P2 GOLD INC.

Unaudited Interim Condensed Financial Statements

For the three months ended March 31, 2021 and 2020

P2 GOLD INC.

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying interim condensed financial statements of P2 Gold Inc. (the "Company") are the responsibility of management and the Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited interim condensed financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRSs appropriate in the circumstances.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Joseph Ovsenek"
President, CEO and Director

"Tom Yip"
Chief Financial Officer

P2 GOLD INC.

Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Note	*As at* **March 31, 2021**	December 31, 2020
		$	$
Assets			
Current Assets			
Cash	6	**1,198,821**	1,634,964
Receivables and other assets	8	**97,426**	225,402
		1,296,247	1,860,366
Non-Current Assets			
Restricted cash	7	**70,000**	-
Property, plant and equipment		**21,651**	-
Right-of-use assets	9	**324,828**	-
Total Assets		**1,712,726**	1,860,366
Liabilities			
Current Liabilities			
Trade and other payables	11, 13	**140,403**	118,007
Current portion of lease liability	10	**105,984**	-
		246,387	118,007
Non-Current Liabilities			
Lease liabilities	10	**223,502**	-
Total Liabilities		**469,889**	118,007
Shareholders' Equity			
Capital stock	14	**8,490,458**	8,490,458
Warrant reserve	15	**9,489**	9,489
Share-based payment reserve	14	**1,070,598**	939,282
Deficit		**(8,327,708)**	(7,696,870)
		1,242,837	1,742,359
Total Liabilities and Shareholders' Equity		**1,712,726**	1,860,366

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 16)
Subsequent Events (Note 17)

Approved by the Board of Directors

"Ron MacDonald"
Director

"Joseph Ovsenek"
President, CEO and Director

The accompanying notes are an integral part of these unaudited interim financial statements

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three ended March 31,	
	Note	***2021***	*2020*
		$	$
Administrative Expenses			
Interest Income		**(1,206)**	(909)
Professional fees		**88,378**	53,185
General and administrative		**96,959**	16,679
Depreciation	*9*	**30,670**	13,554
Share-based payments	*14(d)*	**131,316**	-
Interest expense	*10*	**8,647**	1,061
Shareholder information		**21,625**	15,098
Investor relations and travel		**6,712**	273
Total Administrative Expenses		**(383,101)**	(98,941)
Exploration and evaluation expenditures	*3*	**(247,737)**	(66,173)
`Net loss and comprehensive loss for the period		**(630,838)**	(165,114)
Loss per share - basic and diluted		**$ (0.021)**	$ (0.019)
Weighted average number of shares outstanding – basic and diluted*		**29,518,331**	8,558,331

**On January 9, 2020 the Company consolidated its outstanding common shares on a 6:1 basis (note 14 (b)). All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.*

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

P2 GOLD INC.

Statements of Changes in Equity
For the Three Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)

(Unaudited)

	Note	Capital Stock		Reserves			
		Number of shares*	Amount	Share-based payments	Warrants	Deficit	Total
Balance at December 31, 2019		**8,558,331**	**$ 2,792,644**	**$ 274,856**	**$ 131,807**	**$ (2,684,549)**	**$ 514,758**
Net loss and comprehensive loss for the period		-	-	-	-	(165,114)	(165,114)
Balance at March 31, 2020		**8,558,331**	**$ 2,792,644**	**$ 274,856**	**$ 131,807**	**$ (2,849,663)**	**$ 349,644**
Private placements	*14*	20,160,000	5,424,000				5,424,000
Shares issued for property payment	*3*	800,000	486,000				486,000
Share issuance cost			(134,965)				(134,965)
Premium liability on flow-through shares		-	(200,000)	-	-	-	(200,000)
Reserve on issuance of warrants	*3,15*	-	-	-	461	-	461
Reserve on issuance of stock options	*14*	-	-	664,426	-	-	664,426
Expiry of warrants			122,779		(122,779)	-	-
Net loss and comprehensive loss for the period		-	-	-	-	(4,847,207)	(4,847,207)
Balance at December 31, 2020		**29,518,331**	**$ 8,490,458**	**$ 939,282**	**$ 9,489**	**$ (7,696,870)**	**$ 1,742,359**
Reserve on issuance of stock options	*14*	-	-	131,316	-	-	131,316
Net loss and comprehensive loss for the period		-	-	-	-	(630,838)	(630,838)
Balance at March 31, 2021		**29,518,331**	**$ 8,490,458**	**$ 1,070,598**	**$ 9,489**	**$ (8,327,708)**	**$ 1,242,837**

**On January 9, 2020 the Company consolidated its outstanding common shares on a 6:1 basis (note 14 (b)). All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.*

P2 GOLD INC.

Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended March 31,	
	Note	***2021***	*2020*
Operating activities		**$**	$
Net loss for the year		**(630,838)**	(165,114)
Items not involving cash:			
Share-based payments	*14*	**131,316**	-
Depreciation	*9*	**30,670**	13,554
Interest Expense	*10*	**8,647**	1,061
Change in non-cash working capital:			
Receivables and other assets		**127,976**	17,512
Trade and other payables		**22,396**	(80,484)
		(309,833)	(213,471)
Investing activities			
Restricted cash		**(70,000)**	
Purchase of leasehold improvements		**(22,790)**	-
		(92,790)	-
Financing activities			
Lease payments	*10*	**(33,520)**	(14,793)
		(33,520)	(14,793)
Increase (Decrease) in cash		**(436,143)**	(228,264)
Cash at beginning of period		**1,634,964**	570,337
Cash at end of period		**1,198,821**	342,073

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

1. NATURE OF OPERATIONS AND GOING CONCERN

P2 Gold Inc. (the "Company" or "P2 Gold") was incorporated on November 10, 2017 under the laws of the *Canada Business Corporations Act*. On August 31, 2020 the Company concurrently changed its name to P2 Gold Inc. and filed Notice of Articles to continue its incorporation under the *Business Corporations Act* (British Columbia).

The Company's common shares commenced trading October 16, 2018 on the TSX Venture Exchange (the "Exchange") under the symbol "CTEC". On August 31, 2020 the Company's trading symbol changed from "CTEC" to "PGLD".

The Company's head office is located at 355 Burrard Street, Suite 1100, Vancouver, BC, Canada, V6C 2G8. The Company is a junior mining, exploration and development company engaged in the acquisition, exploration and development of mineral resource properties primarily in British Columbia, Canada and the western United States. Substantially all of the Company's efforts are devoted to financing and acquiring these properties. There has been no determination whether the Company's interests in mineral properties will contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable mining operations. The Company's continued existence will be dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

In 2020, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the full extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted; however, it may impact upon our ability to carry out exploration project activities due to travel restrictions or complete financings due to impacts on capital markets. These financial statements have been prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern.

As at March 31, 2021, the Company had working capital of $1,049,860 (December 31, 2020 - $1,742,359), had not yet achieved profitable operations, had accumulated losses of $8,327,708 (December 31, 2020 - $7,696,870) and expects to incur future losses in the development of its business. During the three months ending March 31, 2021 the Company utilized $309,833 (2020 - $213,471) in operating activities.

The Company will require substantial additional funds to explore and, if warranted, develop its acquired exploration properties. The Company has limited financial resources and no current source of revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. Failure to obtain such additional financing could result in the delay or indefinite postponement of future exploration and property development. The terms of any additional financing obtained by the Company could result in significant dilution to the shareholders of the Company. These factors and the Company's financial position indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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2. BASIS OF PREPARATION

On January 9, 2020 the Company consolidated its outstanding common shares on a 6:1 basis (note 14 (b)). Prior to the consolidation, the Corporation had 51,350,000 common shares issued and outstanding. Upon completion of the share consolidation, the number of post-consolidation common shares issued and outstanding was 8,558,331 (on a non-diluted basis). All references to the number of shares, options and warrants and per share amounts have been retroactively restated to reflect the consolidation.

2.1 Statement of compliance

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed financial statements were authorized for issuance by the Board of Directors of the Company on May 17, 2021.

2.2 Basis of presentation and functional and presentation currency

These unaudited interim condensed financial statements have been prepared on a going concern basis, under the historical cost convention, except for financial instruments measured at fair value through profit and loss which are carried at fair value and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3 of the Company's annual audited financial statements for the year ended December 31, 2020. Readers of these unaudited interim condensed financial statements should review the audited financial statements and accompanying notes for the year ended December 31, 2020 in conjunction with the review of these statements.

The financial statements are presented in Canadian Dollars, which is also the functional currency of the Company.

2.3 Significant accounting policy judgments and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The accounting policy judgements and estimates are consistent with those disclosed in the 2020 annual financial statements. The most significant estimates and judgments relate to but are not limited to the incremental borrowing rate to obtain an asset of similar value to the right-of-use asset.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures of the Company are detailed as follows:

	Three months ended March 31	
	2021	2020
Silver Reef Property	**$ 12,780**	$ -
BAM Property	**33,807**	-
Todd Creek Property	**30,466**	-
Stockade Property	**24,933**	-
Lost Cabin Property	**39,936**	-
Prospective Exploration Properties	**71,045**	-
Timmins Project	**34,770**	66,173
Exploration and evaluation costs	**$ 247,737**	$ 66,173

	Three months ended March 31	
	2021	*2020*
Acquisition costs	**$ 47,142**	$ -
Assessment reports	**9,505**	**-**
Technical Reports (NI 43-101)	**16,489**	-
Consulting	**149,875**	50,000
Other exploration and evaluation expenditures	**24,726**	16,173
	$ 247,737	$ 66,173

Gabbs Project Acquisition

On February 23, 2021 the Company entered into an agreement with Borealis Mining Company, LLC (“Waterton”), an indirect, wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP to acquire all of the assets that comprise the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada (the “Transaction”). The closing of the Transaction remains subject to the satisfaction of customary closing conditions for a transaction of such nature, including acceptance by the TSX Venture Exchange (the “Exchange”) and the completion of the Private Placement (defined below). The Transaction will be an arm’s length transaction under Exchange policies.

