GOLDSOURCE MINES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Unaudited - Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Goldsource Mines Inc. ("the Company") have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDSOURCE MINES INC.
TABLE OF CONTENTS

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
AS AT

		March 31, 2024		December 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents	$	2,561,926	$	1,449,188
Amounts receivable		15,633		26,712
Prepaid expenses and other (note 3)		232,805		303,241
Total current assets		2,810,364		1,779,141
Non-current assets				
Deposits (note 4)		284,242		278,140
Rent deposit		4,063		3,976
Mineral property (note 4)		6,679,703		6,679,703
Property, plant and equipment (note 5)		505,313		541,282
Total non-current assets		7,473,321		7,503,101
TOTAL ASSETS	$	10,283,685	$	9,282,242
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 8)	$	434,765	$	306,571
Loan payable (note 7)		2,003,945		-
Total current liabilities		2,438,710		306,571
Non-current liabilities				
Rehabilitation provision (note 6)		1,028,634		1,050,883
Total liabilities		3,467,344		1,357,454
Shareholders' equity				
Capital stock (note 9)		86,046,590		86,046,590
Reserves (note 9)		8,123,806		8,435,489
Deficit		(87,354,055)		(86,557,291)
Total shareholders' equity		6,816,341		7,924,788
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	10,283,685	$	9,282,242

Nature and continuance of operations (note 1)
Subsequent Events (note 13)

Approved by the Board and authorized for issue on May 29, 2024.

"Ioannis Tsitos"	*"Graham C. Thody"*
Director	**Director**

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31,

		2024		2023
Accretion (note 6)	$	12,945	$	7,016
Depreciation (note 5)		-		9,793
Exploration and evaluation expenditures (note 4)		590,098		713,302
Foreign exchange loss (gain)		(23,204)		29,085
General and administrative expenses		43,168		59,647
Interest expense (note 7)		4,259		617
Interest income		(8,545)		(13,060)
Loss (gain) on change in rehabilitation provision (note 6)		(35,194)		54,738
Loss on impairment of property, plant and equipment (note 5)		5,524		-
Marketing		40,434		52,939
Professional fees (note 8)		311,207		14,918
Remuneration (note 8)		167,755		174,365
Share-based compensation (notes 8 and 9)		826		7,029
Loss and comprehensive loss for the period	$	(1,109,273)	$	(1,110,389)
Basic and diluted loss per common share	$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding - basic and diluted		59,796,680		52,289,680

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31,

		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(1,109,273)	$	(1,110,389)
Adjustments for:				
Accretion		12,945		7,016
Depreciation		30,445		38,810
Foreign exchange loss (gain)		(7,685)		1,270
Interest expense		4,259		617
Interest income		(8,545)		(13,060)
Loss (gain) on change in rehabilitation provision		(35,194)		54,738
Loss on impairment of property, plant and equipment		5,524		-
Share-based compensation		826		7,029
Changes in non-cash working capital items:				
Amounts receivable		-		(35,968)
Taxes receivable		270		2,189
Prepaid expenses and other		71,897		63,438
Accounts payable and accrued liabilities		128,194		(83,673)
Net cash used in operating activities		(906,337)		(1,067,983)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		19,389		12,726
Net cash provided by investing activities		19,389		12,726
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan drawdown		2,000,000		-
Interest paid		(314)		(617)
Net cash provided by (used in) financing activities		1,999,686		(617)
Change in cash and cash equivalents, during the period		1,112,738		(1,055,874)
Cash and cash equivalents, beginning of the period		1,449,188		2,608,197
Cash and cash equivalents, end of the period	$	2,561,926	$	1,552,323
Cash and cash equivalents is represented by:				
Cash	$	2,561,926	$	1,552,323

