

PURSUIT GOLD CORP.

Financial Statements

For the years ended November 30, 2023 and 2022

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Pursuit Gold Corp.

Opinion

We have audited the financial statements of Pursuit Gold Corp. (the "Company"), which comprise the statements of financial position as at November 30, 2023 and 2022, and the statements of net loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

A handwritten signature in black ink, appearing to read "DMCL.", with a stylized initial "D" that loops around the "M".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

March 22, 2024

PURSUIT GOLD CORP.
 Statements of Financial Position
 (Expressed in Canadian Dollars)

	November 30, 2023	November 30, 2022
ASSETS		
Current assets		
Cash	\$ 7,506	\$ 79,234
GST Receivable	5,030	2,009
Prepaid Expenses	1,117	4,453
Total current assets	<u>13,653</u>	<u>85,696</u>
Total assets	<u>\$ 13,653</u>	<u>\$ 85,696</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 8)	\$ 87,533	\$ 29,767
Promissory notes (Note 5)	16,268	-
Total liabilities	<u>103,801</u>	<u>29,767</u>
SHAREHOLDERS' EQUITY [DEFICIT]		
Share capital (Note 7)	556,400	467,400
Contributed Surplus	93,495	26,328
Deficit	(740,043)	(437,799)
	<u>(90,148)</u>	<u>55,929</u>
	<u>\$ 13,653</u>	<u>\$ 85,696</u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
 PROPOSED TRANSACTION (Note 9)
 EVENTS AFTER THE REPORTING PERIOD (Note 13)

These financial statements were approved for issue by the Board of Directors on March 22, 2024 and are signed on its behalf by:

Approved by "Kostantinos Sakarellos", Director "Richard Rosner", Director

PURSUIT GOLD CORP.

Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year ended November 30, 2023	Year ended November 30, 2022
EXPENSES		
Consulting fees (Note 8)	\$ 30,000	\$ 30,000
General and administrative	2,248	2,076
Insurance	13,402	8,906
Professional fees (Note 8)	162,447	73,831
Share-based payments (Notes 7 and 8)	67,167	26,328
Transfer agent and filing fees	<u>26,980</u>	<u>32,536</u>
NET LOSS BEFORE OTHER ITEM	<u>(302,244)</u>	<u>(173,677)</u>
OTHER ITEM		
Mineral property impairment (Note 6)	<u>-</u>	<u>(115,828)</u>
NET LOSS FOR THE YEAR	<u>(302,244)</u>	<u>(289,505)</u>
NET LOSS PER SHARE, BASIC AND DILUTED		
	\$ <u>(0.02)</u>	\$ <u>(0.02)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING, BASIC AND DILUTED		
	<u>16,012,541</u>	<u>15,654,000</u>

PURSUIT GOLD CORP.

Statements of Changes in Shareholders' Equity (Deficit) (Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, November 30, 2021	15,654,000	\$ 467,400	\$ -	\$ (148,294)	\$ 319,106
Share-based payments (Notes 7 and 8)	-	-	26,328	-	26,328
Net loss	-	-	-	(289,505)	(289,505)
Balance, November 30, 2022	15,654,000	467,400	26,328	(437,799)	55,929
Issuance of common shares from the exercise of options (Note 7)	300,000	30,000	-	-	30,000
Issuance of common shares from the exercise of warrants (Note 7)	295,000	59,000	-	-	59,000
Share-based payments (Notes 7 and 8)	-	-	67,167	-	67,167
Net loss	-	-	-	(302,244)	(302,244)
Balance, November 30, 2023	16,249,000	\$ 556,400	\$ 93,495	\$ (740,043)	\$ (90,148)

