

# LAHONTAN GOLD CORP

(An Exploration Stage Company)

**Unaudited Condensed Consolidated Interim Financial Statements**

**For the three month periods ended March 31, 2024 and 2023**

(expressed in United States dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed consolidated interim financial statements of Lahontan Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

# Lahontan Gold Corp.

(An Exploration Stage Company)

## Unaudited Condensed Consolidated Interim Statements of Financial Position

(expressed in United States dollars)

	March 31, 2024 \$	December 31, 2023 \$
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	105,881	519,589
Amounts receivable (note 4)	7,914	2,945
Prepaid expenses	106,686	36,754
	<u>220,481</u>	<u>559,288</u>
<b>Reclamation deposits</b> (note 5)	317,793	317,793
<b>Exploration and evaluation assets</b> (note 6)	17,362,998	17,154,001
	<u>17,680,791</u>	<u>17,471,794</u>
<b>Total assets</b>	<u>17,901,272</u>	<u>18,031,082</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	130,275	53,042
<b>Asset retirement obligation</b> (note 7)	326,666	323,767
<b>Deferred tax liability</b>	969,966	963,678
	<u>1,296,632</u>	<u>1,287,445</u>
<b>Total liabilities</b>	<u>1,426,907</u>	<u>1,340,487</u>
<b>Shareholders' equity</b>		
<b>Capital stock</b> (note 8)	47,978,537	47,978,537
<b>Warrants</b> (note 8)	1,658,616	1,658,616
<b>Contributed surplus</b> (note 8)	8,886,490	8,886,490
<b>Accumulated deficit</b>	(42,015,963)	(41,808,661)
<b>Accumulated other comprehensive loss</b>	(33,315)	(24,387)
<b>Total shareholders' equity</b>	<u>16,474,365</u>	<u>16,690,595</u>
<b>Total liabilities and shareholders' equity</b>	<u>17,901,272</u>	<u>18,031,082</u>

Going concern (note 1)

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

Approved by the Board of Directors:

/s/ John McConnell  
Director

/s/ Chris Donaldson  
Director

# Lahontan Gold Corp.

(An Exploration Stage Company)

## Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in United States dollars)

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
<b>Expenses</b>		
Promotion and website	90,639	205,302
Regulatory authority and transfer agent fees	10,498	5,554
Legal, accounting and audit	9,904	30,504
Office, general and administrative	92,555	109,027
Share based compensation (note 8)	-	250,419
<b>Total expenses</b>	<u>(203,596)</u>	<u>(600,806)</u>
<b>Other income</b>		
Interest income	<u>2,582</u>	<u>10,656</u>
<b>Loss before tax</b>	(201,014)	(590,150)
Deferred income tax expense	<u>(6,288)</u>	<u>(7,366)</u>
<b>Net loss for the period</b>	(207,302)	(597,516)
<b>Other comprehensive loss</b>		
Foreign currency translation adjustment	<u>(8,928)</u>	<u>(875)</u>
<b>Total comprehensive loss for the period</b>	<u>(216,230)</u>	<u>(598,391)</u>
Loss per common share:		
Basic and diluted	(0.00)	(0.01)
Weighted average number of common shares outstanding:		
Basic and diluted	148,722,901	103,486,688

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

**Lahontan Gold Corp.**

(An Exploration Stage Company)

**Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**

(expressed in United States dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	\$	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2023</b>	148,722,901	47,978,537	44,755,102	1,658,616	8,886,490	(41,808,661)	(24,387)	16,690,595
Net loss for the period	-	-	-	-	-	(207,302)	-	(207,302)
Foreign currency translation adjustment	-	-	-	-	-	-	(8,928)	(8,928)
Total comprehensive loss for the period	-	-	-	-	-	(207,302)	(8,928)	(216,230)
<b>Balance, March 31, 2024</b>	148,722,901	47,978,537	44,755,102	1,658,616	8,886,490	(42,015,963)	(33,315)	16,474,365
<b>Balance, December 31, 2022</b>	93,460,501	45,419,989	12,760,773	1,687,125	7,544,907	(40,183,119)	(68,545)	14,400,357
Net loss for the period	-	-	-	-	-	(597,516)	-	(597,516)
Foreign currency translation adjustment	-	-	-	-	-	-	(875)	(875)
Total comprehensive loss for the period	-	-	-	-	-	(597,516)	(875)	(598,391)
Private placement of common shares and warrants (note 8)	28,312,400	1,802,933	14,156,200	488,478	-	-	-	2,291,411
Finder warrants (note 8)	-	(76,750)	1,750,168	76,750	-	-	-	-
Share issue costs	-	(256,690)	-	-	-	-	-	(256,690)
Stock option compensation charge (note 8)	-	-	-	-	297,000	-	-	297,000
<b>Balance, March 31, 2023</b>	121,772,901	46,889,482	28,667,141	2,252,353	7,841,907	(40,780,635)	(69,420)	16,133,687