Silver Reef Property

On June 11, 2020 the Company announced the signing of an option agreement with an arm's length private vendor to acquire up to a 100% interest in the Silver Reef Property located in northwest British Columbia, subject to regulatory approval.

Under the terms of the Option Agreement, the Company can acquire up to a 70% interest in Silver Reef over a three-year option period by paying to the vendor:

1. $50,000 (paid) and 200,000 shares (issued) in its capital on the signing of the agreement
2. $200,000 and 200,000 shares in its capital on the first anniversary of the agreement; and
3. $500,000 and 800,000 shares in its capital on the second anniversary of the agreement.

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Silver Reef Property (continued)

To maintain the option, the Company is also required to incur exploration expenditures of $250,000 before the first anniversary of the agreement (completed), $750,000 of cumulative exploration expenditures by the second anniversary of the agreement (completed) and $2 million of cumulative exploration expenditures by the third anniversary of the agreement. Following exercise of the option, the Company has the right for a period of 120 days to acquire the remaining 30% interest in Silver Reef, for a 100% total interest, on payment of $7.5 million of which up to $4 million may be paid in shares of the Company at its election. If the Company elects to not purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator.

During the first three years of the joint venture, the Company will fund the vendor's participating interest in the joint venture. If the vendor fails to sell its interest in the joint venture during such three-year period, the vendor's interest will convert to a 3% net smelter returns royalty, provided that the Company will have the opportunity to purchase the vendor's interest prior to such conversion for $7.5 million.

BAM Property

On July 2,2020, the Company announced the signing of an option agreement with an arm's length private vendor to acquire up to a 100% interest in the BAM property, located within the Golden Triangle in northwest British Columbia.

Under the terms of the BAM Option Agreement, the Company can acquire up to a 70% interest in the BAM Property over a three-year option period by paying to the vendor:

1. $60,000 (paid) and 200,000 common shares (issued) in its capital on the signing of the agreement;
2. $150,000 and 200,000 common shares in its capital on the first anniversary of the agreement;
3. $200,000 and 200,000 common shares in its capital on the second anniversary of the agreement; and
4. $550,000 and 800,000 common shares in its capital on the third anniversary of the agreement.

To maintain the option, the Company is also required to incur exploration expenditures of $150,000 before the first anniversary of the agreement (completed), $400,000 of cumulative exploration expenditures by the second anniversary of the agreement (completed) and $750,000 of cumulative exploration expenditures by the third anniversary of the agreement. Following exercise of the option, the Company has the right for a period of 120 days to acquire the remaining 30% interest in the BAM Property, for a 100% total interest, on payment of $7.5 million of which up to $4 million may be paid in common shares of the Company at its election. If the Company elects to not purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator.

During the first three years of the joint venture, the Company will fund the vendor's participating interest in the joint venture. If the vendor fails to sell its interest in the joint venture during such three-year period, the vendor's interest will convert to a 2% net smelter returns royalty (“NSR"), provided that the Company will have the opportunity to purchase the vendor's interest prior to such conversion for $7.5 million. Following the conversion of the vendor's interest to the BAM NSR, the Company may purchase 1% of the NSR for $2,000,000 (inflation adjusted from 2020).

The vendor has also agreed to assign to the Company two claims that form part of the BAM Property for $40,000 and a 2% NSR, 100% of which can be purchased by the Company for $1,125,000 prior to commercial production on such claims and 1% of which can be purchased for $300,000 (inflation adjusted from 2020) after commercial production is achieved on such claims

Todd Creek Property

On July 9, 2020, the Company announced the signing of an option agreement with ArcWest Exploration Inc, an arm's length TSX Venture Exchange listed company, to acquire up to a 70% interest in the Todd Creek property, located within the Golden Triangle in northwest British Columbia.

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Todd Creek Property (continued)

Under the terms of the Todd Creek Option Agreement, the Company can acquire (the "First Option") up to a 51% interest in the Todd Creek Property over a five-year option period by paying to ArcWest:

1. $100,000 (paid) and 200,000 common shares (issued) in its capital on the signing of the Todd Creek Option Agreement;
2. $150,000 on the first anniversary of the agreement;
3. $200,000 on the second anniversary of the agreement;
4. $200,000 on the third anniversary of the agreement;
5. $250,000 on the fourth anniversary of the agreement; and
6. $250,000 on the fifth anniversary of the agreement.