PURSUIT GOLD CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended November 30, 2023	For the year ended November 30, 2022
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss	\$ (302,244)	\$ (289,505)
Items not affecting cash		
Accrued promissory note interest	268	-
Mineral property impairment	-	115,828
Share-based payments	<u>67,167</u>	<u>26,328</u>
	(234,809)	(147,349)
Changes in non-cash working capital accounts:		
GST Receivable	(3,021)	3,875
Prepaid expenses	3,336	(4,453)
Accounts payable and accrued liabilities	<u>57,766</u>	<u>(23,637)</u>
	<u>(176,728)</u>	<u>(171,564)</u>
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>-</u>	<u>(14,903)</u>
FINANCING ACTIVITIES		
Promissory notes	16,000	-
Proceeds from exercise of warrants	59,000	-
Proceeds from exercise of options	<u>30,000</u>	<u>-</u>
	<u>105,000</u>	<u>-</u>
NET CHANGE IN CASH	(71,728)	(186,467)
CASH, BEGINNING	<u>79,234</u>	<u>265,701</u>
CASH, ENDING	\$ <u><u>7,506</u></u>	\$ <u><u>79,234</u></u>

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Pursuit Gold Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on September 15, 2020. The head office and registered and records office of the Company is located at 905 West Pender Street, 6th Floor, Vancouver, British Columbia V6C 1L6. On January 26, 2022, the Company's common shares began trading on the Canadian Securities Exchange ("CSE") under the symbol trading symbol PUGS.

The Company is engaged in the acquisition, exploration and development of resource properties.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses since its inception and has an accumulated deficit of \$740,043 at November 30, 2023, which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its activities or obtain financing at unfavorable terms. Furthermore, failure to continue as a going concern would require the Company's assets and liabilities to be restated on a liquidation basis which would differ significantly from the going concern basis. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments may be material.

2. Basis of Preparation

(a) Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Use of Estimates and Judgments

The preparation of the Company's financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Areas requiring a significant degree of estimation and judgment include fair value measurements for financial instruments, the recoverability of exploration and evaluation assets, share-based payments, the recoverability and measurement of deferred tax assets and liabilities and assessment of the Company's ability to continue as a going concern.

3. Significant Accounting Policies

(a) Cash

Cash includes cash at banks.

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(b) *Financial Instruments*

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Cash is classified as FVTPL and accounts payable and promissory notes are classified as amortized cost.

ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss).

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. Significant Accounting Policies (continued)

(b) *Financial Instruments (continued)*

iv) *Derecognition (continued)*

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

(c) *Income Taxes*

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) *Foreign Currency Translation*

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit and loss.

(e) *Income and Loss Per Share*

Basic income and loss per share amounts are calculated by dividing income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted income or loss per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. During the years ended November 30, 2023 and 2022, there were warrants and options outstanding. The common share equivalents of these securities have not been included in the calculations of diluted loss per share because such inclusions would have an anti-dilutive effect as the Company has incurred losses during the years ended November 30, 2023 and 2022.

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(f) Share-based Payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes Option Pricing model which considers the following factors:

- | | |
|---------------------------|---|
| - Exercise price | - Expected life of the award |
| - Expected volatility | - Current market price of the underlying shares |
| - Risk-free interest rate | - Expected forfeitures |

(g) Exploration and Evaluation Assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or received) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or of geological interests. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(h) Recent accounting pronouncements

There are no recent accounting pronouncements or amendments to existing accounting standards that have been issued and have future effective dates that are either applicable or expected to have a significant impact on the Company's financial statements.

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

4. Accounts Payable and Accrued Liabilities

The Company had the following accounts payable and accrued liabilities as of November 30, 2023 and 2022:

	November 30, 2023	November 30, 2022
Accounts payable	\$ 64,425	\$ 17,767
Accrued liabilities (Note 8)	23,108	12,000
	\$ 87,533	\$ 29,767

5. Promissory Notes

On October 10, 2023, the Company received \$16,000 in promissory notes. The promissory notes bear interest at a rate of 12% per annum, are unsecured and due on demand. At November 30, 2023, the Company recorded \$268 in accrued interest.

6. Exploration and Evaluation Assets

On December 28, 2020 the Company entered into an option agreement (amended October 11, 2021, collectively the "Agreement"), with Rainy Mountain Royalty Corp. ("Rainy"), pursuant to which, the Company has been granted an option (the "Option") to acquire the right to earn an undivided and up to 90% interest in Rainy's mineral claims located in the Porcupine Mining Division in Ontario, Canada (the "Property"), subject to a 2% net smelter return ("NSR") royalty on commercial production from certain of the mineral claims.