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

# Lahontan Gold Corp.

(An Exploration Stage Company)

## Unaudited Condensed Consolidated Interim Statements of Cash Flows

(expressed in United States dollars)

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(207,302)	(597,516)
Items not affecting cash:		
Accretion of asset retirement obligation (note 7)	2,899	1,500
Share based compensation (note 8)	-	250,419
Deferred income tax expense	6,288	7,366
Changes in working capital items:		
Amounts receivable	(4,969)	(44,896)
Prepaid expenses	(69,932)	(83,573)
Accounts payable and accrued liabilities	63,323	3,913
	<u>(209,693)</u>	<u>(462,787)</u>
<b>Investing activities</b>		
Exploration and evaluation assets (note 6)	<u>(195,087)</u>	<u>(465,771)</u>
<b>Financing activities</b>		
Private placement of shares and warrants (note 8)	-	2,291,411
Share issue costs	<u>-</u>	<u>(256,690)</u>
	<u>-</u>	<u>2,034,721</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8,928)</u>	<u>(875)</u>
<b>Net change in cash and cash equivalents</b>	(413,708)	1,105,288
<b>Cash and cash equivalents - Beginning of period</b>	<u>519,589</u>	<u>806,724</u>
<b>Cash and cash equivalents - End of period</b>	<u>105,881</u>	<u>1,912,012</u>

Supplemental cash flow information (note 13)

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

# Lahontan Gold Corp.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2024 and 2023

(expressed in United States dollars)

## 1. Nature of operations and going concern

### General information

Lahontan Gold Corp. was incorporated under the *Business Corporations Act (Ontario)* on May 14, 2020 and is referred to herein as "Original Lahontan". On September 25, 2020, Original Lahontan completed a reverse takeover transaction with Gateway Gold Corp. ("Gateway"). Gateway is considered the accounting acquirer, and accordingly, the Company (defined hereafter) was considered a continuation of Gateway for accounting purposes. On April 5, 2022, Original Lahontan completed a transaction (the "Amalgamation") with 1246765 B.C. Ltd. ("765 BC") that resulted in 765 BC indirectly acquiring interests in the Santa Fe, Moho and Redlich projects located in Nevada. The transaction was effected through an amalgamation agreement and constitutes a reverse takeover (the "RTO") of 765 BC by Original Lahontan. In connection with the Amalgamation, 765 changed its name to Lahontan Gold Corp. and Original Lahontan's name was changed to 1000166543 Ontario Inc. ("1000 Ont."). As a result of the RTO, 1000 Ont. was identified as the acquirer (legal subsidiary) and 765 BC was treated as the accounting subsidiary (legal parent). On April 11, 2022 the TSX Venture Exchange ("TSXV") issued its final acceptance of the listing statement dated March 28, 2022. Trading of the resulting issuer shares commenced on April 13, 2022 under the trading symbol "LG". Lahontan Gold Corp. (formerly 765 BC) is referred to herein with all of its subsidiaries as "Lahontan" or the "Company".

The Company is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in Nevada, USA. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 600-890 West Pender Street, Vancouver, BC, V6C 1J9, Canada where it is domiciled. The Company's subsidiaries are comprised of: 1000166543 Ontario Inc., domiciled in Ontario, Canada; Lahontan Gold (US) Corp., domiciled in Nevada, USA; Gateway Gold Corp. ("Gateway"), incorporated in British Columbia, Canada; and, Gateway Gold (USA) Corp., domiciled in Nevada, USA.

### Going concern

These condensed consolidated interim financial statements have been prepared using IFRS Accounting Standards applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the three month period ended March 31, 2024, the Company generated a net loss of \$207,302 (year ended December 31, 2023 - net loss of \$1,625,542) and had negative cash flows from operating activities. As at March 31, 2024, the Company had working capital of \$90,206. Subsequent to period end, on April 30, 2024, the Company closed a brokered private placement for gross proceeds of \$2,525,789 (CDN\$3,450,000) (see note 14). Given the Company's plans for significant exploration expenditures primarily focused on the Santa Fe, Nevada project during the coming year, existing funds on hand are not sufficient to support planned exploration costs and ongoing corporate costs. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of 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.

