal.

The Company is subject to interest rate risk with respect to the variable financial institution prime rate associated with the interest bearing portion of 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 (refer to note 9).

14. FINANCIAL RISK MANAGEMENT (Continued)

(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, convertible debentures and related party loans.

The maturity of financial liabilities as at March 31, 2025 is as follows:

	1 year	2 -3 years	More than 3 years	Total
Convertible debentures	\$ 1,189,500	\$ -	\$ -	\$ 1,189,500
Interest on convertible debentures	97,363	-	-	97,363
Accounts payable and accrued liabilities	66,847	-	-	66,847
Lease obligations	2,136	1,780	-	3,916
	\$ 1,355,846	\$ 1,780	\$ -	\$ 1,357,626

(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.

14. FINANCIAL RISK MANAGEMENT (Continued)

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, 2025		Carrying value		Fair value		
		FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	\$	-	\$ 836,439	\$ -	\$ -	\$ -
Marketable securities		454,545	-	454,545	-	-
Receivables and other		-	119,935	-	-	-
	\$	454,545	\$ 956,374	\$ 454,545	\$ -	\$ -
Financial liabilities						
Accounts payable and accrued liabilities	\$	-	\$ 88,845	\$ -	\$ -	\$ -
Convertible debentures		1,263,688	-	-	-	1,263,688
	\$	1,263,688	\$ 88,845	\$ -	\$ -	\$ 1,263,688
As at December 31, 2024		Carrying value		Fair value		
		FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	\$	-	\$ 539,945	\$ -	\$ -	\$ -
Receivables and other		-	97,815	-	-	-
	\$	-	\$ 637,760	\$ -	\$ -	\$ -
Financial liabilities						
Accounts payable and accrued liabilities	\$	-	\$ 196,757	\$ -	\$ -	\$ -
Acquisition liabilities - Gabbs Project:						
Contractual cash obligations						
under agreements		-	333,083	-	-	-
Convertible debentures		1,448,688	-	-	-	1,448,688
	\$	1,448,688	\$ 529,840	\$ -	\$ -	\$ 1,448,688

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.

Marketable securities are fair valued at each reporting period using Kingfisher's share price on the TSX Venture Exchange.



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15. COMMITMENTS

The following table provides the Company's undiscounted contractual obligations as of March 31, 2025:

	1 year		2 -3 years		More than 3 years		Total
Convertible debentures	\$	1,189,500	\$	-	\$	-	\$ 1,189,500
Interest on convertible debentures		97,363		-		-	97,363
Lease obligations		2,136		1,780		-	3,916
	\$	1,288,999	\$	1,780	\$	-	\$ 1,290,779