P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars

	Note		March 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents		$	5,629,253	$	7,796,236
Receivables and other	3		364,409		202,781
			5,993,662		7,999,017
Non-current assets					
Restricted cash			146,603		146,603
Property, plant and equipment	4		271,058		306,493
Total assets		$	6,411,323	$	8,452,113
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	5	$	280,680	$	418,825
Current portion of lease obligations	6		121,430		117,620
Current portion of acquisition liabilities - Gabbs Project	7		4,934,669		4,885,095
Flow-through share premium liability			1,371,115		1,425,728
			6,707,894		6,847,268
Non-current liabilities					
Lease obligations	6		101,320		133,446
Acquisition liabilities - Gabbs Project	7		5,905,819		5,918,567
			12,715,033		12,899,281
SHAREHOLDERS' EQUITY					
Share capital	9		28,253,798		28,196,973
Other reserves	9		2,632,017		2,285,635
Accumulated other comprehensive income ("AOCI")			314,015		154,430
Deficit			(37,503,540)		(35,084,206)
			(6,303,710)		(4,447,168)
Total liabilities and shareholders' equity		$	6,411,323	$	8,452,113
Nature of operations and going concern	1				
Commitments	12				
Subsequent events	13				

Approved on behalf of the Board of Directors:

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

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian dollars, except for share data

	Note		For the three months ended March 31, 2022		March 31, 2021
Exploration and evaluation ("E&E") expenditures	7	$	1,466,636	$	247,737
Administrative expenses					
Share-based compensation	9		364,222		131,316
General and administrative			245,457		96,959
Investor relations and travel			91,802		6,712
Professional fees			37,476		88,378
Depreciation	4		35,435		30,670
Shareholder information			33,684		21,625
Total administrative expenses			808,076		375,660
Operating loss			(2,274,712)		(623,397)
Interest and finance expense	8		(200,511)		(8,647)
Foreign exchange loss			(1,653)		-
Interest and finance income			2,929		1,206
Loss before taxes			(2,473,947)		(630,838)
Flow-through share premium recovery			54,613		-
Net loss for the period		$	(2,419,334)	$	(630,838)
Other comprehensive loss, net of tax					
Items that may be subsequently reclassified to earnings or loss:					
Currency translation adjustments			159,585		-
Comprehensive loss for the period		$	(2,259,749)	$	(630,838)
Loss per share - basic and diluted		$	(0.03)	$	(0.02)
Weighted average number of shares outstanding			70,408,549		29,518,331

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited - Expressed in Canadian dollars

	Note	For the three months ended March 31, 2022	March 31, 2021
Cash flows used in operating activities			
Net loss for the period		$ (2,419,334)	$ (630,838)
Items not affecting cash:			
Depreciation	4	35,435	30,670
Flow-through share premium recovery		(54,613)	-
Interest and finance expense, net		197,582	7,441
Share-based compensation	9	364,222	131,316
Unrealized foreign exchange gain		(504)	-
Changes in non-cash working capital items:			
Receivables and other assets		(149,135)	127,976
Accounts payable and accrued liabilities		(94,140)	22,396
Acquisition liabilities - Gabbs Project		1,943	-
Net cash used in operating activities		(2,118,544)	(311,039)
Cash flows generated by (used in) investing activities			
Interest received		2,929	1,206
Purchase of property, plant and equipment		-	(22,790)
Restricted cash		-	(70,000)
Net cash generated by (used in) investing activities		2,929	(91,584)
Cash flows used in financing activities			
Payment of lease obligations	6	(34,358)	(33,520)
Proceeds from exercise of share options		20,400	-
Proceeds from exercise of warrants		19,500	-
Share issuance costs		(54,674)	-
Net cash used in financing activities		(49,132)	(33,520)
Decrease in cash and cash equivalents for the period		**(2,164,747)**	**(436,143)**
Cash and cash equivalents, beginning of period		7,796,236	1,634,964
Effect of foreign exchange rate changes on cash and cash equivalents		(2,236)	-
Cash and cash equivalents, end of period		**$ 5,629,253**	**$ 1,198,821**