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Capital stock		Reserves	Deficit	Total
	Number	Amount	Share-based payments		
Balance at December 31, 2022	52,289,680	$ 83,508,886	$ 8,063,221	$ (81,737,973)	$ 9,834,134
Share-based compensation	-	-	7,029	-	7,029
Stock options expired or forfeited	-	-	(122,352)	122,352	-
Loss and comprehensive loss for the period	-	-	-	(1,110,389)	(1,110,389)
Balance at March 31, 2023	52,289,680	83,508,886	7,947,898	(82,726,010)	8,730,774
Private placement	7,507,000	2,627,450	75,070	-	2,702,520
Capital stock issuance costs	-	(89,746)	8,131	-	(81,615)
Share-based compensation	-	-	439,603	-	439,603
Stock options forfeited	-	-	(35,213)	35,213	-
Loss and comprehensive loss for the period	-	-	-	(3,866,494)	(3,866,494)
Balance at December 31, 2023	59,796,680	86,046,590	8,435,489	(86,557,291)	7,924,788
Share-based compensation (notes 8 and 9)	-	-	826	-	826
Stock options expired or forfeited (note 9)	-	-	(312,509)	312,509	-
Loss and comprehensive loss for the period	-	-	-	(1,109,273)	(1,109,273)
Balance at March 31, 2024	59,796,680	$ 86,046,590	$ 8,123,806	$ (87,354,055)	$ 6,816,341

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Goldsource Mines Inc. (the "Company" or "Goldsource") is a Canadian resource company engaged in exploration activities. The Company's primary business objective is to advance the mineral properties at the Eagle Mountain Project through exploration and technical studies to establish gold production at its Eagle Mountain Gold Project, located on its Eagle Mountain Property, in Guyana, South America. Goldsource is incorporated under the Business Corporations Act (British Columbia). The common shares of the Company trade on the TSX Venture Exchange ("TSXV") under the symbol "GXS" and on the OTCQX under the symbol "GXSFF". The head office and principal address of the Company is 501-570 Granville Street, Vancouver, BC, Canada, V6C 3P1. The address of the Company's registered and records office is 19th Floor, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3E8.

The Company currently has no proven or probable reserves and based on information to date, has not yet determined whether its Eagle Mountain Gold Project contains economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

At March 31, 2024, the Company had cash of $2.6 million, accumulated losses of $87.4 million and incurred a comprehensive loss of $1.1 million during the period. The Company will require additional funds to support its exploration activities and general corporate activities during the next 12 months. These factors represent a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, the classification of liabilities, or the impact on the condensed consolidated interim statement of loss and comprehensive loss that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Mako Mining Corp. Transaction

On March 25, 2024, the Company entered into an arrangement agreement with Mako Mining Corp. ("Mako"), pursuant to which, subject to approval of the shareholders and option holders of the Company ("Securityholders") and the terms and conditions of the arrangement agreement, Mako will acquire all of the issued and outstanding common shares of Goldsource in exchange for common shares of Mako by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Pursuant to the terms and conditions of the Arrangement, the holders of the issued and outstanding Goldsource shares will receive 0.22 of a common share of Mako for each Goldsource share held, other than with respect to any Goldsource shareholders exercising dissent rights (note 7).

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's material accounting policies and use of judgments and estimates were presented in notes 2 and 3, respectively, of those consolidated financial statements and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of Goldsource and its wholly-owned subsidiaries Eagle Mountain Gold Corp., a Canadian corporation, and Stronghold Guyana Inc. ("Stronghold"), a Guyanese corporation. Goldsource consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

The Company has a joint arrangement with Kilroy Mining Inc. ("Kilroy"), a private arm's length Guyanese company, pursuant to which Stronghold and Kilroy jointly operate the Eagle Mountain Gold Project (note 4). These condensed consolidated interim financial statements include the Company's share of the joint operation accounts. A joint arrangement is a contractual arrangement where two or more parties undertake an economic activity that is subject to joint control. Joint control exists when the parties involved in the contractual arrangement agree to share control over the economic activity, and the financial and operating decisions are agreed to be made by unanimous consent of the parties sharing control. Interests in joint operations are accounted for by recognizing the Company's share of assets, liabilities, revenues, and expenses incurred jointly.

Use of estimates and judgements

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts and the valuation of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenditures during the period. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the estimates. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Political Conflict

The Company's business could be adversely affected by the Bolivarian Republic of Venezuela's ("Venezuela") claims that the Essequibo area, which is within Guyana (west of the Essequibo River extending to the border of Venezuela) belongs to Venezuela. The internationally recognized border between Guyana and Venezuela was established in 1899 by an arbitration panel. The territory of Guyana, including the Essequibo area, has been continuously administered and controlled by Guyana since that time.

The Company's Eagle Mountain Project falls within this Essequibo area, the sovereign territory of Guyana. The Company's activities at Eagle Mountain, including exploration, technical and environmental studies, and ongoing coordination with governmental agencies, remain unaffected by Venezuela's claims, though the Company will continue to monitor the situation closely. Uncertainty caused by the political conflict may negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital. The impacts of the conflict on the Company's planned exploration activities, including technical and engineering studies, cannot be reasonably estimated at this time.