To maintain the option, the Company is also required to incur exploration expenditures of $500,000 before the first anniversary of the agreement (with a minimum of 1,000 meters of drilling) (completed), $3,000,000 of cumulative exploration expenditures by the second anniversary of the agreement, $6,500,000 of cumulative exploration expenditures by the third anniversary of the agreement, $10,000,000 of cumulative exploration expenditures by the fourth anniversary of the agreement and $15,000,000 of cumulative exploration expenditures by the fifth anniversary of the agreement.

Following exercise of the First Option, the Company has the right for a period of 60 days to acquire (the "Second Option") an additional 19% interest in the Todd Creek Property, for a 70% total interest, by completing a feasibility study within three years of the exercise of the First Option and paying to ArcWest $250,000 on each anniversary of the exercise of the First Option until the feasibility study is completed. ArcWest has the right, at its election, to receive any payment from the Company as cash, common shares in the Company's capital, or a combination of 50% cash and 50% common shares in the Company's capital. If ArcWest elects to receive any payment in common shares in the Company's capital, the common shares will be priced at the Company's 30-day volume weighted average price.

On exercise of the Second Option (or the First Option, if the Company does not elect to increase its interest by an additional 19%), the Company and ArcWest will form a joint venture, with the Company appointed the operator. Until commercial production is achieved on the Todd Creek Property, the Company will fund the first $100,000 of joint venture expenditures. If either party's joint venture interest is diluted to less than 10%, its joint venture interest will convert to a 2% net smelter returns royalty, one percent of which may be purchased by the other party for $5,000,000 at any time. If decision is made by the joint venture to place the property into production, the Company will arrange project financing for the joint venture, the repayment of which shall be made out of cash flows from the property in priority to distributions to the joint venture participants.

Stockade Property

On July 10, 2020, the Company announced the signing of a mineral lease and option agreement with Bull Mountain Resources LLC (“BMR”), an arm's length private company, to lease a 100% interest in the Stockade property located in southeastern Oregon.

Under the terms of the Stockade Option Agreement, the Company has the right to use the Stockade Property for exploration and mining for a minimum of 50 years provided it continues to make the following pre-production payments:

1. US$20,000 (paid) and 100,000 common shares (issued) in the capital of the Company on signing the agreement;
2. US$10,000 six-months after the Effective Date (paid);
3. US$10,000 12-months after the Effective Date;
4. US$15,000 18-months after the Effective Date;
5. US$15,000 24-months after the Effective Date; and
6. US$25,000 30-months after the Effective Date and every six months thereafter.

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Stockade Property (continued)

The term of the Stockade Option Agreement may continue after 50 years provided active mining operations are being conducted on the Stockade Property.

To maintain the option, the Company is also required to incur minimum work expenditures on the Stockade Property of US$30,000 in the first year (completed) and a minimum of 2,000 meters of drilling in the second year. On achievement of production on the property, a production royalty of 2% of net smelter returns is payable on claims owned by BMR and 0.5% of net smelter returns is payable on third party claims and claims acquired within the area of influence, provided that a minimum production royalty of US$25,000 is payable quarterly. On payment to BMR of US$10,000,000 in any combination of preproduction payments, production royalties and minimum royalties, the production royalty on claims owned by BMR reduces to 1% and on third-party claims and claims acquired within the area of influence to 0.25%.

Lost Cabin Property

On September 10, 2020, the Company announced the signing of a mineral lease and option agreement with La Cuesta International, Inc., an arm's length private company, to lease a 100% interest in the Lost Cabin property located in south central Oregon.

Under the terms of the Lost Cabin Option Agreement, the Company has the right to use the Lost Cabin Property for exploration and mining for a minimum of 50 years provided it continues to make the following preproduction payments:

1. US$5,000 (paid) and 100,000 common shares (issued) in the capital of the Company on signing the agreement;
2. US$5,000 six-months after the Effective Date;
3. US$10,000 12-months after the Effective Date;
4. US$10,000 18-months after the Effective Date;
5. US$15,000 24-months after the Effective Date; and
6. US$20,000 30-months after the Effective Date and every six months thereafter.

The term of the Lost Cabin Option Agreement may continue after 50 years provided active mining operations are being conducted on the Lost Cabin Property.

To maintain the option, the Company is also required to incur minimum work expenditures on the Lost Cabin Property of US$30,000 in the first year and a minimum of 2,000 meters of drilling in the second year. On achievement of production on the property, a production royalty of 2% of net smelter returns is payable on claims owned by La Cuesta and 0.5% of net smelter returns is payable on third party claims and claims acquired within the area of influence, provided that a minimum production royalty of US$25,000 is payable quarterly. On payment to La Cuesta of US$10,000,000 in any combination of preproduction payments, production royalties and minimum royalties, the production royalty on claims owned by La Cuesta reduces to 1% and on third-party claims and claims acquired within the area of influence to 0.25%.