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

P2 GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited - Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	AOCI	Deficit	Total
Balance - December 31, 2020		29,518,331	$ 8,490,458	$ 948,771	$ -	$ (7,696,870)	$ 1,742,359
Value assigned to share options vested	9	-	-	131,316	-	-	131,316
Loss for the period		-	-	-	-	(630,838)	(630,838)
Balance - March 31, 2021		29,518,331	$ 8,490,458	$ 1,080,087	$ -	$ (8,327,708)	$ 1,242,837
Balance - December 31, 2021		70,347,882	$ 28,196,973	$ 2,285,635	$ 154,430	$ (35,084,206)	$ (4,447,168)
Share issuance costs		-	(915)	-	-	-	(915)
Exercise of share options	9	60,000	38,240	(17,840)	-	-	20,400
Exercise of warrants	9	30,000	19,500	-	-	-	19,500
Value assigned to share options vested	9	-	-	364,222	-	-	364,222
Currency translation adjustments		-	-	-	159,585	-	159,585
Loss for the period		-	-	-	-	(2,419,334)	(2,419,334)
Balance - March 31, 2022		70,437,882	$ 28,253,798	$ 2,632,017	$ 314,015	$ (37,503,540)	$ (6,303,710)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

P2 Gold Inc. (the "Company") was incorporated under the laws of the Canada Business Corporations Act on November 10, 2017. The Company's common shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "PGLD". The address of the Company's head office is Suite 1100 – 355 Burrard Street, Vancouver, British Columbia ("BC"), Canada, V6C 2G8.

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

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

(b) Going concern assumption

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meets its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from March 31, 2022. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the three months ended March 31, 2022, the Company incurred a net loss of $2,419,334 and used cash in operating activities of $2,118,544. As at March 31, 2022, the Company had cash and cash equivalents of $5,629,253, a working capital deficit of $714,232 and an accumulated deficit of $37,503,540. The Company is committed to spend $5,129,696 on qualifying exploration expenditures prior to December 31, 2022 in accordance with the terms of its 2021 flow-through share financings.

Subsequent to March 31, 2022, the Company and Waterton Nevada Splitter LLC ("Splitter"), an affiliate of Borealis Mining Company, LLC ("Borealis"), agreed to amend the milestone payments under the Amended Agreement (defined below) for the purchase of the Gabbs Project. Refer to note 7 and 13 for further details.

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

The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The Company's significant accounting policies applied in these condensed consolidated interim financial statements are the same as those disclosed in note 3 of the Company's annual consolidated financial statements as at and for the years ended December 31, 2021 and 2020. These condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements.

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

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 12, 2022.

(b) Critical accounting estimates and judgments

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

Aside from the ability to continue as a going concern (refer to note 1b), there are no sources of material estimation uncertainty which could result in material changes within the next twelve months on the carrying amounts of assets and liabilities.

Expressed in Canadian dollars, except for share data and as otherwise noted

3. RECEIVABLES AND OTHER

	March 31, 2022	December 31, 2021
Prepaid expenses and deposits	$ 338,443	$ 165,506
Tax receivables	25,966	37,275
	$ 364,409	$ 202,781

4. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	Right-of-use ("ROU") asset	Total
Period ended March 31, 2022			
Cost			
Balance - December 31, 2021	$ 80,976	$ 354,359	$ 435,335
Additions	-	-	-
Balance - March 31, 2022	$ 80,976	$ 354,359	$ 435,335
Accumulated depreciation			
Balance - December 31, 2021	$ 10,722	$ 118,120	$ 128,842
Depreciation	5,905	29,530	35,435
Balance - March 31, 2022	$ 16,627	$ 147,650	$ 164,277
Net book value - March 31, 2022	$ 64,349	$ 206,709	$ 271,058

The ROU asset consists of the Company's corporate head office lease which is depreciated over the term of the lease (36 months).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
Trade payables	$ 234,689	$ 386,548
Accrued liabilities	26,406	23,540
Payroll liabilities	19,585	8,737
	$ 280,680	$ 418,825