## 2. Material accounting policies

### Statement of compliance with IFRS Accounting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2023 and 2022, which have been prepared in accordance with IFRS Accounting Standards.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on May 29, 2024.

### General information and basis of consolidation

Original Lahontan was incorporated under the *Business Corporations Act (Ontario)* on May 14, 2020. On July 29, 2020, a wholly-owned subsidiary Lahontan Gold (US) Corp. was incorporated in Nevada, USA. On September 25, 2020, the Company completed a reverse takeover transaction with Gateway Gold Corp., a British Columbia, Canada company. Gateway has a wholly-owned subsidiary, Gateway Gold (USA) Corp., a Nevada, USA company which holds the Santa Fe project. For accounting purposes with respect to the reverse takeover, Gateway was considered the accounting acquirer, and accordingly, the Company is considered a continuation of Gateway. The net assets of Original Lahontan at the date of the reverse takeover were deemed to have been acquired by Gateway. On April 5, 2022, Original Lahontan completed the RTO transaction with 1246765 B.C. Ltd. in connection with its public listing transaction. Since 765 BC did not meet the accounting definition of a business, the consolidated entity is considered to be a continuation of Original Lahontan prior to the RTO.

The Company's financial statements consolidate those of Lahontan (the legal parent company) and each of its 100% wholly-owned subsidiaries. All inter-company balances and transactions are eliminated upon consolidation. These condensed consolidated interim financial statements are expressed in United States dollars and are prepared using the historical cost method.

### Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2024. They are not applicable or do not have a significant impact on the Company.

## Lahontan Gold Corp.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2024 and 2023

(expressed in United States dollars)

### 3. Critical accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the years ended December 31, 2023 and 2022.

### 4. Amounts receivable

Amounts receivable of \$7,914 (December 31, 2023 - \$2,945) is comprised of harmonized sales tax (HST) receivable.

### 5. Reclamation deposits

The Company's reclamation deposits comprise bonds in a total amount of \$317,793 (December 31, 2023 - \$317,793) held by the Nevada Bureau of Land Management Nevada State Office with respect to the Santa Fe, Moho and Redlich projects. These restricted cash deposits will be returned to the Company upon successful completion of reclamation at the projects or after the bonds are replaced by other bonds related to changes in activity at the project sites.

### 6. Exploration and evaluation assets

	Santa Fe (Nevada, USA) \$	West Santa Fe (Nevada, USA) \$	Moho (Nevada, USA) \$	Redlich (Nevada, USA) \$	Total \$
<b>Balance, December 31, 2022</b>	<b>10,988,365</b>	-	<b>2,632,807</b>	<b>955,317</b>	<b>14,576,489</b>
Claim staking and renewal fees	90,414	68,757	21,099	14,275	194,545
Cash option payments	89,478	55,000	208,875	15,000	368,353
Personnel and consultants	645,638	21,046	795	7,815	675,294
Exploration management and support	119,159	-	-	-	119,159
Field office rent, storage and telecommunication	96,812	-	-	-	96,812
Travel and accommodation	43,868	154	-	118	44,140
Drilling and related	456,769	-	-	-	456,769
Geological	40,085	-	-	529	40,614
Geochemistry analysis	145,944	-	-	-	145,944
Technical reports and special consulting	64,817	5,641	-	-	70,458
Vehicle costs and fuel	160,135	-	-	-	160,135
Security and equipment	2,320	-	-	-	2,320
Environmental	213,333	-	-	-	213,333
Field equipment	34,970	-	-	122	35,092
Change in asset retirement obligation estimate	(45,387)	-	(56)	(13)	(45,456)
<b>Balance, December 31, 2023</b>	<b>13,146,720</b>	<b>150,598</b>	<b>2,863,520</b>	<b>993,163</b>	<b>17,154,001</b>
Personnel and consultants	84,286	225	-	-	84,511
Exploration management and support	28,573	-	-	-	28,573
Field office rent, storage and telecommunication	23,346	-	-	-	23,346
Travel and accommodation	1,317	-	-	-	1,317
Geochemistry analysis	539	-	-	-	539
Technical reports and special consulting	887	7,550	-	-	8,437
Vehicle costs and fuel	38,252	-	-	-	38,252
Security and equipment	200	-	-	-	200
Environmental	300	-	-	-	300
Field equipment	23,522	-	-	-	23,522
<b>Balance, March 31, 2024</b>	<b>13,347,942</b>	<b>158,373</b>	<b>2,863,520</b>	<b>993,163</b>	<b>17,362,998</b>

#### Santa Fe, Nevada, USA

The Company holds a 100% beneficial interest in the Santa Fe project which is comprised of 384 unpatented mining claims, 67 unpatented millsite claims and 24 patented mining claims covering an area of 26.4 square kilometres. The Santa Fe project is located 12 kilometres east of the town of Luning in Mineral County, Nevada, USA. A total of 46 of the Santa Fe project claims, including all patented claims, are subject to a 1.25% net smelter return ("NSR") royalty interest. The NSR royalty applies to all ore mineral, metals and materials produced from the claims after the first 67,886 ounces of gold and 147,157 ounces of silver.