Timmins Project

In 2020, the Company's exploration focus turned to British Columbia, Canada and the western United States, it determined that the Timmins Project was non-core and decided to divest the Timmins Project. The Company entered into an agreement with a private corporation for the sale of all of its interest in the Timmins Project, which was completed in May, 2021.

4. CAPITAL MANAGEMENT

The Company includes shareholders' equity (deficit) in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company has historically relied on equity financing to raise capital and will continue its attempts to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company classifies financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments are exposed to financial and other risks as summarized below:

Fair value

As at March 31, 2021, the carrying value approximates the fair value amounts of the Company's cash and trade and other payables.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which are held by a Canadian chartered bank, and management believes the risk of loss is remote.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Fair value (continued)

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensure an adequate supply of funds to enable the Company to carry out its intended programs. As at March 31, 2021, the Company had a cash balance of $1,198,821 (December 31, 2020 - $1,634,964) to settle current liabilities of $246,387 December 31, 2020 -$118,007) subject to normal trade terms.

As at March 31, 2021, the Company had working capital of $1,049,860 (December 31, 2020 - $1,742,359). In order to meet its longer-term working capital needs and property exploration expenditures, the Company intends on securing additional financing to ensure that those obligations are properly discharged. 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 activities or relinquish some or all of its rights to certain of its interests in mineral properties. (see Note 1)

6. CASH

The cash balance at March 31, 2021 consists of $1,198,821 (December 31, 2020 - $1,634,964) on deposit with a major Canadian bank.

7. RESTRICTED CASH

As at	**March 31, 2021**	**December 31, 2020**
Bond Permit security deposit	**$ 70,000**	**-**
	$ 70,000	**$ -**

Security deposit made for securing the bond permit for reclamation of surface disturbance from exploration activities.

8. RECEIVABLES AND OTHER ASSETS

The Company's receivables and other assets arise from two main sources: 1) prepaid expenses and 2) receivables from government taxation authorities. These are broken down as follows:

As at	**March 31, 2021**	**December 31, 2020**
Prepaid expenses	**$ 72,959**	**$ 53,650**
GST/HST receivable	**24,467**	**171,752**
Total receivables and other assets	**$ 97,426**	**$ 225,402**

(Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSET

Balance December 31, 2019	**$ 44,190**
Disposals	(16,335)
Depreciation	(27,855)
Balance, December 31, 2020	**$ -**
Additions	354,359
Depreciation	(29,531)
Balance, March 31, 2021	**$ 324,828**

Right-of-use assets consist of the lease for the Company's office. They are amortized over a period of 36 months.

10. LEASE LIABILITY

On January 1, 2021, the Company entered into a 36-month lease agreement to lease an office. The lease payments are $11,173 per month from the commencement date of the lease.

The Company has recorded these leases as right-of-use assets (note 9) and lease liability in the statements of financial position as at March 31, 2021. At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the Company's estimated incremental borrowing rate. Effective interest rate is 10.25%. The continuity of the lease liability is presented in the table below:

	Office and Vehicle Lease
Balance, December 31, 2019	**$ 46,083**
Interest expense	1,527
Disposals	(16,335)
Lease payments	(31,275)
Balance, December 31, 2020	**$ -**
Additions	354,359
Interest expense	8,647
Lease payments	(33,520)
Balance, March 31, 2021	**$ 329,486**

Maturity Analysis – Contractual Undiscounted Cash Flows

As at	**March 31, 2021**	**December 31, 2020**
Less than one year	**$ 100,560**	**$ -**
Greater than one year	**278,216**	**-**
Total undiscounted lease obligation	**$ 378,776**	**$ -**

(Expressed in Canadian Dollars)

11. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration acquisition activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

As at	March 31, 2021	December 31, 2020
Trade payables	**$ 99,984**	$ 95,365
Accrued liabilities	**40,419**	22,642
Total trade and other payables	**$ 140,403**	$ 118,007

12. KEY MANAGEMENT COMPENSATION

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2021 and 2020 were as follows:

For three months ended March 31,

	2021	2020
Management and consulting fees	**$ 20,527**	$ 36,000
Exploration and evaluation expenditures	**$ -**	$ 18,000
Share-based compensation	**$ 131,316**	$ -

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

13. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

As at March 31, 2021, the trade and other payables balance includes related party amounts of $18,760 (December 31, 2020 - $12,870). The related parties are directors and officers of the Company, an individual who is related to the former President and CEO of the Company and entities over which executive management and directors have control or significant influence. The amounts are for services rendered during the period and arose as a result of transactions entered into with the related parties in the ordinary course of business.