Expressed in Canadian dollars, except for share data and as otherwise noted

6. LEASE OBLIGATIONS

As at March 31, 2022, the Company's undiscounted lease obligations consisted of the following:

		March 31, 2022		December 31, 2020
Gross lease obligations - minimum lease payments				
1 year	$	138,270	$	137,432
2-3 years		105,588		140,784
	$	243,858	$	278,216
Future interest expense on lease obligations		(21,108)		(27,150)
Total lease obligations	$	222,750	$	251,066
Current portion of lease obligations		(121,430)		(117,620)
Non-current portion of lease obligations	$	101,320	$	133,446

For the three months ended March 31, 2022, interest expense on the lease obligations was $6,042 (2021 – $8,647). Total cash payments on lease obligations were $34,358 (2021 – $33,520).

7. E&E EXPENDITURES

The E&E expenditures of the Company, by property, for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended			
		March 31, 2022		March 31, 2021
Gabbs Project	$	1,260,085	$	-
BAM Property		189,769		33,807
Lost Cabin Property		13,108		39,936
Silver Reef Property		2,474		12,780
Natlan Property		800		-
Todd Creek Property		400		30,466
Stockade Property		-		24,933
Timmins Property		-		34,770
Prospective exploration properties		-		71,045
	$	1,466,636	$	247,737

Expressed in Canadian dollars, except for share data and as otherwise noted

7. E&E EXPENDITURES (Continued)

(a) Gabbs Project

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

On May 4, 2021, the Company and Borealis agreed to amend the terms of the asset purchase agreement ("Amended Agreement"). Under the Amended Agreement, the Company paid $1,216,600 (US$1,000,000) and issued 15,000,000 common shares ($7,500,000 in fair value) in its capital to Waterton at closing of the transaction. In addition, the Company was required to pay Splitter (a) US$4,000,000 on the twelve-month anniversary of closing and (b) US$5,000,000 on the earlier of the announcement of results of a Preliminary Economic Assessment ("PEA") and the 24-month anniversary of closing. Subsequent to March 31, 2022, the Company and Splitter agreed to amend the milestone payments under the Amended Agreement for the purchase of the Gabbs Project. Refer to note 13 for further details.

Borealis has reserved for itself a 2% net smelter returns royalty on production from the Gabbs Project, of which one percent may be repurchased at any time by the Company for US$1,500,000 and the remaining one percent of which may be repurchased for US$5,000,000.

The financial liability associated with the acquisition of the Gabbs Project was initially recognized at a fair value of US$8,145,895, using a discount rate of 10.0%. As at March 31, 2022, the remaining amounts payable under the Amended Agreement were recorded on the statement of financial position and the Company's undiscounted acquisition liabilities consisted of the following:

		March 31, 2022		December 31, 2021
Gross acquisition liabilities - Gabbs Project				
1 year	$	4,998,400	$	5,071,200
2-3 years		6,248,000		6,339,000
	$	11,246,400	$	11,410,200
Future accretion expense on acquisition liabilities		(405,912)		(606,538)
Total acquisition liabilities - Gabbs Project	$	10,840,488	$	10,803,662
Current portion of acquisition liabilities - Gabbs Project		(4,934,669)		(4,885,095)
Non-current portion of acquisition liabilities - Gabbs Project	$	5,905,819	$	5,918,567

For the three months ended March 31, 2022, accretion of acquisition liabilities related to the Gabbs Project was $194,469 (2021 – nil) which was recorded in the statement of loss.

Expressed in Canadian dollars, except for share data and as otherwise noted

7. E&E EXPENDITURES (Continued)

(b) Option agreements

For the three months ended March 31, 2022 and year ended December 31, 2021, the Company paid in cash and issued in common shares the following amounts under the option agreements for its mineral projects:

	For the three months ended March 31, 2022			For the year ended December 31, 2021		
	Cash paid	Common shares issued	Fair value of shares issued	Cash paid	Common shares issued	Fair value of shares issued
Lost Cabin Property	$ 12,708	-	$ -	$ 18,651	-	$ -
Silver Reef Property	-	-	-	200,000	200,000	100,000
BAM Property	-	-	-	150,000	200,000	90,000
Todd Creek Property	-	-	-	150,000	-	-
Stockade Property	-	-	-	25,139	-	-
Natlan Property	-	-	-	25,000	100,000	40,000
	$ 12,708	-	$ -	$ 568,790	500,000	$ 230,000