Pursuant to the terms of the Agreement, and in order to earn a 51% undivided interest in the Property ("Option 1"), the Company must make the following payments:

- make cash payment of \$30,000 upon execution of the Agreement; (paid);
- make cash payment of \$25,000 by September 15, 2021; (paid)
- make cash payment of \$25,000 by September 15, 2022;
- incur expenditures of \$200,000 on the Property by September 30, 2022, of which \$100,000 is a firm commitment; and
- incur expenditures of \$350,000 on the Property by September 30, 2023.

The Company will have 90 days after making the above payments to notify Rainy that it intends to proceed to increase the Company's undivided interest as detailed below. Failing to do so will result in the Company and Rainy forming a joint venture.

In order to maintain the Option in good standing and increase the Company's undivided interest to 80% ("Option 2"), the Company must make the following payments:

- make payment of \$50,000 by September 15, 2023;
- make cash payment of \$50,000 by September 30, 2024;
- incur expenditures of \$400,000 on the Property by September 30, 2023; and
- Incur expenditures of \$500,000 on the Property by September 30, 2024.

The Company will also grant Rainy a 1.5% NSR after the Company earns the 80% interest. The Company may reduce the NSR royalty to 0.5% by making a payment of \$1,000,000.

Upon the Company having exercised Option 2, the Company has 90 days in which to notify Rainy that it intends to proceed to exercise Option 3, failing which the Company and Rainy will proceed to form a joint venture. If the Company completes a "Bankable Feasibility Study" on the Property, the Company will have deemed to have exercised Option 3 and earn a 90% interest in the Property, subject to the above mentioned NSR.

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (cont'd)

After completing the above exploration work on the Property and considering the results of the work completed by the Company on the Property to date, the Company decided in fiscal 2022 to relinquish its option to acquire up to a 90% interest in the Property. By relinquishing the option to acquire the Property, the Company will not be subject to any further obligations. The Company recorded an impairment of \$115,828 during the year ended November 30, 2022.

7. Share Capital

a. Authorized

The Company has authorized an unlimited number of common shares with no par value.

b. Issued share capital

During the year ended November 30, 2023, the Company issued 300,000 common shares related to the exercise of stock options for total proceeds of \$30,000. The weighted average trading price of the Company's shares on the date of exercise was \$0.09. The Company also issued 295,000 common shares related to the exercise of warrants for total proceeds of \$59,000.

During the year ended November 30, 2022, the Company did not issue any common shares.

Pursuant to an escrow agreement, 1,709,500 common shares will be held in escrow. 10% of these shares were released from escrow on the listing date ("Initial Release") and an additional 15% will be released every 6 months over a 36 month period following the Initial Release. The escrow shares may not be transferred, assigned or otherwise dealt without the consent of the securities regulatory authorities. As at November 30, 2023, 769,275 common shares were held in escrow (2022: 1,282,125 shares)

c. Loss per share

The calculation of basic loss per share for the year ended November 30, 2023 was based on the loss attributable to common shareholders of \$302,244 (2022: \$289,505) and the weighted average number of common shares outstanding of 16,012,541 (2022: 15,654,000).

d. Stock Options

The Company has a share purchase option plan under which directors, officers, employees and consultants of the Company are eligible to receive share purchase options. The aggregate number of shares available to be issued upon the exercise of all share purchase options granted under the plan shall not exceed 10% of the issued and outstanding shares of the Company. The plan limits the maximum number of share purchase options issuable in any one 12-month period to any one optionee to 5% of the total common shares outstanding. The Board of Directors shall determine the terms and provisions of the options at the time of grant. The exercise price of each share purchase option shall not be less than the market price of the common shares on the date of the grant less the discount permitted by the CSE. The maximum term of share purchase options shall not exceed 5 years, or such other term as permitted by the CSE.