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On March 17, 2021 the Company entered into a property purchase agreement with Andoria Resources Pty Ltd. and its subsidiary Andoria Resources US Corp. with respect to 45 unpatented mining claims that now form part of the Santa Fe project. Consideration provided under the terms of the agreement consisted of 196,500 common shares of the Company issued upon closing of the transaction. These common shares were valued at CDN\$0.30 per share for a total value of \$47,280. Additionally, the Company assumed the obligations of a Mining Lease and Option to Purchase Agreement (the "MLOPA") with GenGold2 LLC relating to 15 of the property claims. Minimum cash payments payable to GenGold2 LLC under the terms of the MLOPA are as follows:

<u>Minimum payment due date</u>	<u>Amount \$</u>
October 15, 2020 (paid by Andoria)	10,000
April 15, 2021 (paid April 2021)	15,000
October 15, 2021 (paid September 2021)	35,000
October 15, 2022 (paid October 2022)	50,000
October 15, 2023 (paid September 2023)	75,000
October 15, 2024	100,000
October 15, 2025 and October 15 of each succeeding year	150,000

The claims are subject to a NSR royalty of 2% when the average price of gold is less than \$1,600 per ounce and 3% when the average price of gold is equal to or greater than \$1,600 per ounce. Cumulative minimum cash payments made prior to commercial production are creditable against any NSR royalty obligation. The MLOPA also provides an option to acquire a 100% interest in the claims, subject to the NSR royalty, for a cash payment of \$2,000,000. Both the minimum payment and option payment amounts are subject to adjustment for increases in the United States Consumer's Price Index.

### West Santa Fe, Nevada, USA

During May 2023, the Company signed a binding term sheet and on July 18, 2023, the Company concluded a definitive Lease with Option to Purchase Agreement ("Agreement") with a wholly-owned subsidiary of Emergent Metals Corp ("Emergent") to acquire the West Santa Fe gold-silver exploration project located 13 km west of the Company's Santa Fe project in Nevada, USA. The Agreement defines the terms and conditions pursuant to which the Company will be granted an option (the "Option") to acquire a 100% interest in the 11.8 square kilometre West Santa Fe property which is comprised of 147 unpatented mining claims.

The Agreement requires the Company to make option payments totalling \$1.8 million over a seven-year period, as follows: \$10,000 upon signing of the binding term sheet (paid in May 2023); \$20,000 on the first anniversary of the Agreement; \$25,000 on each of the second and third anniversaries; \$30,000 on each of the fourth and fifth anniversaries; \$40,000 on the sixth anniversary and \$1,620,000 on the seventh anniversary of the Agreement. At the Company's discretion, up to 50% of the annual option payments can be made in common shares of the Company. Additionally, the Company agreed to pay Emergent a total of \$45,000 in cost reimbursements related to the property within thirty days of July 18, 2023 (paid in July 2023).

In addition, the Company shall incur \$1,400,000 of exploration costs on West Santa Fe as follows:

<u>Work commitment due date</u>	<u>Amount \$</u>
December 31, 2024	150,000
December 31, 2025	150,000
December 31, 2026	200,000
December 31, 2027	200,000
December 31, 2028	200,000
December 31, 2029	250,000
July 18, 2030	250,000

Any excess expenditures, in any year, under the work commitments scheduled above, can be credited against subsequent work commitment expenditures in a future year.

Upon exercise of the Option, Emergent shall transfer 100% of its interest in the mineral claims to the Company within 30 days. As part of the transfer, the Company will grant a 1% NSR royalty in favor of Emergent over the twelve claims it acquired from Nevada Sunrise LLC. Additionally, eighteen claims forming part of the property are subject to an underlying 2% NSR royalty with an annual advance minimum royalty payment of \$20,000. This underlying agreement has a one-mile area-of-interest whereby 90 adjacent claims added by Emergent are also subject to this 2% NSR royalty. Annual advance minimum royalty payments are creditable against any future royalty payments. One-half (1%) of this underlying NSR royalty can be repurchased for \$200,000 prior to June 15, 2024; or thereafter, for \$500,000 prior to June 15, 2028. In addition, the Company will grant a 1.5% NSR royalty in favor of Emergent for the remaining 27 claims acquired not subject to a NSR royalty listed above. The Company will have the right to purchase one-half (0.75%) of this 1.5% NSR royalty for \$200,000 prior to July 18, 2028 or for \$500,000 on or after July 18, 2028.