3. PREPAID EXPENSES AND OTHER

Prepaid expenses and other are as follows:

	As at March 31, 2024	As at December 31, 2023
Prepaid expenses	$ 98,455	$ 171,653
Prepaid supplies	78,242	75,947
Restricted cash	56,108	55,641
	$ 232,805	$ 303,241

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES

Eagle Mountain Gold Project – Guyana

	As at December 31, 2022	Additions during the year (period)	As at December 31, 2023 and March 31, 2024
Mineral property acquisition costs			
Mineral property acquired	$ 5,924,990	$ 27,332	$ 5,952,322
Shares issued	853,427	-	853,427
Impairment	(126,046)	-	(126,046)
Total mineral property acquisition costs	$ 6,652,371	$ 27,332	$ 6,679,703

On October 20, 2020, the Company entered into an option and purchase agreement ("Option Agreement") to acquire a 100% interest in the Ann Mining Claim, at the Minnehaha Creek area located within the Eagle Mountain Gold Project, for total consideration of US$290,000. The terms of the agreement include immediate access to the land for exploration purposes for two years, the right to purchase the claim for US$250,000, and the right to terminate the agreement at any time, without any further liabilities. On August 8, 2022, the Company and the optionor amended the terms of the Option Agreement to extend the option period for two additional years, expiring on October 20, 2024, for total additional consideration of US$40,000.

Subsequent to March 31, 2024, the Company and the optionor amended the terms of the Option Agreement to extend the option period by two additional years, expiring on October 20, 2026, for total additional consideration of US$40,000 (note 13). All other terms of the Option Agreement remain unchanged. The remaining payments are scheduled as follows:

- US$20,000 in October 2024;
- US$20,000 in October 2025; and
- US$250,000 upon the exercise of the option for the acquisition of the property.

As at March 31, 2024, the Company has made four option payments totalling US$80,000.

The following table details the exploration and evaluation expenditures on the Company's Eagle Mountain Gold Project:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Exploration and evaluation expenditures:		
Assays	$ 13,200	$ 24,360
Camp costs	102,916	140,260
Depreciation (note 5)	30,445	29,017
Drilling	14,817	42,838
Operations and general	89,203	100,948
Salaries (note 8)	284,436	350,603
Technical services and consulting (note 8)	55,081	25,276
Total exploration and evaluation expenditures	$ 590,098	$ 713,302

The Company pledged a $279,892 (US$206,200 and $100,000 Guyanese dollars) (December 31, 2023 – $273,884 (US$206,200 and $100,000 Guyanese dollars)) reclamation site bond, included in deposits on the condensed consolidated interim statement of financial position, held by the Guyana Geology and Mines Commission ("GGMC") for exploration permits on the Eagle Mountain Gold Project.

Goldsource's subsidiary, Stronghold, holds a prospecting license on the Eagle Mountain Property, referred to as the Eagle Mountain Prospecting License ("EMPL"). Pursuant to the Guyana Mining Act, the term of prospecting licenses is three years with two rights of renewal of one year each, for a total of five years. After five years, the license may be further renewed through submission of a new license application. On August 11, 2023, the GGMC approved the second one-year renewal of the EMPL, which will expire on October 18, 2024. On May 13, 2024, the Company submitted an application to the GGMC for a new prospecting license for the Eagle Mountain Project.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES (continued)

Eagle Mountain Gold Project – Guyana (continued)

In August 2014, the GGMC granted a Medium Scale Mining Permit (the "Permit") to Kilroy to mine gold, diamonds, precious metals, and minerals on a portion of land within the Eagle Mountain Property. As the Permit is required under Guyanese law to be held by a Guyanese national, Stronghold entered into agreements with Kilroy to jointly operate the Eagle Mountain Gold Project. Kilroy granted Stronghold the exclusive right to conduct mining operations on the Eagle Mountain Gold Project including any additional areas acquired by Kilroy. Stronghold will fund all expenditures on the Eagle Mountain Gold Project and receive 100% of all revenues, subject to applicable government royalties and a 2% net smelter return royalty to Kilroy as compensation for its participation.