On April 1, 2018, the Company entered into an agreement with a consultant related to the former President and Chief Executive Officer to perform services for a term of 2 years for $6,000 per month. The term of the agreement ended on March 31, 2020 and was not renewed.

On May 24, 2018, the Company entered into an agreement with the former President and Chief Executive Officer to perform services that commenced on the date of the public offering for a term of 3 years for $10,000 per month. On April 16, 2020 he resigned as a director and President and Chief Executive Officer of P2 Gold; he continues as a technical consultant to the Company until the expiry of the original term.

On December 3, 2020, the Company entered into an agreement with the Chief Financial Officer to perform services for a term of six months, or as otherwise mutually agreed by both parties for US$3,000 per month.

(Expressed in Canadian Dollars)

14. CAPITAL STOCK

(a) Authorized

As at March 31, 2021, the Company's authorized number of common shares was unlimited and without par value.

b) Share consolidation

On January 9, 2020, the Company consolidated the share capital on the basis of one new share for every six old shares. All references to the number of shares, options, and warrants and per share amounts have been retroactively restated to reflect the consolidation.

Prior to the consolidation, the Corporation had 51,350,000 common shares issued and outstanding. Upon completion of the Share Consolidation, the number of post-consolidation common shares issued and outstanding was 8,558,331 (on a non-diluted basis). The share consolidation was approved by the TSX Venture Exchange on January 14, 2020, and the common shares started trading on the TSX Venture Exchange on a consolidated basis on the TSX Venture Exchange at the opening of trading on January 14, 2020.

(c) Issued

	Number of Shares*	Amount
Balance at December 31, 2019	**8,558,331**	**$ 2,792,644**
Private placement	20,160,000	5,424,000
Shares issued for property option payments (Note 3)	800,000	486,000
Share issue costs	-	(134,965)
Expiry of warrants	-	122,779
Premium liability on flow-through shares		(200,000)
Balance at December 31, 2020 and March 31, 2021	**29,518,331**	**$ 8,490,458**

*On January 9, 2020 the Company consolidated its outstanding common shares on a 6:1 basis (note 14 (b)). All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

On April 16, 2020 the Company closed a non-brokered private placement for aggregate gross proceeds of $500,000 (the "Offering"). The Offering consisted of the sale of 10,000,000 common shares of the Company (the "Shares") at a price of $0.05 per Share for aggregate gross proceeds of $500,000.

On July 28, 2020 the Company closed a non-brokered private placement for gross proceeds of $3.5 million. In closing the private placement, the Company issued 4.6 million non-flow-through units (the "Units") of the Company at a price of $0.50 per Unit for gross proceeds of $2.3 million and 2.0 million flow through common shares (the "FT Shares") in the capital of the Company at a price of $0.60 per FT Share for gross proceeds of $1.2 million. Each Unit consists of one non-flow-through common share in the capital of the Company and one non-flow-through common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional non-flow-through common share in the capital of the Company at an exercise price of $0.75 per common share for a period of two years from the date of issue (the "Expiry Time"), provided that, 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 $1.25 for a period of 10 consecutive trading days at any time prior to the Expiry Time, the Company will have the right to accelerate the Expiry Time of the Warrants. In connection with the private placement, the Company paid finder's fees of $79,215. For the year ended December 31, 2020, the Company recognized a $200,000 as a flowthrough premium liability on issuance in connection with the private placements described above. The Company recognized an amount of $200,000 as an income tax recovery, in relation to flow-through private placements on completion of the related qualifying expenditures.

On August 7, 2020 the Company issued 200,000 common shares of the Company as per the Silver Reef Property Option Agreement with a fair value of $0.63 per share. (Note 3).

On August 7, 2020 the Company issued 200,000 common shares of the Company as per the BAM Property Option Agreement with a fair value of $0.63 per share. (Note 3).

(Expressed in Canadian Dollars)

14. CAPITAL STOCK (continued)

(c) Issued (continued)

On August 7, 2020 the Company issued 200,000 common shares of the Company as per the Todd Creek Property Option Agreement with a fair value of $0.63 per share. (Note 3).

On September 10 2020 the Company issued 100,000 common shares of the Company as per the Stockade Property Option Agreement with a fair value of $0.53 per share. (Note 3).

On September 14, 2020 the Company issued 100,000 common shares of the Company as per the Lost Cabin Property Option Agreement with a fair value of $0.55 per share. (Note 3).

On November 18, 2020 the Company closed Company closed a non-brokered private placement for gross proceeds of $1.424 million. In closing the Private Placement, the Company issued 3.56 million units (the "Units") of the Company at a price of $0.40 per Unit for gross proceeds of $1.424 million. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share in the capital of the Company at an exercise price of $0.65 per common share for a period of two years from the date of issue (the "Expiry Time"), provided that, 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 $1.00 for a period of 10 consecutive trading days at any time prior to the Expiry Time, the Company will have the right to accelerate the Expiry Time of the Warrants. In connection with the Private Placement, the Company paid finder's fees of an aggregate of $19,080 to Haywood Securities Inc. and Canaccord Genuity Corp., representing 6% of the proceeds raised from subscriptions by certain placees.

