SCORPIO Gold Corporation

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(UNAUDITED)

(Expressed in US dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of Scorpio Gold Corporation for the three months ended March 31, 2024 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in United States Dollars)

As at	Note(s)	March 31, 2024 $	December 31, 2023 $
ASSETS			
Current assets			
Cash		2,421,208	294,846
Receivables		114,660	32,759
Prepaid expenses		230,410	338,098
		2,766,278	**665,703**
Non-current assets			
Reclamation deposits	4	8,287,040	8,180,549
Investments		764	764
Property, plant and equipment	5	4,672,857	4,681,751
Mineral properties	6	4,043,222	1,160,301
		17,003,883	**14,023,365**
TOTAL ASSETS		**19,770,161**	**14,689,068**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7, 16	730,561	1,376,546
Loan payable	8	635,689	1,456,107
Convertible notes	10	3,149,609	3,012,393
Current portion of provision for environmental rehabilitation	11	208,435	208,435
Warrant liability	9	4,336,887	269,310
		9,061,181	**6,322,791**
Non-current liabilities			
Provision for environmental rehabilitation	11	5,657,138	5,595,939
		5,657,138	**5,595,939**
TOTAL LIABILITIES		**14,718,319**	**11,918,730**
SHAREHOLDERS' EQUITY			
Share capital	12	66,090,263	61,242,411
Equity portion of convertible notes	10	72,630	72,630
Foreign currency translation reserve		(194,204)	(194,204)
Other reserves		(1,729)	(1,729)
Reserves	12	8,116,153	7,363,623
Accumulated deficit		(69,031,270)	(65,712,393)
TOTAL SHAREHOLDERS' EQUITY		**5,051,843**	**2,770,338**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**19,770,161**	**14,689,068**

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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Ian Dawson Director **/s/ Zayn Kalyan Director**

(Expressed in United States Dollars)

		For the three months ended	
	Note(s)	**March 31, 2024 $**	**March 31, 2023 $**
Expenses			
Care and maintenance	13	502,588	527,393
Depreciation	5	8,894	12,791
Finance income	4	(106,492)	(78,282)
Finance costs	10, 15	252,913	176,293
Foreign exchange (gain) loss		(5,493)	1,024
Gain on disposal	5	-	(8,600)
Loss (gain) on remeasurement of warrant liability	9	2,420,026	(42,989)
General and administrative expenses	14	246,441	81,126
Loss and comprehensive loss		**(3,318,877)**	**(668,756)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.06)**	**(0.03)**
Weighted average number of common shares outstanding - basic and diluted		**53,798,111**	**23,437,406**

Scorpio Gold Corporation
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in United States Dollars)

	Note(s)	Share capital #	Share capital $	Equity portion of convertible notes $	Foreign currency translation reserve $	Other reserves $	Reserves $	Accumulated deficit $	TOTAL $
Balance as of December 31, 2023		**26,637,406**	**61,242,411**	**72,630**	**(194,204)**	**(1,729)**	**7,363,623**	**(65,712,393)**	**2,770,338**
Shares issued for cash - private placement	12	36,800,000	4,091,027						**4,094,735**
Share issue costs			(90,277)						**(90,277)**
Fair value of finders' warrants	12		(37,760)				92,257		**54,497**
Shares issued on Altus Gold amalgamation	3	22,839,611	2,539,856						**2,539,856**
Warrants issued on Altus Gold amalgamation							662,450		**662,450**
Shares issued on exercise of warrants	12	50,000	5,885				(2,177)		**3,708**
Classification of the grant-date fair value of warrant liabilities			(1,660,879)						**(1,606,879)**
Loss and comprehensive loss		-	-	-	-	-	-	(3,318,877)	**(3,318,877)**
Balance as of March 31, 2024		**86,327,017**	**66,090,263**	**72,630**	**(194,204)**	**(1,729)**	**8,116,153**	**(69,031,270)**	**5,051,843**

	Note(s)	Share capital #	Share capital $	Equity portion of convertible notes $	Foreign currency translation reserve $	Other reserves $	Reserves $	Accumulated deficit $	TOTAL $
Balance as of December 31, 2022		**117,104,189**	**61,028,900**	**72,630**	**(194,204)**	**(1,729)**	**7,359,621**	**(63,439,336)**	**4,825,882**
Loss and comprehensive loss		-	-	-	-	-	-	(668,756)	**(668,756)**
Balance as of March 31, 2023		**118,054,189**	**61,028,900**	**72,630**	**(194,204)**	**(1,729)**	**7,359,621**	**(64,108,092)**	**4,157,126**