5. PROPERTY, PLANT AND EQUIPMENT

	Eagle Mountain equipment(2)	Right of use asset	Corporate office	Total
Cost				
As at December 31, 2022	$ 3,112,554	$ 173,493	$ 73,263	$ 3,359,310
Additions	27,720	-	-	27,720
Impairment(3)	(121,400)	-	(66,766)	(188,166)
As at December 31, 2023	3,018,874	173,493	6,497	3,198,864
Disposal	-	(173,493)	-	(173,493)
Impairment(3)	(6,373)	-	-	(6,373)
As at March 31, 2024	$ 3,012,501	$ -	$ 6,497	$ 3,018,998
Accumulated depreciation				
As at December 31, 2022	$ 2,456,460	$ 151,410	$ 72,146	$ 2,680,016
Depreciation for the year	118,380	22,083	1,117	141,580
Impairment(3)	(97,248)	-	(66,766)	(164,014)
As at December 31, 2023	2,477,592	173,493	6,497	2,657,582
Depreciation for the period(1)	30,445	-	-	30,445
Disposal	-	(173,493)	-	(173,493)
Impairment(3)	(849)	-	-	(849)
As at March 31, 2024	$ 2,507,188	$ -	$ 6,497	$ 2,513,685
Carrying amounts				
As at December 31, 2023	$ 541,282	$ -	$ -	$ 541,282
As at March 31, 2024	$ 505,313	$ -	$ -	$ 505,313

(1) During the three months ended March 31, 2024, depreciation expense of $30,445 (March 31, 2023 – $29,017) was recorded in exploration and evaluation expenditures (note 4).

(2) Other equipment consists of vehicles, buildings, exploration equipment, and office equipment.

(3) During the three months ended March 31, 2024, the Company recorded impairment expense of $5,524 for a building that collapsed due to high winds at the Eagle Mountain camp. During the year ended December 31, 2023, management assessed that indicators of impairment exist for two buildings at the Eagle Mountain camp due to damage caused by high winds and pests. Additionally, various vehicles and equipment were no longer functional due to deterioration resulting from wear and tear. Accordingly, the Company recorded impairment expense of $24,152 to fully impair the buildings, vehicles, and equipment.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. REHABILITATION PROVISION

The rehabilitation provision relates to the construction of the pilot plant and exploration activities on the Eagle Mountain Gold Project. Significant reclamation and closure activities include land rehabilitation, the removal of buildings and the processing plant, and other costs.

	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period (year)	$ 1,050,883	$ 493,796
Changes in obligation	-	488,425
Accretion expense	12,945	27,356
Changes in estimates	(35,194)	41,306
Balance, end of period (year)	$ 1,028,634	$ 1,050,883

In 2023, the Company revised its cost estimates and the estimated timing for the realization of rehabilitation costs, resulting in an increase to the rehabilitation provision of $488,425. The present value of the rehabilitation provision, using an effective discount rate of 5.0% (December 31, 2023 – 5.0%), is currently estimated at $1,028,634 (US$777,797) (December 31, 2023 – $1,050,883 (US$794,300)), reflecting anticipated cash flows to be incurred in approximately 18 years. The Company estimates that rehabilitation costs will be incurred in 2041. The undiscounted and uninflated value of these obligations is $1,089,953 (US$830,998) (December 31, 2023 – $1,089,953 (US$830,998)) calculated using a long-term inflation rate assumption of 4.4% for 2024 and 4.6% for 2025 to 2041 (December 31, 2023 – 4.0% for 2024 and 4.8% for 2025 to 2041).

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement obligations, if any, could have a significant impact.

7. MAKO MINING CORP. TRANSACTION

On March 25, 2024, the Company entered into an arrangement agreement with Mako, pursuant to which, subject to approval of the Securityholders and the terms and conditions of the arrangement agreement, Mako will acquire all of the issued and outstanding common shares of Goldsource in exchange for common shares of Mako by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia). Pursuant to the terms and conditions of the Arrangement, the holders of the issued and outstanding Goldsource shares will receive 0.22 of a common share of Mako (each whole share, a “Mako Share”) for each Goldsource share held. The arrangement agreement contains customary deal-protection provisions including mutual non-solicitation covenants and a right of either party to match a superior proposal as defined in the arrangement agreement. Under certain circumstances, Mako or Goldsource may be entitled to a termination fee of $1.35 million. In the event that the Arrangement is terminated due to failure to obtain Securityholder approval, the Company will be required to reimburse Mako for reasonable and documented expenses up to a maximum of $250,000. The Arrangement is pending approval from the TSXV, and the British Columbia Supreme Court.