During May 2023, the Company staked an additional 95 unpatented lode mining claims covering an area of 7.9 square kilometres. A total of 88 of these claims falls inside the one-mile area-of-interest referred to above and are therefore subject to a 2% NSR royalty. The addition of the 95 claims increased the West Santa Fe project to a total of 242 unpatented lode mining claims covering 19.7 square kilometres.

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(expressed in United States dollars)

### **Moho and Redlich, Nevada, USA Property Purchase Agreement**

The Company acquired interests in the Moho and Redlich exploration property assets located in Nevada, USA through the reverse takeover transaction with Lahontan. Lahontan had previously acquired the properties from KA Gold LLC and its subsidiary Pyramid Gold (US) Corp. At the time of the reverse takeover transaction these properties had a cost of \$2,585,056. Of this total cost, \$1,856,523 was allocated to the Moho project interest and \$728,533 was allocated to the Redlich project interest based on estimates of the relative fair values of each project. Both projects are subject to underlying option agreements providing rights to earn a 100% interest in each project. The Company has assumed the obligations under the terms of these option agreements. Details with respect to the Moho and Redlich projects and the related underlying option agreements are described below.

### **Moho, Nevada, USA**

The Moho project is comprised of a total of 119 unpatented mining claims located in Mineral County, Nevada. Of this total, nine claims are subject to the Moho Option Agreement dated May 26, 2017 with subsidiaries of Gold Royalty Corp.; 50 claims are subject to the Mining Lease and Option to Purchase Agreement dated August 30, 2017 with Minquest Ltd. ("Minquest"); and, 60 claims are held directly.

### **Moho Option Agreement, Gold Royalty Corp.**

The Moho Option Agreement provided an exclusive option to purchase a 100% interest in nine claims forming part of the Moho project. A final option payment was completed during August 2021 to acquire a 100% interest in these nine claims. The Company is responsible for annual claim maintenance costs.

Following the final option payment and exercise of the option, Gold Royalty Corp. retains a 2.5% NSR royalty on the nine claims. On the first three anniversaries of the option exercise, the Company was obligated to pay advance minimum royalty ("AMR") payments of \$15,000 per year (\$15,000 paid in August 2023). On the fourth anniversary and each year thereafter, the Company would pay AMR payments of \$25,000 annually. A total of \$60,000 related to payments under the option agreement and 80% of all AMR payments made are creditable toward future NSR amounts payable.

Additionally, the Moho Option Agreement defines an area-of-interest ("AOI") being a one-mile distance from the outermost perimeter of the nine property claims. Any additional property claims added in the AOI are subject to a 2% NSR royalty (the "AOI Royalty"). Both the 50 claims subject to the Minquest option agreement and the 35 claims held directly by the Company fall within the AOI and are subject to the AOI Royalty in favour of Gold Royalty Corp. If a third party royalty exists on any of the AOI claims, the AOI Royalty would be reduced such that the total royalty burden does not exceed 3%. The Company has a right to buy-down 1% of the NSR royalty on the 9 claims along with 1% of the AOI Royalty for a total amount of \$1,000,000.

### **Mining Lease and Option to Purchase Agreement, Minquest**

The Mining Lease and Option to Purchase Agreement provides an exclusive option to purchase a 100% interest in 50 claims forming part of the Moho project. A total of \$112,250 in minimum option payments, from execution of the agreement and including the final \$35,000 option payment during September 2021, have previously been made. On October 3, 2022, the Company signed an amendment to the Mining Lease and Option to Purchase Agreement that provided an extension of the agreement to March 31, 2023 and amended the payments in order to exercise the option. A payment of \$193,875 was made on November 3, 2022 as follows: (i) \$129,875 in cash; and (ii) 800,000 common shares of the Company at a deemed value of \$64,000. A final cash option payment of \$193,875 was paid during March 2023 to acquire a 100% interest in these 50 claims. Annual exploration work commitments of \$50,000 per annum during the five-year term of the agreement were required and have been met based on expenditures completed to date. The Company is responsible for annual claim maintenance costs. Following exercise of the option, Minquest retains a 1.5% NSR royalty.