(Expressed in United States Dollars)

		For the three months ended	
	Note(s)	March 31, 2024 $	March 31, 2023 $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss		(3,318,877)	(668,756)
Accretion of interest of convertible notes	10	137,216	113,481
Depreciation	5	8,894	12,791
Finance income	4	(106,492)	(78,282)
Loss (gain) on remeasurement of the warrant liability	9	2,420,026	(42,989)
Non-cash finance costs		54,497	-
Effects of currency exchange rate changes		(16,433)	65
Unwinding of discount of provision for environmental rehabilitation	11	61,199	62,812
Gain on disposal of assets	5	-	(8,600)
Net changes in non-cash working capital items:			
Accounts receivable		(62,280)	21,092
Prepaid expenses		106,652	155,195
Accounts payable and accrued liabilities		(1,018,575)	160,208
Cash flow used in operating activities		**(1,734,173)**	**(272,983)**
INVESTING ACTIVITIES			
Bank overdraft acquired on Altus Gold transaction	3	(28)	-
Acquisition costs on exploration and evaluation assets	6	(50,857)	(29,085)
Proceeds from disposal of property, plant and equipment	5	-	28,000
Cash flow provided by (used in) investing activities		**(50,885)**	**(1,085)**
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs	12	4,000,750	-
Proceeds on warrants exercised	9	3,708	-
Repayment of loans payable, net of transaction costs	8	(93,038)	-
Cash flow provided by financing activities		**3,911,420**	**-**
Increase (decrease) in cash		**2,126,362**	**(274,068)**
Cash, beginning of period		**294,846**	**331,899**
Cash, end of period		**2,421,208**	**57,831**
Supplemental cash flow information			
Fair value of finders' warrants	12	37,760	-
Reclassification of the grant-date fair value of warrants liabilities	9	1,660,879	-
Cash paid for income taxes		-	-
Cash paid for interest		-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Scorpio Gold Corporation (the "Company" or "Scorpio") is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol SGN. The corporate office of the Company is located at Suite 750 – 1095 West Pender Street Vancouver, British Columbia V6E 2M6. The Company and its subsidiaries conduct mineral exploitation, exploration and development activities in the United States of America ("USA").

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. The Company then generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads was not economic and so ceased operations at Mineral Ridge (Note 5).

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at March 31, 2024, the Company had a working capital deficiency of $6,295,000 (December 31, 2023: deficiency of $5,657,000). Management estimates that these funds will not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2024 were approved by the Board of Directors on May 30, 2024.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2023.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2024 that impacted these condensed consolidated interim financial statements.

(Expressed in United States Dollars)

3. ACQUISITION OF ALTUS GOLD

On February 23, 2024, Scorpio Gold completed the acquisition of all the issued and outstanding shares of Altus Gold by way of a three-cornered amalgamation (the "Transaction") in which the Company's wholly-owned subsidiary, 1455812 B.C. Ltd. ("Subco") amalgamated with Altus Gold to form the entity Scorpio Gold BC Holding Corp. ("Amalco"), a wholly-owned subsidiary of the Company, and the Company issued to the former shareholders of Altus Gold an aggregate of 22,839,611 common shares of the Company in exchange for their common shares of Altus Gold. In addition, 10,523,605 warrants with an exercise price ranging from CA$0.10 to $0.25 issued by Altus (the "Altus Warrants") prior to the Transaction were exchanged for the Company's warrants on a 1:1 basis.

As a result of the Transaction, Amalco now holds an option to acquire a 90% interest in the mineral exploration project in Esmeralda County, Nevada referred to as the Northstar property, adjacent to the Company's Mineral Ridge Project (Note 6).

The bridge loan advanced by Altus Gold to the Company was forgiven by Altus Gold in connection with the Transaction, with no obligation or liability for the Company to convert the bridge loan into common shares of the Company (Note 8). In connection with closing of the Transaction, the Company issued an aggregate of 36,800,000 units in a private placement for aggregate gross proceeds of CA$5,520,000 (Note 12).

The Transaction has been accounted for by the Company as a purchase of assets and assumption of liabilities. The Transaction did not qualify as a business combination under IFRS 3 - Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, did not exist in Altus Gold at the time of the Transaction.