Concurrent with the execution of the arrangement agreement, funds managed by Wexford Capital LP (collectively, “Wexford”), Mako’s largest shareholder, have provided Goldsource with a $2.0 million bridge loan to fund anticipated activities at Eagle Mountain through the completion of the Arrangement. The bridge loan is unsecured and bears interest at 12% per annum, payable semi-annually, and will mature on March 25, 2025. As at March 31, 2024, the Company accrued interest of $3,945 in connection with the bridge loan.

	Three months ended March 31, 2024
Balance, beginning of period	$ -
Principal	2,000,000
Interest expense	3,945
Balance, end of period	$ 2,003,945

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

8. RELATED PARTY TRANSACTIONS

Key management compensation

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's Chief Executive Officer ("CEO"), President, Vice President of Finance ("VP Finance"), Executive Chairman, and directors. Key management personnel compensation is summarized as follows:

		Three months ended March 31, 2024		Three months ended March 31, 2023
Management remuneration[1]	$	164,680	$	164,000
Directors fees[2]		18,675		11,250
Share-based compensation[3]		826		4,296
	$	184,181	$	179,546

(1) The Company paid management fees to companies controlled by the President and Executive Chairman, and remuneration to the CEO and VP Finance. During the three months ended March 31, 2024, management remuneration of $81,537 (March 31, 2023 - $66,586) was recorded in exploration and evaluation expenditures (note 4).

(2) The Company paid technical consulting fees to a director totalling $3,675 which was recorded in exploration and evaluation expenditures (note 4).

(3) Share-based compensation is the vested portion of the fair value at the grant date of stock options awarded to key management personnel.

Legal fees

During the three months ended March 31, 2024, legal fees of $196,193 (March 31, 2023 – $3,339), included in professional fees were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner. As at March 31, 2024, $191,916 (December 31, 2023 – $4,492) was payable to Koffman Kalef LLP.

Other transactions

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers, whereby the Company shares administrative services and other expenses, including employee benefits and salaries. During the three months ended March 31, 2024, the Company was allocated $18,376 (March 31, 2023 – $17,968) for its share of these expenses. On August 1, 2023, the Company entered into an agreement with SilverCrest to rent office space until July 31, 2024. During the three months ended March 31, 2024, the Company incurred $9,673 in rent expense pursuant to the rental agreement. As at March 31, 2024, $28,533 (December 31, 2023 – $7,894) was payable to SilverCrest for rent and other expenses paid by SilverCrest on behalf of the Company.

9. CAPITAL STOCK

Authorized shares

The Company's authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value.

Issued and outstanding

At March 31, 2024, the Company had 59,796,680 common shares and no preferred shares outstanding.

Three months ended March 31, 2023

During the three months ended March 31, 2024, no common shares or preferred shares were issued by the Company.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK (continued)

Issued and outstanding (continued)

Year ended December 31, 2023

The Company completed a non-brokered private placement of 7,507,000 units at a price of $0.36 per unit for gross proceeds of $2,702,520. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.55 until May 19, 2025. The residual value of the warrants of $75,070 was allocated to reserves. The Company paid cash commissions of $33,307 and issued 92,520 agents' warrants, with a total fair value of $8,131. Each agent warrant is exercisable to acquire one common share at a price of $0.55 until May 19, 2025. The Company incurred capital stock issuance costs of $48,308 in connection with the private placement.

Warrants

Warrant transactions during the period (year) are as follows:

	Three months ended March 31, 2024			Year ended December 31, 2023		
	Number of Warrants		Weighted average exercise price	Number of Warrants		Weighted average exercise price
Outstanding, beginning of period (year)	3,846,020	$	0.55	6,080,715	$	1.38
Issued	-		-	3,846,020		0.55
Expired	-		-	(6,080,715)		1.38
Outstanding, end of period (year)	3,846,020	$	0.55	3,846,020	$	0.55

The warrants outstanding at March 31, 2024 are as follows:

Expiry date		Exercise price	Remaining life (years)	Number of Warrants
May 19, 2025	$	0.55	1.13	92,520
May 19, 2025	$	0.55	1.13	3,753,500
				3,846,020

The weighted average remaining life of warrants outstanding is 1.13 years.