### **Redlich, Nevada, USA**

The Redlich project is comprised of 76 unpatented mining claims located in Esmeralda County, Nevada. These 76 claims were subject to the Redlich Option Agreement dated May 26, 2017 with subsidiaries of Gold Royalty Corp. A final option payment was completed during August 2021 to acquire a 100% interest in these 76 claims. The Company is responsible for annual claim maintenance costs.

Following the final option payment and exercise of the option, Gold Royalty Corp. retains a 2.5% NSR royalty. On the first three anniversaries of the option exercise, the Company was obligated to pay AMR payments of \$15,000 per year (\$15,000 paid in August 2023). On the fourth anniversary and each year thereafter, the Company would pay AMR payments of \$25,000 annually. A total of \$60,000 related to payments under the option agreement and 80% of all AMR payments made are creditable toward future NSR amounts payable. The Company has a right to buy-down 1% of the NSR royalty for \$1,000,000.

## **7. Asset retirement obligation**

Reclamation costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation activities. Reclamation costs are capitalized to mineral properties dependent on the nature of the asset related to the obligation. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company's reclamation performance obligation can be found in Note 5. The Company's asset retirement obligation arises from its obligation to undertake site reclamation and remediation in connection with the Santa Fe, Moho and Redlich projects.

The estimated costs of reclamation are based on current regulatory requirements using prescribed third-party contractor rates with a 10% contingency. The estimated asset retirement obligation liability at the reporting date utilizes the following assumptions: (i) total undiscounted amount of inflation adjusted future reclamation costs at March 31, 2024 was \$371,139 (December 31, 2023 - \$371,139); (ii) weighted average risk-free interest rate of 3.9% (December 31, 2023 - 3.9%) and a long-term inflation rate of 2.6% (December 31, 2023 - 2.6%); and (iii) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2029. The Company's asset retirement obligation is as follows:

	\$
<b>Balance, December 31, 2022</b>	363,223
Accretion of asset retirement obligation	6,000
Change in asset retirement obligation estimate	<u>(45,456)</u>
<b>Balance, December 31, 2023</b>	323,767
Accretion of asset retirement obligation	<u>2,899</u>
<b>Balance, March 31, 2024</b>	<u>326,666</u>

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### 8. Capital stock

#### Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value; and, an unlimited number of special shares, issuable in series.

#### Issued

##### Share issuances during fiscal 2023

On September 1, 2023, the Company closed a private placement financing under the listed issuer financing exemption ("LIFE") issuing a total of 25,000,000 units at CDN\$0.08 per unit for gross proceeds of \$1,476,789 (CDN\$2,000,000). Each unit consisted of one common share of the Company and one transferrable common share purchase warrant with a total of 25,000,000 warrants issued. Each warrant issued entitles the holder to purchase one common share of the Company at a price of CDN\$0.12 per share until September 1, 2026. On closing of the private placement, these warrants were valued at \$452,133. In connection with the private placement, the Company paid eligible finders cash commissions of \$79,844 (CDN\$108,052) and an aggregate of 1,354,290 finders' warrants. Each finders' warrant entitles the finders to acquire one common share of the Company at a price of CDN\$0.08 until September 1, 2026. These finders' warrants were valued at \$49,847.

On June 28, 2023, the Company issued 1,950,000 common shares upon the exercise of 1,950,000 warrants with a fair value of \$51,134 for cash proceeds of \$266,735 (CDN\$351,000).

On February 28, 2023 and March 8, 2023, the Company closed a private placement financing issuing a total of 28,312,400 units at CDN\$0.11 per unit for gross proceeds of \$2,291,411 (CDN\$3,114,364). Each unit consisted of one common share of the Company and one-half common share purchase warrant with a total of 14,156,200 warrants issued. Each whole warrant issued entitles the holder to purchase one common share of the Company at a price of CDN\$0.18 per share until February 28, 2026. These warrants were valued at \$488,478. In connection with the private placement, the Company paid Beacon Securities Limited ("Beacon") as lead agent and sole bookrunner, and Canaccord Genuity Corp. (together with Beacon, the "Agents"), cash commissions of \$142,384 (CDN\$193,514) and an aggregate of 1,750,168 finders' warrants. Each finders' warrant entitles the Agents to acquire one common share of the Company at a price of CDN\$0.11 until February 28, 2026. These finders' warrants were valued at \$76,750.