The following table summarizes the preliminary purchase price allocation:

	$
Purchase price:	
22,839,611 Scorpio Gold common shares issued (a)	2,539,856
10,523,605 Scorpio warrants issued (b)	662,450
Total consideration	**3,202,306**
Net assets acquired:	
Receivables	18,582
Loan receivable from Scorpio Gold	724,440
Mineral properties	2,831,904
Bank overdraft	(28)
Accounts payable and accrued liabilities	(372,592)
Total net assets acquired	**3,202,306**

(a) The common shares had a fair value on the close date of CA$0.15/share.

(b) The various tranches of warrants issued were fair valued using the using the Black-Scholes option pricing model with the following assumptions:

Fair value price per share	CA$0.15
Risk-free interest rate	4.28%
Expected volatility	109% - 120%
Expected life (in years)	1.26-2.81
Forfeiture rate	Nil
Expected dividend	Nil
Exchange rate (CA$ to US$)	0.74

(Expressed in United States Dollars)

4. RECLAMATION DEPOSITS

	$
Balance as of December 31, 2023	8,180,549
Finance income	106,491
Balance as of March 31, 2024	**8,287,040**

The Company has reclamation bonds of $14,689,517 and entered into an agreement with a surety under which the cash collateral is $8,287,040 (December 31, 2023 – $8,180,549) of which $8,017,177 (December 31, 2023 – $7,910,686) is for Mineral Ridge and $269,863 (December 31, 2023 – $269,863) is for Goldwedge.

Subsequent to March 31, 2024, the Nevada Division of Environmental Protection (NDEP) reviewed and revised their estimate of reclamation costs at Mineral Ridge which is used to determine the required surety in place. This revised estimate will require the Company to increase the surety by $3,280,326. The Company is currently negotiating the amount required to be added to the cash collateral with Sompo, the Company's surety partner, to meet NDEP's requirement. The Company is required to have the additional bond in place by no later than July 16, 2024 in order to comply.

5. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment is broken down as follows:

	Buildings $	Equipment $	Vehicles $	Computer $	Total $
COST					
As of December 31, 2023	3,078,725	18,902,656	277,802	821,743	**23,093,041**
As of March 31, 2024	**3,078,725**	**18,974,875**	**277,802**	**821,743**	**23,093,041**
ACCUMULATED DEPRECIATION					
As of December 31, 2023	(2,468,018)	(14,884,515)	(244,866)	(801,776)	**(18,411,290)**
Addition	(2,840)	(5,036)	-	(1,018)	**(8,894)**
As of March 31, 2024	**(2,470,858)**	**(14,889,551)**	**(244,866)**	**(802,794)**	**(18,420,184)**
Net book value as of March 31, 2024	**607,867**	**4,013,105**	**32,936**	**18,949**	**4,672,857**

During the three months ended March 31, 2023, the Company sold equipment with a net book value of $19,400 for gross proceeds of $28,000, and accordingly recorded a gain on disposal of assets of $8,600.

6. MINERAL PROPERTIES

The Company's mineral properties are broken down as follows:

	$ Goldwedge	$ Northstar	$ Total
Balance as of December 31, 2023	1,160,301	-	1,160,301
Acquisition of Altus Gold (Note 3)		2,831,904	2,831,904
Additions	23,713	27,144	50,857
Balance as of March 31, 2024	**1,184,014**	**2,859,208**	**4,043,222**

Goldwedge property and mill

In March 2021, the Company completed an acquisition of the Manhattan project located in Nye County, Nevada and situated adjacent and proximal to the Company's Goldwedge property. In consideration, the Company paid

(Expressed in United States Dollars)

$100,000 cash and issued 2,091,149 common shares valued at $199,062. The property is subject to a 2.0% net smelter returns royalty and certain reserved water rights.

Northstar property
The Company acquired the Northstar property in connection with Transaction discussed in Note 1.

Altus Gold entered into a property option agreement (the "Northstar Agreement") with Guardian Angel LLC and Silver Spartan LLC (collectively the "Northstar Optionors"), and Altus Capital Partners Inc. (the "Altus Capital") granted an exclusive option to acquire a 90% undivided interest in unpatented lode mining claims located in Esmeralda County (the "Esmeralda Property") and right of first offer to acquire the claims located in Esmeralda County, Nevada (the "ROFR Claims").

Pursuant to the Northstar Agreement, the Company is required to make:

- A total cash payment of $60,000 which was paid by Altus prior to the Transaction;
- Cash payments in amounts equal to the gold price for 599.5 oz of gold (cash payment for 22.5 oz of gold was made subsequent to March 31, 2024);
- Issue 12,000,000 common shares of Altus Gold or the Company of which 3,000,000 common shares were issued by Altus prior to the Transaction and 4,000,000 common shares were issued by the Company subsequent to March 31, 2024 (Note 12); and
- Incur $1,900,000 exploration expenditures on the project.