Stock options

The Company has a "rolling 10%" Stock Option Plan which authorizes the grant of stock options to directors, officers, employees, and consultants, enabling them to acquire common shares of the Company to a maximum of 10% of the then issued and outstanding common shares. The exercise price of each option shall not be less than the market price of the Company's stock as at the date of the grant. The options can be granted for a maximum term of 10 years with vesting determined by the Board of Directors. Options granted to investor relations consultants shall vest over a period of at least one year. The Company has not granted options for periods exceeding five years.

The Company's stock option transactions during the period (year) are as follows:

	Three months ended March 31, 2024			Year ended December 31, 2023		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of period (year)	5,710,000	$	0.57	3,910,000	$	0.74
Issued	-		-	2,040,000		0.29
Expired	(280,000)		1.30	(127,500)		1.00
Forfeited	(42,500)		0.91	(112,500)		0.85
Outstanding, end of period (year)	5,387,500	$	0.53	5,710,000	$	0.57

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK (continued)

Stock Options (continued)

During the three months ended March 31, 2024, no stock options were granted by the Company.

During the year ended December 31, 2023, the Company granted:

- 215,000 stock options to a director that can be exercised at a price of $0.30 per share until August 11, 2028. These stock options vest immediately.

- 1,825,000 stock options to directors, officers, and employees that can be exercised at a price of $0.29 per share until December 1, 2028. These stock options vest immediately.

Stock options outstanding and exercisable at March 31, 2024 are as follows:

		Options outstanding		Options exercisable
Expiry date	Exercise price	Number of shares issuable on exercise	Remaining life (years)	Number of shares issuable on exercise
June 13, 2024	$ 1.40	15,000	0.20	15,000
November 18, 2024	$ 0.80	50,000	0.64	50,000
December 23, 2024	$ 0.60	325,000	0.73	325,000
November 13, 2025	$ 1.25	100,000	1.62	100,000
December 10, 2025	$ 1.30	402,500	1.70	402,500
October 15, 2026	$ 0.94	37,500	2.54	22,500
December 13, 2026	$ 0.80	877,500	2.70	877,500
August 2, 2027	$ 0.48	7,500	3.34	7,500
December 15, 2027	$ 0.40	1,532,500	3.71	1,532,500
August 11, 2028	$ 0.30	215,000	4.37	215,000
December 1, 2028	$ 0.29	1,825,000	4.67	1,825,000
		5,387,500		5,372,500

The weighted average remaining life of options outstanding is 3.48 years.

Share-based compensation

During the three months ended March 31, 2024, the Company recognized share-based compensation expense of $826, for the vested portion of stock options granted during previous years.

During the three months ended March 31, 2023, the Company recognized share-based compensation expense of $7,029, for the vested portion of stock options granted during previous years.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation, the fair value of compensatory warrants, and the residual value of warrants. When stock options, compensatory warrants, or warrants issued through an equity financing are exercised, the corresponding amount is reallocated to share capital. If stock options are forfeit or expire, the corresponding amount is reallocated to deficit.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

9. CAPITAL STOCK (continued)

Share-based payment reserve (continued)

A summary of share-based payment reserve transactions is as follows:

	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period (year)	$ 8,435,489	$ 8,063,221
Share-based compensation	826	446,632
Fair value of agents' warrants	-	8,131
Residual value of warrants, reallocated to reserves	-	75,070
Stock options expired or forfeited, reallocated to deficit	(312,509)	(157,565)
Balance, end of period (year)	$ 8,123,806	$ 8,435,489

10. LEGAL CLAIM

On May 1, 2022, Stronghold entered into an agreement with a contractor to repair a road at the Eagle Mountain property. As required by the contract, Stronghold advanced a 30% deposit to the contractor in the amount of $9,513,000 Guyanese dollars, to facilitate the mobilization and commencement of the project. The contract specified that the road repairs should be completed within six months of the payment of the deposit, and that the contractor is liable for reimbursement of the 30% deposit if the work specified in the contract was not performed. The contractor failed to complete the road repairs and failed to refund the 30% deposit. On December 18, 2023, Stronghold filed a court order against the contractor for the recovery of the deposit. During the year ended December 31, 2023, the Company recorded a loss on write off of the 30% deposit of $60,298 ($9,513,000 Guyanese dollars) due to the uncertainty of recoverability. On April 9, 2024, the court ordered the contractor to repay the deposit in full by October 9, 2025, or interest will apply (note 13).