PURSUIT GOLD CORP.
Notes to Financial Statements
November 30, 2023
(Expressed in Canadian Dollars)

7. Share Capital (continued)

d. Stock Options (continued)

A summary of the Company's stock options and the changes for the years ended are as follows:

	November 30, 2023		November 30, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of the year	500,000	\$ 0.10	-	-
Granted	800,000	0.10	500,000	\$ 0.10
Exercised	(300,000)	0.10	-	-
Outstanding, end of the year	1,000,000	\$ 0.10	500,000	\$ 0.10

During the year ended November 30, 2023, the Company granted 800,000 stock options with an exercise price of \$0.10 to certain directors of the Company. These stock options have an expiry date of May 5, 2028 and vest 100% upon grant. The weighted average grant-date fair value of the stock options granted during the year is \$0.08. The Company recorded total share based payments of \$67,167 (Note 8).

During the year ended November 30, 2023, 300,000 stock options with an exercise price of \$0.10 were exercised for proceeds of \$30,000. The weighted average market price at the time of exercise was \$0.09.

During the year ended November 30, 2022, the Company granted 500,000 stock options with an exercise price of \$0.10 to certain officers and directors of the Company. These stock options have an expiry date of January 27, 2024 and vest 100% upon grant. The weighted average grant-date fair value of the stock options granted during the year is \$0.05. The Company recorded total share based payments of \$26,328 (Note 8).

A summary of the Company's stock options as at November 30, 2023 is as follows:

Number Outstanding	Vested	Exercise Price	Expiry Date
200,000	200,000	\$ 0.10	January 27, 2024
800,000	800,000	\$ 0.10	May 5, 2028
1,000,000	1,000,000		

The weighted average fair value of the stock options granted was determined by using the Black-Scholes option pricing model with the following assumptions:

	November 30, 2023	November 30, 2022
Risk-free interest rate	3.02%	1.27%
Estimated volatility	121.86%	100%
Expected life	5 years	2 years
Expected dividend yield	0.00%	0.00%

Volatility was estimated based on the historical volatility of similar companies.

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7. Share Capital (continued)

d. Stock Options (continued)

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measures of the fair value of the Company's share purchase options.

e. Warrants

The following table summarizes information about the warrants at November 30, 2023 and November 30, 2022, and the changes for the year/period then ended:

	November 30, 2023		November 30, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	519,500	\$ 0.20	5,369,500	\$ 0.11
Exercised	(295,000)	0.20	-	-
Expired	(224,500)	0.20	(4,850,000)	0.10
Outstanding, end of year	-	-	519,500	\$ 0.20

During the year ended November 30, 2023, 295,000 warrants with an exercise price of \$0.20 were exercised for proceeds of \$59,000, and 224,500 warrants expired without exercise.

During the year ended November 30, 2022, 4,850,000 warrants expired without exercise.

f. Contributed Surplus

The contributed surplus account consists of amounts recognized as share-based compensation expenses. No amount will be transferred to share capital upon exercise of stock options.

8. Related Party Transactions

The Company has identified its directors and certain senior officers as its key management personnel.

During the year ended November 30, 2023, the Company incurred consulting fees of \$30,000 (2022: \$30,000) and accounting fees in the amount of \$10,000 (2022: \$10,000) to the Chief Financial Officer of the Company. Included in accounts payable and accrued liabilities is \$15,750 (2022: \$5,250) due to the Chief Financial Officer of the Company (Note 4).

During the year ended November 30, 2023, the Company incurred share-based payments of \$67,167 (2022 – \$26,328 to officers and directors) to two directors of the Company (Note 7).

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9. Proposed Transaction

On July 14, 2023, the Company entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with South American Lithium Corp. ("SALi"), a private Alberta corporation, pursuant to which the Company and SALi will carry out an amalgamation (the "Proposed Transaction") that will result in the reverse takeover of the Company by SALi, and that will constitute a "fundamental change" of the Company under the policies of the CSE. Completion of the Proposed Transaction is subject to the satisfaction of a number of conditions, including receipt of all necessary shareholder and CSE approval for listing of the combined company (the "Resulting Issuer").