The agreement is subject to a 2% net smelter royalty to the Northstar Optionors.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of March 31, 2024 included a payable of $369,285 (CA$500,000) due to Waterton Precious Metals Fund II Cayman, LP ("Waterton") pursuant to the Termination, Redemption and Release Agreement entered between the Company and Waterton on March 4, 2019 (December 31, 2023 – $377,452 (CA$500,000)).

Subsequent to March 31, 2024, the Company made a payment of $100,000 to Waterton.

8. LOAN PAYABLE

	March 31, 2024	**December 31, 2023**
	$	**$**
Balance, opening	1,456,107	531,000
Addition	-	922,360
Forgiven on Acquisition of Altus Gold (Note 3)	(724,440)	-
Repayments	(93,038)	-
Effect of movements on exchange rates	(2,940)	2,747
Balance, closing	**635,689**	**1,456,107**

In October 2021, the Company entered into an unsecured non-interest-bearing credit facility agreement with certain directors of the Company. Pursuant to the agreement, the Company may draw advances up to $500,000. In February 2022, the Company amended its credit facility agreement with certain directors of the Company to increase the facility from up to $500,000 to up to $750,000 and to extend the repayment date to December 31, 2022. During the three months ended March 31 2024, made a partial repayment of $38,500. The Company is currently in the process of negotiating a settlement plan for the outstanding balance.

(Expressed in United States Dollars)

During the year ended December 31, 2023, the Company received a Bridge Loan of $736,828 (CA$1,000,000) from Altus Gold (Note 1)*. Of this, $12,388 (CA$16,679) was repaid in February 2024, leaving a balance of $724,440 as of the date of the Transaction. In connection with the Transaction (Note 1), the Bridge Loan was forgiven by Altus Gold, with no obligation or liability for the Company to convert the bridge loan into common shares of the Company.

During the year ended December 31, 2023, the Company received a short-term non-interest-bearing loan in the amount of CA$180,000 ($132,943) from one of the Company's directors. The amount remains outstanding at March 31, 2024;

During the year ended December 31, 2023, the Company received a short-term non-interest-bearing loan from the directors of the Company with an amount of $52,396. During the three months ended March 31 2024, made a partial repayment of $42,150.

* In connection with the Transaction (Note 1), the Bridge Loan was forgiven by Altus Gold subsequent to December 31, 2023, with no obligation or liability for the Company to convert the bridge loan into common shares of the Company.

9. WARRANT LIABILITY

	March 31, 2024 $	December 31, 2023 $
Balance, opening	269,310	44,195
Initial recognition (Note 12)	1,660,879	134,986
Loss on remeasurement	2,420,026	89,485
Effect of movements on exchange rates	(102,813)	644
Balance, closing	**4,336,887**	**269,310**

The changes in warrants which were classified as a liability are as follows:

	March 31, 2024		December 31, 2023	
	Number outstanding	Weighted average exercise price (CA$)	Number outstanding	Weighted average exercise price (CA$)
Balance, opening	3,200,000	0.20	4,166,667	2.16
Issued	36,800,000	0.20	3,200,000	0.20
Expired	-	-	(4,166,667)	2.16
Balance, closing	**40,000,000**	**0.20**	**3,200,000**	**0.20**

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through profit and loss. As these warrants are exercised, the fair value at the date of exercise and the associated non-cash liability will be included in the share capital along with the proceeds from the exercise. If these warrants expire, the non-cash warrant liability is reversed through the profit and loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

In connection with the first tranche of a private placement completed on December 13, 2023, the Company issued 3,200,000 share purchase warrants (the "December 2023 Warrants") (Note 11). Each whole warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement.

(Expressed in United States Dollars)

In connection with the second tranche of a private placement completed on January 22, 2024, the Company issued 6,384,966 share purchase warrants (the "January 2024 Warrants") (Note 11). Each whole warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement.

In connection with the third, and final, tranche of a private placement completed on February 23, 2024, the Company issued 30,415,034 share purchase warrants (the "February 2024 Warrants") (Note 11). Each whole warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement.