#### Warrants

During September 2023, the Company issued 25,000,000 warrants and 1,354,290 finders' warrants in connection with a private placement. These warrants are callable by the Company in the event that the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the common shares of the Company on the TSX Venture Exchange is at least \$0.24 per Common Share for a minimum of 20 consecutive trading days at any time after September 1, 2024. The Company may provide written notice to holders of the warrants requiring the holder of the warrants to exercise the warrants within 20 days following the date of delivery of such written notice.

During February and March 2023, the Company issued 14,156,200 warrants and 1,750,168 finders' warrants in connection with a private placement. On June 28, 2023 a total of 1,950,000 warrants were exercised for cash proceeds to the Company of \$266,735 (CDN\$351,000). During July 2023, a total of 7,887,038 warrants with exercise prices of CDN\$0.35 and CDN\$0.40 expired.

As at March 31, 2024, details with respect to outstanding warrants were as follows:

Number	Exercise price	
	CDN\$	Expiry
1,354,290	0.08	September 1, 2026
1,750,168	0.11	February 28, 2026
25,000,000	0.12	September 1, 2026
12,206,200	0.18	February 28, 2026
4,444,444	0.65	April 5, 2024
<u>44,755,102</u>	0.19	

The fair value of warrants has been estimated using the Black-Scholes option pricing model at the grant date and this value has been presented as a separate component of shareholders' equity. The Company has determined expected volatility related to analysis of comparable companies in the mineral exploration sector. The assumptions used for the valuation of warrants during fiscal 2023 are as follows:

#### 2023

Expected life in years	3.0
Expected volatility	111% - 114%
Risk-free interest rate	4.01% - 4.40%
Dividend yield	Nil

Subsequent to period end, on April 5, 2024, a total of 4,444,444 warrants exercisable at CDN\$0.65 expired.

#### Compensation options

As at March 31, 2024, a total of 429,290 compensation options exercisable at CDN\$0.45 per unit valued at \$62,063 were outstanding. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Subsequent to period end, on April 5, 2024, a total of 429,290 compensation options expired.

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### Stock options

In connection with the Amalgamation with 765 BC, the Company's board of directors approved a new stock option plan which is a 10% rolling plan (the "Plan") under which the maximum number of stock options issuable under the Plan is equal to 10% of the Company's outstanding common shares from time to time. Eligible participants in the Plan include directors, officers, employees and consultants to the Company. Stock option exercise prices, vesting periods and the term to expiry are determined by the board of directors at the time of grant. The Plan replaced the private company stock option plan which was approved on August 15, 2020 by the Company's board of directors. In connection with the Amalgamation and public listing transaction with 765 BC, all previously outstanding stock options were replaced with Resulting Issuer stock options.

On March 16, 2023, the board of directors of the Company approved the grant of 2,925,000 stock options to directors, officers and consultants. These stock options are exercisable at CDN\$0.18; expire March 16, 2028; and were immediately vested.

Activity with respect to stock options is summarized as follows:

	Number	Weighted-average exercise price CDN \$	Expiry
<b>Balance, December 2021</b>	9,250,000	0.36	October 2025 to April 2027
Granted	2,925,000	0.18	March 2028
Forfeited	(180,000)	0.33	October 2025 to March 2028
<b>Balance, December 31, 2023</b>	11,995,000	0.32	October 2025 to March 2028
Forfeited	(535,000)	0.30	October 2025 to March 2028
<b>Balance, March 31, 2024</b>	11,460,000	0.32	October 2025 to March 2028

As at March 31, 2024, outstanding stock options are as follows:

Options outstanding		Options exercisable			Expiry
Exercise price CDN\$	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	
0.18	2,850,000	4.0	2,850,000	4.0	March 16, 2028
0.30	4,750,000	1.6	4,750,000	1.6	October 22, 2025
0.45	3,860,000	3.0	3,860,000	3.0	April 8, 2027
	11,460,000	2.7	11,460,000	2.7	

During the three month period ended March 31, 2024, the Company recorded a total value of \$nil (three month period ended March 31, 2023 - \$297,000) with respect to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus and are included in share based compensation expense in the statement of operations and comprehensive loss or capitalised to exploration and evaluation assets. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2023, utilized the following assumptions and values:

	<u>2023</u>
Expected volatility	118%
Expected option life (in years)	5.0
Risk-free interest rate	2.77%
Expected dividend yield	Nil
Weighted-average exercise price	CDN\$0.18
Weighted-average market price at grant date	CDN\$0.17
Weighted-average fair value	CDN\$0.14

The Company determined expected volatility related to analysis of comparable companies in the mineral exploration sector.