SALi is a mineral exploration company focused on exploration for lithium resources in Argentina. Following the completion of the Proposed Transaction, the Resulting Issuer will carry on the business of SALi. Upon completion of the Proposed Transaction, the Resulting Issuer will change its name to "South American Lithium Corp." or such other similar name as the parties may agree.

In accordance with the terms of the Amalgamation Agreement, the Proposed Transaction is structured as a three cornered amalgamation whereby SALi will amalgamate with a wholly owned subsidiary of the Company (the "Amalgamation") and the current shareholders of SALi will become shareholders of the Resulting Issuer. Prior to the Amalgamation, SALi will continue its corporate existence out of Alberta and into British Columbia to become a British Columbia company (the "Continuation"). Pursuant to the Amalgamation, all SALi common shares outstanding will be exchanged for common shares of the Resulting Issuer (each a "Resulting Issuer Share"), and outstanding convertible securities of SALi will become exercisable to acquire Resulting Issuer Shares.

It is a condition to completion of the Proposed Transaction that SALi completes a non-brokered market financing for gross proceeds of a minimum of \$1,200,000 (the "SALi Private Placement"). Without taking the securities to be issued under the SALi Private Placement into consideration, upon completion of the Proposed Transaction, it is anticipated that existing shareholders of the Company will hold approximately 30.7% of the outstanding authorized share structure of the Resulting Issuer on an undiluted basis and the former holders of SALi Common Shares will hold approximately 69.3%. No finder's fee is payable in relation to the completion of the Proposed Transaction although SALi may pay compensation in either cash or securities or both to qualified finders in connection with the SALi Private Placement.

Completion of the Proposed Transaction would be subject to the satisfaction of various customary conditions precedent, including without limitation: (i) the receipt of all necessary shareholder, board, court and regulatory consents and approvals; (ii) completion of due diligence investigations by each party to its satisfaction; and (iii) there being no material adverse change in the business or operations of any of the parties from the execution of the Letter of Intent by the parties until the closing of the Proposed Transaction.

As at November 30, 2023, the Proposed Transaction is not yet completed. On January 31, 2024, the Company signed a Reinstatement to Amalgamation Agreement (Note 13)

10. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the year ended November 30, 2023	For the year ended November 30, 2022
Net loss	\$ (302,244)	\$ (289,505)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(81,606)	(78,166)
Non deductible share-based payments	18,135	7,107
True up of prior year losses	-	(405)
Change in valuation allowance	63,471	71,464
Tax recovery	\$ -	\$ -

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10. Income Taxes (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	November 30, 2023	November 30, 2022
Non-capital losses	\$ 491,100	\$ 264,907
Reserve pools	115,828	115,828
Capital cost allowance	19,628	-
Share issuance cost	21,491	32,237
	<u>\$ 648,047</u>	<u>\$ 412,972</u>

The non-capital losses expire at varying dates up to 2043.

11. Management of Capital

The Company's capital structure consists of cash and share capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to acquire a business or asset. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the year.

12. Financial Instruments

As at November 30, 2023, the Company's financial instruments consist of cash, accounts payable and promissory notes.

In management's opinion, the Company's carrying values of cash, accounts payable and promissory notes approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

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12. Financial Instruments (continued)

Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assessed credit risk as low.

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's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company maintained sufficient cash balances to meet its short-term obligations. The Company assessed liquidity risk as high.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

13. Events After the Reporting Period

Subsequent to year end, 200,000 stock options with an exercise price of \$0.10 were exercised for gross proceeds of \$20,000.

Subsequent to year end, the Company received a \$15,000 promissory note from SALi. The promissory note is due on demand and does not bear any interest.

On January 31, 2024, the Company signed a Reinstatement and Amendment to Amalgamation Agreement (the "Reinstatement Agreement"), as the Amalgamation Agreement had lapsed. The Reinstatement Agreement serves to reinstate the Amalgamation Agreement on the terms originally set forth therein, as well as amend the minimum amount of the SALi private placement to be the net proceeds sufficient to provide the Resulting Issuer with the working capital required to satisfy the listing requirements of the CSE, on terms mutually agreeable to the Company and SALi.