(d) Stock Options – Stock Option Plan

The Company maintains a stock option plan (the "Stock Option Plan") which was ratified and approved by the shareholders of the Company on August 12, 2020. The Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding common shares of the Company from time to time, subject to adjustment in certain circumstances, may be issued.

In the event that no specific determination is made by the Board with respect to any of the following matters, the period during which an option shall be exercisable shall be five years from the date of grant except those options issued to persons or consultants employed in Investor Relation activities shall vest in stages over 12 months with no more than one quarter of the options vesting in any three-month period. Options granted during the period ending December 31, 2020 are exercisable two years from the date of grant.

All outstanding options have been expensed as share-based payments in the period in which they vested. As at March 31, 2021, 2,834,999 (December 31, 2020 – 2,659,999) options were outstanding and have a weighted average exercise price of $0.484 (December 31, 2020 – $0.482) per option.

A summary of stock options issued and outstanding is as follows:

As at	**March 31, 2021**		December 31, 2020	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period/year	**$ 0.482**	**2,659,999**	$ 0.527	799,999
Transactions during the period/year:				
Expired	**-**	**-**	(0.60)	(56,250)
Forfeited	**-**	**-**	(0.55)	(68,750)
Granted	**0.52**	**175,000**	0.47	1,985,000
Outstanding at end of period/year	**0.484**	**2,834,999**	0.482	2,659,999
Exercisable at end of period/year	**$ 0.466**	**1,444,300**	$ 0.466	1,385,967

(Expressed in Canadian Dollars)

14. CAPITAL STOCK (continued)

(d) Stock Options – Stock Option Plan (continued)

The following common share purchase options are outstanding as at December 31, 2020:

Date of Grant	Number of Options Outstanding	Exercise Price ($)	Weighted Average remaining life (years)	Expiry Date
October 16, 2018	491,666	0.60	2.55	October 16, 2023
July 2, 2019	183,333	0.30	3.26	July 2, 2024
May 14, 2020	585,000	0.34	1.12	May 14, 2022
June 9, 2020	200,000	0.30	1.19	June 9, 2022
August 14,2020	900,000	0.61	1.37	August 14, 2022
August 18,2020	100,000	0.60	1.38	August 18, 2022
December 4, 2020	200,000	0.32	1.68	December 4, 2022
January 27, 2021	175,000	0.52	1.83	January 27, 2023
	2,834,999	**0.484**	**1.45**	

All options granted vest over periods of 1 to three years.

The following table summarizes the assumptions used with the Black-Scholes valuation model for stock options granted during the three months ending March 31, 2021 and 2020:

Grant date	**May 14, 2020**	**June 9, 2020**	**August 14, 2020**	**August 18, 2020**	**December 4, 2020**	**January 27, 2021**
No. of options	585,000	200,000	900,000	100,000	200,000	175,000
Exercise price	$ 0.34	$ 0.30	$ 0.61	$ 0.60	$ 0.32	$ 0.52
Expected life in years	2	2	2	2	2	2
Volatility	237.2%	234.7%	216.6%	216.6%	208.4%	203.2%
Risk-free interest rate	0.32%	0.39%	0.33%	0.30%	0.20%	0.16%
Dividend yield	-	-	-	-	-	-
Forfeiture rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant date share price	$0.34	$0.21	$0.60	$0.63	$0.32	$0.52
Fair value of options granted	$ 180,379	$ 31,172	$ 471,821	$ 55,236	$ 55,976	$ 77,310

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. In the prior year, volatility was based on comparable companies. Changes in the underlying assumptions can materially affect the fair value estimates. For the three months ended March 31, 2021, share-based payments expense totaled $131,316 (December 31, 2020 – $664,426).

(Expressed in Canadian Dollars)

15. WARRANT RESERVE

A summary of the changes in the Company's reserve for warrants is set out below:

As at		**March 31, 2021**			December 31, 2020	
			Number of Warrants			Number of Warrants
Outstanding at beginning of year	**$**	**9,489**	**8,176,666**	$	131,807	301,249
Transactions during the year						
Warrants issued – private placement		**-**	**-**		-	8,160,000
Fair value of warrants issued - MOU		**-**	**-**		461	-
Fair value of broker's warrants issued		**-**	**-**		-	-
Expired		**-**	**-**		(122,779)	(284,583)
Outstanding at end of year	**$**	**9,489**	**8,176,666**	$	9,489	8,176,666

The weighted average exercise price per warrant of the outstanding warrants as at March 31, 2021 was $0.706 (December 31, 2020 - $0.706).