The December 2023 Warrants, January 2024 Warrants and February 2024 Warrants are considered derivative liabilities, as the currency denomination of the exercise price is different from the functional currency of the Company. The Company determined the allocated fair value of January and February warrants at the date of issuance ($1,660,879) using the Black-Scholes option pricing model with the following assumptions:

	December 2023 Warrants	January 2024 Warrants	February 2024 Warrants
Share price on date of issuance	CA$0.22	CA$0.24	CA$0.30
Risk-free interest rate	3.99%	4.25%	4.28%
Expected volatility	114%	115%	118%
Expected life (in years)	2	2	2
Forfeiture rate	nil	nil	nil
Expected dividend	nil	nil	nil
Exchange rate (CA$ to US$)	0.74	0.74	0.74

The fair value of the December 2023 Warrants, January 2024 Warrants and February 2024 Warrants were revalued as of March 31, 2024 ($4,336,887) using the Black-Scholes option pricing model with the following assumptions:

	December 2023 Warrants	January 2024 Warrants	February 2024 Warrants
Share price on date on March 31, 2024	CA$0.24	CA$0.24	CA$0.24
Risk-free interest rate	4.20%	4.20%	4.20%
Expected volatility	112%	112%	111%
Expected life (in years)	2	2	2
Forfeiture rate	nil	nil	nil
Expected dividend	nil	nil	nil
Exchange rate (CA$ to US$)	0.74	0.74	0.74

As a result of the revaluation, the Company recognized a loss on remeasurement of warrant liability related to the December 2023 Warrants, January 2024 Warrants and February 2024 Warrants of $2,420,026 in the consolidated statements of loss and comprehensive loss during the three months ended March 31, 2024.

The following summarizes the warrant derivatives outstanding as of March 31, 2024:

Expiry date	Exercise price (CA$)	Warrants outstanding	Weighted average remaining contractual life (in years)
December 13, 2025	0.20	3,200,000	1.70
January 22, 2026	0.20	6,384,966	1.81
February 23, 2026	0.20	30,415,034	1.90
		40,000,000	**1.87**
Weighted average exercise price ($)		**0.20**	

(Expressed in United States Dollars)

10. CONVERTIBLE NOTES

	March 31, 2024	December 31, 2023
	$	$
Balance, opening	3,012,393	2,519,526
Interest	137,216	492,867
Balance, ending	**3,149,609**	**3,012,393**

On May 26, 2022 (the "2022 Closing Date"), the Company entered into two convertible debentures agreements (the "2022 Debentures") which provides for a credit facility for up to a total of $2,450,000 (the "2022 Credit Facility") until the maturity date of December 31, 2022 (the "2022 Maturity Date")* with companies owned by the Company's directors (the "Lenders"). The 2022 Debentures bear interest of 12.375% per annum compounding monthly.

* The Company is currently in the process of negotiating a settlement plan for the outstanding balance.

The 2022 Debentures are convertible into common shares at the option of the holder at any time prior to the 2022 Maturity Date at a conversion price of $0.54 per share (the "2022 Conversion Price").

At the 2022 Closing Date, the Lenders agreed to incorporate the bridge loans (the "2022 Bridge Loan") issued to the Company on April 18, 2022, and May 20, 2022, with an amount of $450,000 and $700,000, respectively, into the 2022 Credit Facility as the first and second drawdowns, respectively.

In addition to the 2022 Bridge Loan, the Company further drew $1,200,000 during the year ended December 31, 2022 from the 2022 Credit Facility.

Using a risk-adjusted discount rate of 18%, the Company calculated and recorded the equity portion of the notes to be $72,630.

During the three months ended March 31, 2024, the Company recorded an accretion of interest expense of $137,216 on the 2022 Debentures (three months ended March 31, 2023 – $113,481).

(Expressed in United States Dollars)

11. PROVISION FOR ENVIRONMENTAL REHABILITATION

The provision for environmental rehabilitation consists of mine closure, reclamation and retirement obligations for mine facilities and infrastructure. The Company has recorded the following provision for environmental rehabilitation.

	March 31, 2024 $	December 31, 2023 $
Opening	5,804,374	5,862,850
Unwinding discount	61,199	258,938
Change in estimate	-	(317,414)
Ending	**5,865,573**	**5,804,374**
Current	208,435	208,435
Non-current	5,657,138	5,595,939
Ending	**5,865,573**	**5,804,374**

The total undiscounted amount of estimated cash flows required to settle the provision for environmental rehabilitation at Mineral Ridge is approximately $6,221,305 (December 31, 2023 – $6,221,305). The total undiscounted amount of estimated cash flows required to settle the provisions for environmental rehabilitation at Goldwedge is approximately $475,176 (December 31, 2023 – $475,176). The present value of the obligation was determined using a weighted average discount rate of 4.3% (December 31, 2023 – 4.3%) and an average inflation rate of 2.0% (December 31, 2023 – 2.0%) The settlement of the obligations is estimated to occur through to 2024 and 2035, for Mineral Ridge and Goldwedge, respectively. All environmental rehabilitation obligations are intended to be funded from cash balances at the time of the rehabilitation and from reclamation bonds once related rehabilitation work has been approved by the relevant authorities and related funds returned to the Company (Note 4).

12. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital
On November 24, 2023, the Company implemented the share consolidation of one post-consolidation common share for nine pre-consolidation common shares (Note 1).

At March 31, 2024, the Company had 86,327,017 common shares issued and outstanding with a value of $66,090,263 (December 31, 2023 – 26,637,406 with a value of $61,242,411).

During the three months ended March 31, 2024

- The Company completed two tranches of a private placement for a total of 36,800,000 units ("2024 Units") at a price of CA$0.15 for gross proceeds of CA$5,520,000. Each 2024 Unit consists of one common share with an allocated fair value of CA$0.09 and one common share purchase warrant ("2024 Warrants") with a fair value of CA$0.06. Each 2024 Warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement. The 2024 Warrants were classified as a financial liability (Note 9).

- 50,000 of the Altus Warrants were exercised for 50,000 common shares of the Company for proceeds of $3,708 (CA$5,000).

(Expressed in United States Dollars)

In connection with the two tranches of the private placement completed, the Company paid finders' fees of $67,927 (CA$91,983) and issued a total of 613,226 non-transferable finders' warrants ("2024 Finders' Warrants") with a fair value of $92,257 and recorded these values as share issuance costs (collectively the "2024 Finders' Fees"). Each 2024 Finder's Warrant entitles the holder to purchase one common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement.

The fair value of the 2024 Finders' Warrants was determined by using the Black-Scholes option pricing model with the following assumptions:

	January 2024 Finders' Warrants	**February 2024 Finders' Warrants**
Share price on date of issuance	CA$0.24	CA$0.30
Risk-free interest rate	4.25%	4.28%
Expected volatility	115%	118%
Expected life (in years)	2	2
Forfeiture rate	nil	nil
Expected dividend	nil	nil
Exchange rate (CA$ to US$)	0.74	0.74

The 2024 Finders' Fees were allocated to share issue costs ($37,760) and allocated to the 2024 Warrants and recognized as finance costs ($54,497) in the consolidated statements of loss and comprehensive loss, based on the allocated fair values of the common shares and the fair value of the 2024 Warrants.

<u>During the year ended December 31, 2023</u>

- The Company completed a private placement of 3,200,000 units ("2023 Units") at a price of CA$0.15 for gross proceeds of $353,706 (CA$480,000). Each 2023 Unit consists of one common share with an allocated fair value of CA$0.09 and one common share purchase warrant ("2023 Warrants") with a fair value of CA$0.06. Each 2023 Warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement. The 2023 Warrants were classified as a financial liability (Note 8).

  In connection with the private placement, the Company paid a finders' fee of $4,421 (CA$6,000) and issued 40,000 non-transferable finders' warrants with a fair value of $4,002 and recorded these values as share issuance costs (collectively the "2023 Finders' Fees"). Each finder's warrant entitles the holder to purchase one common share at an exercise price of CA$0.20 for a period of two years following the closing of the private placement.

  The fair value of the finders' warrants was determined by using the Black-Scholes option pricing model with the following assumptions:

	December 2023 Finders' Warrants
Share price on date of issuance	CA$0.22
Risk-free interest rate	3.99%
Expected volatility	114%
Expected life (in years)	2
Forfeiture rate	nil
Expected dividend	nil
Exchange rate (CA$ to US$)	0.74

(Expressed in United States Dollars)

The 2023 Finders' Fees were allocated to share issue costs ($5,209) and allocated to the 2023 Warrants and recognized as finance costs ($3,214) in the consolidated statements of loss and comprehensive loss, based on the allocated fair values of the common shares and the fair value of the 2023 Warrants.

Subsequent to March 31, 2024

- 4,000,000 common shares were issued pursuant to the Northstar Agreement (Note 3).