Future requirements under option agreements

The Company has the following cash and share requirements under its existing option agreements:

Project	Ownership under option	Form	2022	2023	Total
BAM Property(1)	70%	Cash	$ 200,000	$ 550,000	$ 750,000
		Shares	200,000	800,000	1,000,000
Silver Reef Property(2)	70%	Cash	$ 500,000	$ -	$ 500,000
		Shares	800,000	-	800,000
Lost Cabin Property(3)	100%	Cash	$ 18,744	$ 49,984	$ 68,728

(1) Following exercise of the option for the BAM Property, the Company has the right for a period of 120 days to acquire the remaining 30% interest, for a total of 100%, on payment of $7,500,000, of which, up to $4,000,000 may be paid in shares of the Company. If the Company elects not to purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator. In the first three years of the joint venture, if the vendor fails to sell its interest, the vendor's interest will convert to a 2% net smelter returns royalty with the Company having the opportunity to purchase the vendor's interest prior to conversion for $7,500,000.

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

(3) Pre-production payments of US$20,000 are required every six months after March 10, 2023.

Expressed in Canadian dollars, except for share data and as otherwise noted

7. E&E EXPENDITURES (Continued)

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

Project	2021	2022	2023	Status
BAM Property	$ 150,000	$ 400,000	$ 750,000	Completed
Silver Reef Property	250,000	750,000	2,000,000	In progress
Lost Cabin Property[1]	30,000	-	-	Completed

[1] The spending requirements for the Lost Cabin Property are in USD. The option agreement for the Lost Cabin Property also requires a minimum of 2,000 meters of drilling in 2022, which remains in progress.

(c) E&E expenditures – Nature of expense

The E&E expenditures of the Company, by nature of expense, for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31, 2022	March 31, 2021
Drilling	$ 518,472	$ -
Technical and assessment reports	260,941	25,994
Geophysical and other surveys	145,774	-
Assays	141,871	-
Salaries and benefits	112,213	-
Consulting	79,682	149,875
Camp costs	63,017	-
Government payments	42,960	12,583
Equipment rentals	42,711	-
Acquisition costs	33,562	47,142
Travel expenses	17,547	-
Other E&E expenditures	7,886	12,143
	$ 1,466,636	$ 247,737

8. INTEREST AND FINANCE EXPENSE

	For the three months ended March 31, 2022	March 31, 2021
Accretion of acquisition liabilities - Gabbs Project	$ 194,469	$ -
Interest expense on leases	6,042	8,647
	$ 200,511	$ 8,647

Expressed in Canadian dollars, except for share data and as otherwise noted

9. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

At March 31, 2022, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

(b) Other reserves

The Company's other reserves consisted of the following:

		March 31, 2022		December 31, 2021
Other reserve - Share options	$	2,250,724	$	1,904,342
Other reserve - Warrants		381,293		381,293
	$	2,632,017	$	2,285,635

(c) Share options

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

	2022			2021		
	Number of share options		Weighted average exercise price	Number of share options		Weighted average exercise price
Outstanding, January 1,	4,684,166	$	0.50	2,660,000	$	0.48
Granted	1,625,000		0.71	175,000		0.52
Exercised	(60,000)		0.34	-		-
Outstanding, March 31,	6,249,166	$	0.55	2,835,000	$	0.48

For the options exercised during the period, the related weighted average share price at the time of exercise was $0.65 (2021 – nil).

Expressed in Canadian dollars, except for share data and as otherwise noted

9. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following table summarizes information about share options outstanding and exercisable at March 31, 2022:

	Share options outstanding		Share options exercisable		
Exercise prices	Number of share options outstanding	Weighted average years to expiry	Number of share options exercisable		Weighted average exercise price
\$0.26 - \$0.50	1,287,500	0.78	1,142,667	\$	0.35
\$0.51 - \$0.75	4,961,666	1.29	3,321,566		0.59
	6,249,166	1.18	4,464,233	\$	0.53

The total share-based compensation expense for the three months ended March 31, 2022 was \$364,222 (2021 – \$131,316) which was expensed in the statement of loss.