The following table summarizes the assumptions used with the Black-Scholes valuation model for warrants issued and outstanding as at March 31, 2021:

Grant date	October 16, 2018
No. of warrants	16,666
Exercise price	$ 0.60
Expected life in years	5
Volatility	172.06%
Risk-free interest rate	2.40%
Grant date share price	0.60
Dividend yield	-
Fair value of warrants	$ 9,489

Broker warrants issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

On October 16, 2018, the Company issued 16,666 warrants of the Company at an exercise price of $0.60 expiring 5 years from the date the Company's common shares are listed on the TSX Venture Exchange pursuant to MOU agreement with the Matachewan First Nation and Mattagami First Nation dated March 20, 2018.

These warrants are to vest as follows: (i) 25% vesting on the date the Company's common shares are listed on the TSX Venture Exchange; (ii) 25% vesting six (6) months following the date the Company's common shares are listed on the TSX Venture Exchange; (iii) 25% vesting twelve (12) months following the date the Company's common shares are listed on the TSX Venture Exchange; and (iv) 25% vesting eighteen (18) months following the date the Company's common shares are listed on the TSX Venture Exchange.(See Note 3) As at December 31, 2020, 16,666 (2019 – 8,333) of these warrants are exercisable and $461 (December 31, 2019 - $4,845) of the fair value was included in exploration and evaluation expenditures.

16. COMMITMENTS AND CONTINGENCIES

The Company is committed to monthly payments under the terms of management and consulting contracts and the office lease. The aggregate remaining payments per year are as follows:

2021	$ 35,685

17. SUBSEQUENT EVENTS

On April 6, 2021, the Company announced that it intends to complete a non-brokered private placement of 32 million units at a price of $0.50 per unit for aggregate gross proceeds of $16 million (the "Private Placement"). Each Unit will consist of one common share in the capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional common share in the capital of the Company at an exercise price of $0.85 per common share for a period of two years from the date of issue (the "Expiry Time"), provided that, if after four months from the date of issue, the closing price of the common shares of the Company on the TSX Venture Exchange (the "Exchange") is equal to or greater than $1.50 for a period of 10 consecutive trading days at any time prior to the Expiry Time, the Company will have the right to accelerate the Expiry Time of the Warrants by giving notice to the holders of the Warrants by news release or other form of notice permitted by the certificate representing the Warrants that the Warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than 15 days from the date notice is given. The Private Placement remains subject to approval of the Exchange. The net proceeds of the Private Placement will be used to fund the acquisition of the Gabbs Project, the Phase 1 exploration of the Gabbs Project and for general corporate purposes.

The Private Placement will be offered to accredited investors in all Provinces of Canada pursuant to applicable securities laws. In connection with the Private Placement, the Company may pay finders' fees as permitted by the policies of the Exchange. All securities issued pursuant to the Private Placement will be subject to a four-month hold period.

The securities to be offered in the Private Placement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

On May 5, 2021; the Company announced that it has entered into an amending agreement (the "Amending Agreement") with Borealis Mining Company, LLC ("Waterton"), an indirect, wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP amending the terms of the agreement (the "Acquisition Agreement") for the acquisition of all of the assets that comprise the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada (the "Transaction"). The closing of the Transaction remains subject to the satisfaction of customary closing conditions for a transaction of such nature, including acceptance by the TSX Venture Exchange (the "Exchange") and the completion of the Private Placement. The Transaction will be an arm's length transaction under Exchange policies.

Under the terms of the Amending Agreement, P2 Gold will now (a) pay US$1 million and issue 15 million shares in its capital to Waterton at closing and (b) pay an additional US$4 million to Waterton on the 12-month anniversary of closing rather than pay US$5 million and issue 15 million shares in its capital to Waterton at closing as required under the terms of the Acquisition Agreement. The Company has also agreed, under the Amending Agreement, to enter into at closing an investor rights agreement with Waterton providing Waterton with registration rights in certain circumstances. The other terms of the Acquisition Agreement remain unchanged.

Accordingly, in order to acquire the Gabbs Project, the Company will (a) pay US$1 million and issue 15 million shares in its capital to Waterton at closing, (b) pay an additional US$4 million to Waterton on the 12-month anniversary of closing and (c) pay an additional US$5 million to Waterton on the earlier of the announcement of the results of a Preliminary Economic Assessment and the 24-month anniversary of closing. Waterton has 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 P2 Gold for US$1.5 million and the remaining one percent of which may be repurchased for US$5 million. Following completion of the Transaction and the Private Placement, Waterton will be an Insider of the Company and expected to own approximately 27% of the issued and outstanding shares of the Company.

On May 17, 2021, the Company announced that it has closed the Private Placement for gross proceeds of $5.949 million and the acquisition of all of the assets that comprise the Gabbs Project.