Equity Warrants

The changes in warrants during the three months ended March 31, 2024 and 2023 are as follows:

	March 31, 2024		March 31, 2023	
	Number outstanding	Weighted average exercise price (CA$)	Number outstanding	Weighted average exercise price (CA$)
Balance, opening	40,000	0.20	-	-
Acquisition of Altus Gold (Note 3)	10,523,605	0.19		
Issued	613,226	0.20	-	-
Exercised	(50,000)	0.10		
Balance, closing	**11,126,831**	**0.20**	**-**	**-**

The following summarizes information about warrants outstanding as of March 31, 2024:

Expiry date	Exercise price (CA$)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
December 13, 2025	0.20	40,000	4,002	1.70
January 22, 2026	0.20	52,800	5,124	1.81
February 23, 2026	0.20	560,426	86,219	1.90
		645,226	**95,345**	**1.89**

At March 31, 2024, the Company's shares issuable for Altus Gold Warrants is as follows:

Altus Warrants

Expiry Date	Exercise price (CA$)	Warrants outstanding	Weighted average remaining contractual life (in years)
May 30, 2025	$ 0.25	195,000	1.25
June 8, 2025	$ 0.25	333,500	1.27
June 9, 2025	$ 0.25	859,999	1.28
June 27, 2025	$ 0.25	332,500	1.33
June 30, 2025	$ 0.25	452,500	1.33
August 4, 2025	$ 0.25	73,806	1.43
November 30, 2025	$ 0.10	1,600,000	1.75
March 1, 2026	$ 0.10	2,520,000	2.00
May 15, 2026	$ 0.25	250,000	2.21
May 29, 2026	$ 0.25	612,500	2.25
October 30, 2026	$ 0.25	300,000	2.67

(Expressed in United States Dollars)

December 13, 2026	$ 0.25	2,775,000	2.79
	$ 0.19	10,304,805	2.06

Altus Broker's Warrants

Expiry Date	Exercise Price (CA$)	Warrants outstanding	Weighted average remaining contractual life (in years)
May 29, 2025	$ 0.25	31,200	1.25
June 9, 2025	$ 0.25	61,600	1.28
June 14, 2025	$ 0.25	8,000	1.29
June 27, 2025	$ 0.25	18,000	1.33
June 30, 2025	$ 0.25	32,000	1.33
August 4, 2025	$ 0.25	8,000	1.43
October 30, 2026	$ 0.25	10,000	2.67
	$ 0.25	168,800	1.38

Stock options

The Company has a shareholder approved rolling stock option plan ("the Plan") which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors

No options were granted, exercised or expired during the three months ended March 31, 2024 and 2023.

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

Expiry date	Exercise price (CA$)	Options outstanding	Options exercisable	Weighted average remaining contractual life (in years)
June 5, 2024	0.90	105,557	105,557	0.18
September 14, 2025	1.49	255,000	255,000	1.46
November 10, 2027	0.41	739,446	739,446	3.61
		1,100,003	**1,100,003**	**2.78**
Weighted average exercise price (CA$)		**0.70**	**0.70**	

(Expressed in United States Dollars)

13. CARE AND MAINTENANCE

	For the three months ended	
	March 31, 2024	March 31, 2023
	$	$
Contractor	12,594	584
Equipment	979	-
Fuel and reagents	4,880	24,799
Insurance	36,669	-
Labour	132,085	188,866
Maintenance	103,918	-
Mechanical parts	2,420	(7,001)
Other	68,898	342,645
Permits and licenses	65,552	-
Recovery	-	(22,500)
Supplies	6,201	-
Utilities	68,392	-
	502,588	**527,393**

14. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended	
	March 31, 2024	March 31, 2023
	$	$
Salaries and benefits (Note 16)	-	-
Consultants	50,779	49,424
Insurance, travel and office related	13,149	6,041
Investor relations	24,910	2,742
Professional fees	112,244	11,945
Transfer agent and filing fees	45,100	10,974
	246,182	**81,126**

15. FINANCE COSTS

	For the three months ended	
	March 31, 2024	March 31, 2023
	$	$
Interest on convertible debentures (Note 10)	**137,216**	**113,481**
Unwinding of discount of provision for environmental rehabilitation (Note 11)	**61,199**	**62,812**
Share issuance costs allocated to the warrant liability	**54,498**	
	252913	**176,293**

(Expressed in United States Dollars)

16. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel and directors
Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the General Manager.

During the three months ended, the salaries and benefits incurred to the key management are as follows:

- Chief Executive Officer – $7,386 (March 31, 2023 – $nil);
- Chief Financial Officer – $16,607 (March 31, 2023 – $15,805); and
- General Manager, the spouse of the Company's COO – $33,656 (March 31, 2023 – $14,424).

Amounts due to related parties
Included in trade and other payables as of March 31, 2024 is $11,817 (December 31, 2023 – $130,450) due to key management for director fees and the reimbursement of expenditures.