The following are the weighted average assumptions used to estimate the fair value of share options granted for the three months ended March 31, 2022 and 2021 using the Black-Scholes pricing model:

	For the three months ended	
	March 31, 2022	March 31, 2021
Expected life	2 years	2 years
Expected volatility	134.31%	199.19%
Risk-free interest rate	1.49%	0.20%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

Option pricing models require the input of subjective assumptions including the expected price volatility and expected share option life. Changes in these assumptions would have a significant impact on the fair value calculation.

Expressed in Canadian dollars, except for share data and as otherwise noted

9. SHARE CAPITAL AND OTHER RESERVES (Continued)

(d) Warrants

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

	2022		2021	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	31,441,832	$ 381,293	8,176,666	$ 9,489
Transactions during the period:				
Warrants exercised	(30,000)	-	-	-
Outstanding, March 31,	31,411,832	$ 381,293	8,176,666	$ 9,489

At March 31, 2022, the weighted average exercise price for the outstanding warrants is $0.83 (2021 – $0.71).

10. RELATED PARTIES

Key management includes the Company's directors and officers including its President and Chief Executive Officer, Chief Exploration Officer, Executive Vice President and Chief Financial Officer. It also includes the Company's former directors and officers.

Directors and key management compensation:

	For the three months ended March 31, 2022	March 31, 2021
Share-based compensation	$ 283,285	$ 135,106
Salaries and benefits	143,060	-
Management and consulting fees	-	50,527
	$ 426,345	$ 185,633

As at March 31, 2022, accounts payable and accrued liabilities include $10,953 (December 31, 2021 – $16,850) owed to two officers (December 31, 2021 – four) of the Company for reimbursement of transactions incurred in the normal course of business.

11. FINANCIAL RISK MANAGEMENT

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

(a) Market risk

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

11. FINANCIAL RISK MANAGEMENT (Continued)

(i) Currency risk

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

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

(ii) Interest rate risk

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

(b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents with high-credit quality financial institutions and its restricted cash is deposited with the BC Ministry of Energy, Mines and Low Carbon Innovation. Management believes there is a nominal expected credit loss associated with its financial assets.

(c) Liquidity risk

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

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

(d) Fair value estimation

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

Expressed in Canadian dollars, except for share data and as otherwise noted

11. FINANCIAL RISK MANAGEMENT (Continued)

The three levels of fair value hierarchy are as follows:

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

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

The acquisition liabilities for the Gabbs Project were initially recognized at fair value and subsequently measured at amortized cost. The carrying value is considered to approximate their fair value.

12. COMMITMENTS

The following table provides the Company's gross contractual obligations as of March 31, 2022:

		1 year		2 -3 years		More than 3 years		Total
Acquisition liabilities - Gabbs Project	$	4,998,400	$	6,248,000	$	-	$	11,246,400
Lease obligations		138,270		105,588		-		243,858
	$	5,136,670	$	6,353,588	$	-	$	11,490,258

13. SUBSEQUENT EVENTS

(a) Amended milestone payments – Gabbs Project

On April 28, 2022, the Company and Splitter agreed to amend the terms of the milestone payments under the Amended Agreement for the purchase of the Gabbs Project.

Under the amended terms, the Company will now pay Splitter (a) US$500,000 on May 31, 2022; (b) if the Company completes an equity financing in the second half of 2022, US$500,000 on December 31, 2022; and (c) US$8,000,000 or US$8,500,000 on May 14, 2023 (depending on whether US$500,000 is paid on December 31, 2022), provided that if the Company announces the results of a PEA prior to May 14, 2023, all outstanding payments will be due on the earlier of 60 days following the announcement of such results and May 14, 2023, and if the Company sells an interest in the Gabbs Project at any time, including without limitation, a royalty or stream, the proceeds of such sale shall be paid to Splitter up to the amount remaining outstanding.

The other terms in respect of the acquisition of the Gabbs Project remain unchanged.