11. SEGMENTED INFORMATION

The Company primarily operates in one reporting operating segment, being the acquisition, exploration and evaluation of resource properties located in Guyana. Geographical segmented information is presented as follows:

	Canada	Guyana	Total
Comprehensive loss			
Three months ended March 31, 2024			
Loss for the period	$ 532,358	$ 576,915	$ 1,109,273
Three months ended March 31, 2023			
Loss for the period	$ 373,133	$ 737,256	$ 1,110,389
Non-current assets			
March 31, 2024			
Deposits	$ -	$ 284,242	$ 284,242
Rent deposit	$ -	$ 4,063	$ 4,063
Mineral property	$ -	$ 6,679,703	$ 6,679,703
Property, plant and equipment	$ -	$ 505,313	$ 505,313
December 31, 2023			
Deposits	$ -	$ 278,140	$ 278,140
Rent deposit	$ -	$ 3,976	$ 3,976
Mineral property	$ -	$ 6,679,703	$ 6,679,703
Property, plant and equipment	$ -	$ 541,282	$ 541,282

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

12. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash, cash equivalents, restricted cash, amounts receivable, deposits, accounts payable and accrued liabilities, and loan payable. The carrying value of cash, cash equivalents, restricted cash, amounts receivable, accounts payable and accrued liabilities, and loan payable approximates their fair value due to the short-term nature of these instruments. The fair value of the Company's deposits approximates the carrying value as it includes supplier deposits and a bond held at a financial institution which are measured at amortized cost.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The level of measurement for each financial instrument is determined by the lowest level of significant inputs.

The following table summarizes the classification and carrying values of the Company's financial instruments:

March 31, 2024	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
Financial assets			
Cash	$ 2,561,926	$ -	$ 2,561,926
Restricted cash (note 3)	56,108	-	56,108
Amounts receivable	15,633	-	15,633
Deposits	284,242	-	284,242
Total financial assets	$ 2,917,909	$ -	$ 2,917,909
Financial liabilities			
Accounts payable and accrued liabilities	$ -	$ 434,765	$ 434,765
Loan payable	-	2,003,945	2,003,945
Total financial liabilities	$ -	$ 2,438,710	$ 2,438,710
December 31, 2023			
Financial assets			
Cash and cash equivalents	$ 1,449,188	$ -	$ 1,449,188
Restricted cash (note 3)	55,641	-	55,641
Amounts receivable	26,712	-	26,712
Deposits	278,140	-	278,140
Total financial assets	$ 1,809,681	$ -	$ 1,809,681
Financial liabilities			
Accounts payable and accrued liabilities	$ -	$ 306,571	$ 306,571
Total financial liabilities	$ -	$ 306,571	$ 306,571

13. SUBSEQUENT EVENTS

- On April 4, 2024, the Company entered into an amendment for the Ann Mining Claim option and purchase agreement (note 4). Pursuant to the amended terms, the Company and the optionor agreed to extend the option period for two additional years, expiring on October 20, 2026, for total additional consideration of US$40,000. All other terms of the Option Agreement remain unchanged, including the right to terminate the agreement at any time without any further liabilities. The remaining payments are scheduled as follows:
    - US$20,000 in October 2024;
    - US$20,000 in October 2025; and
    - US$250,000 upon the exercise of the option.

- On April 5, 2024, the Company entered into an exploration agreement with the owner of the Bishops Growler Medium Scale Mining Permit ("Bishops Growler Property"). Pursuant to the agreement, the Company has the right to perform exploration activities on the Bishops Growler Property for a period of 36 months, for total consideration of US$30,000. The exploration agreement payment schedule is as follows:
    - US$10,000 within 10 business days of signing the agreement (paid);
    - US$10,000 on April 5, 2025; and
    - US$10,000 on April 5, 2026.

- On April 9, 2024, pursuant to a pending claim against a contractor who failed to complete road repairs at the Eagle Mountain property and failed to refund the deposit advanced of $9,513,000 Guyanese dollars (note 10), the court ordered the contractor to repay the deposit in full by October 9, 2025. Failure to repay the deposit within 18 months will result in the contractor owing interest on the full deposit amount at 6% per annum from December 18, 2023 to April 9, 2024, and 4% per annum thereafter until the deposit amount is fully paid.

- The Company issued 21,000 common shares at a price of $0.55 per common share for gross proceeds of $11,550 upon the exercise of warrants.