Subsequent to period end, on May 8, 2024, the board of directors of the Company approved the grant of 9,100,000 stock options with an exercise price of \$0.08 to directors, officers and consultants. These stock options were immediately vested.

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### 9. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Vice President, Exploration, Chief Financial Officer, Corporate Secretary and Directors. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Management fees	120,517	106,002
Share based compensation	-	266,538
	<u>120,517</u>	<u>372,540</u>

As at March 31, 2024, a total of \$9,403 (December 31, 2023 - \$2,011) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations and expenses. In addition to the above, a company controlled by the Company's Chief Executive Officer and Vice President, Exploration, charged the Company for services related to exploration personnel costs, field vehicles and equipment, field office rent and utilities and related field office expenses in the amount of \$50,425 during the three month period ended March 31, 2024 (three months ended March 31, 2023 - \$52,078). A company controlled by the Company's Chief Financial Officer also provides bookkeeping, accounting and administration services to the Company. For the three month period ended March 31, 2024, a total of \$6,692 (three months ended March 31, 2023 - \$2,650) was charged for these services. For the three month period ended March 31, 2024, under the terms of a service contract with the Company's Chief Executive Officer, the Company reimbursed \$7,325 (three months ended March 31, 2023 - \$7,325) for medical insurance coverage.

The Company has management service agreements with each of its Chief Executive Officer, Chief Financial Officer and Vice President, Exploration which provide for payments upon termination in certain circumstances. With respect to termination without cause, the Chief Executive Officer and Vice President, Exploration would be entitled to a payment equal to one year's compensation and the Chief Financial Officer would be entitled to a payment equal to three month's compensation. The service agreements also provide that under certain conditions, including a change in control of the Company, that the Chief Executive Officer and Vice President, Exploration would be entitled to a payment equivalent to two year's compensation and the Chief Financial Officer would be entitled to a payment equal to one year's compensation.

### 10. Financial instruments and risk management

As at March 31, 2024, the Company's financial instruments include cash and cash equivalents, amounts receivable, reclamation deposits and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values. The Company examines the various financial risks to which it may be exposed and assesses the impact and likelihood of those risks. The Company may be exposed to various financial risks related to credit risk, liquidity risk and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors of the Company.

#### **Credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consists of cash and cash equivalents and reclamation deposits. The Company's cash is held at major Canadian and United States financial institutions. The Company's reclamation deposits are supported by non-interest bearing cash deposits held with US governmental agencies representing the state of Nevada. The maximum exposure to credit risk is equivalent to the carrying amount. As at March 31, 2024, the Company does not consider any of its financial assets to be impaired.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at March 31, 2024, the Company's liabilities included accounts payable and accrued liabilities of \$130,275 all of which are due within normal trade terms of generally 30 days (see note 1, going concern).

#### **Currency risk**

The Company's cash is held in Canadian dollar and United States dollar accounts. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the United States dollar. As at March 31, 2024, the Company held cash in United States dollars of \$11,480. The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

All of the Company's cash based operating expenses were denominated in the relevant functional currency; therefore, operating costs were not affected by exchange rate changes during the years presented in these financial statements. The Company's property and exploration costs are primarily denominated in United States dollars.

#### **Interest rate risk**

As at March 31, 2024, the Company does not have any obligations that bear fixed interest rates. The Company is therefore not exposed to the risk of changes in fair value resulting from interest rate fluctuations.

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### 11. Segmented information

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision-maker. The President and CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's reclamation deposits and exploration and evaluation assets all relate to the Company's property interests located in Nevada, USA.

### 12. Capital management

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs (see note 1, going concern).

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these condensed consolidated interim financial statements.

### 13. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Exploration expenditures included in accounts payable and accrued liabilities	13,910	9,611
Stock option compensation charge capitalised to exploration and evaluation assets	-	46,581

### 14. Subsequent events

On April 30, 2024, the Company closed a brokered private placement issuing a total of 57,500,000 units at CDN\$0.06 per unit for gross proceeds of \$2,525,789 (CDN\$3,450,000). Each unit consisted of one common share of the Company and one-half transferrable common share purchase warrant with a total of 28,750,000 warrants issued. Each warrant issued entitles the holder to purchase one common share of the Company at a price of CDN\$0.10 per share until April 30, 2027. In connection with the private placement, the Company paid eligible finders cash commissions of \$158,108 (CDN\$215,915) and an aggregate of 3,695,586 finders' warrants. Each finders' warrant entitles the finders to acquire one common share of the Company at a price of CDN\$0.06 until April 30, 2027.