During the three month period ended March 31, 2024, the Company repaid various short-term loans to the Company's officers and directors totaling $80,650.

17. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	March 31, 2024 $	Canada $	United States $
Non-current assets			
Reclamation deposits	8,287,040	-	8,287,040
Investments	764	764	-
Property, plant and equipment	4,672,857	-	4,672,857
Mineral properties	7,557,451	-	7,557,451

	December 31, 2023 $	Canada $	United States $
Non-current assets			
Reclamation deposits	8,180,549	-	8,180,549
Investments	764	764	-
Property, plant and equipment	4,681,751	-	4,681,751
Mineral properties	1,160,301	-	1,160,301

18. CAPITAL MANAGEMENT

Capital is defined as equity attributable to shareholders' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize the value for its shareholders.

The Company's activities have been primarily funded so far through cash flows from operating activities and equity and debt financing based on cash needs. The Company typically sells its shares by way of private placement.

The Company manages its capital structure and determines its capital requirements in light of the changing economic conditions and the risk characteristics of its assets. To reach its objectives, the Company may need to maintain or adjust its capital structure by issuing new share capital or new debt.

At this stage of its development, it is the Company's policy to preserve cash to fund its operations and not to pay dividends.

19. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, receivables, reclamation deposits, accounts payable and accrued liabilities, loans payable and convertible notes approximate their fair value due to their short-term nature. The fair value of the Company's investments and warrant liability is recorded at fair value using Level 1 and Level 3 of the fair value hierarchy, respectively. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(Expressed in United States Dollars)

Set out below are the Company's financial assets and financial liabilities by category:

	March 31, 2024 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	2,421,208	-	2,421,208	-
Receivables	114,660	-	114,660	-
Reclamation deposits	8,287,040	-	8,287,040	-
Investments	764	764	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(730,561)	-	(730,561)	-
Loans payable	(635,689)	-	(635,689)	-
Convertible notes	(3,149,609)	-	(3,149,609)	-
Warrant liability	(4,336,887)	(4,336,887)	-	-

	December 31, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	294,846	-	294,846	-
Receivables	32,759	-	32,759	-
Reclamation deposits	8,180,549	-	8,180,549	-
Investments	764	764	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,376,546)	-	(1,376,546)	-
Loans payable	(1,456,107)	-	(1,456,107)	-
Convertible notes	(3,012,393)	-	(3,012,393)	-
Warrant liability	(269,310)	(269,310)	-	-

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash, receivables and reclamation bonds. The credit risk on cash, as well as reclamation bonds is limited because the Company invests its cash and reclamation bonds in deposits with well capitalized financial institutions with strong credit ratings. Receivables on regular precious metal sales are generally received within a week after delivery. The Company has no past due accounts and has not recorded a provision for doubtful accounts.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's current policy to manage liquidity risk is to keep cash in bank accounts.

The following table outlines the expected maturity of the Company's significant financial liabilities into relevant maturity grouping based on the remaining period from the date of the statement of financial position to the contractual maturity date:

	Total $	Less than 1 year $	1 to 3 years $	4 to 5 years $	More than 5 years $
Accounts payable and accrued liabilities	730,561	730,561	-	-	-
Loans payable	635,689	635,689	-	-	-
Convertible notes	3,149,609	3,149,609	-	-	-
Provision for environmental rehabilitation (undiscounted)	6,696,481	208,435	6,228,528	157,695	101,823
	12,541,527	**6,053,481**	**6,228,528**	**157,695**	**101,823**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 2022 Credit Facility are fixed at an interest rate of 12.375% per annum and accordingly are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to manage its exposure to interest rate risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US Dollars ("US$"). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's financial assets and liabilities are held in US$ and Canadian Dollars ("CA"); therefore, CA$ accounts are subject to fluctuation against the US Dollars.

The Company had the following balances in foreign currency as at March 31, 2024:

	US$	CA$
Cash	17,503	3,254,544
Receivables	14,807	-
Reclamation deposits	8,287,040	-
Investments	764	-
Accounts payable and accrued liabilities	(72,685)	(890,745)
Loans payable	(502,747)	(180,000)
Warrant liability	(4,336,887)	-
Convertible notes	(3,149,609)	-
	258,186	**2,318,996**
Rate to convert to $1.00 US$	1.00000	0.74
Equivalent to US$	**258,186**	**1,712,738**

Based on the above net exposures as at March 31, 2024, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the US$ against the CA$ would increase/decrease comprehensive loss by $171,000.