



# **Gold Mountain Mining Corp.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

***THREE AND NINE MONTHS ENDED  
OCTOBER 31, 2024 AND 2023***

**(Unaudited - Expressed in Canadian Dollars)**

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

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

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**Gold Mountain Mining Corp.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of October 31, 2024 and January 31, 2024  
(Unaudited - Expressed in Canadian Dollars)

	Notes	October 31, 2024	January 31, 2024
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 1,830,985	\$ 71,380
Trade and other receivables	4	516,915	193,760
Inventory	5	35,053	146,580
Prepaid expenses and deposits	6	48,721	83,030
		<b>2,431,674</b>	494,750
<b>Non-current assets</b>			
Investment in SCR	12	110,711	111,836
Prepaid expenses and deposits	6	180,500	5,500
Property and equipment	7	50,445,134	48,351,549
Reclamation deposits	8	1,384,873	1,384,873
<b>Total Assets</b>		<b>\$ 54,552,892</b>	<b>\$ 50,348,508</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9,15,18	\$ 4,038,878	\$ 10,956,844
Short-term loans		107,644	85,314
Current portion of lease payable	10	146,283	157,192
Promissory note	11,15	-	1,012,500
Related party loan	18	5,940	-
Current portion of derivative liability	12	216,968	378,687
Current portion of convertible debentures	13	1,250,000	-
Other provision	14	256,000	256,000
		<b>6,021,713</b>	12,846,537
<b>Non-current liabilities</b>			
Lease payable	10	41,267	127,745
Derivative liability	12	3,162,403	2,714,769
Convertible debentures	13	9,484,396	-
Reclamation provision	14	3,079,781	3,013,990
<b>Total Liabilities</b>		<b>21,789,560</b>	18,703,041
<b>Shareholders' Equity</b>			
Share capital	9,11,15	66,628,009	54,787,263
Warrants reserve	15	-	3,591,727
Contributed surplus	15	9,209,150	5,617,093
Equity portion of convertible debentures	13	1,031,695	-
Accumulated deficit		(44,105,522)	(32,350,616)
<b>Total Shareholders' Equity</b>		<b>32,763,332</b>	31,645,467
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 54,552,892</b>	<b>\$ 50,348,508</b>

Nature of operations and going concern – Note 1

Commitments – Note 22

Subsequent event – Note 23

Approved on behalf of the Board:

Signed “Hugh Behroozy”, Director

Signed “Nadine Hoehne”, Director

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

**Gold Mountain Mining Corp.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
Three and Nine months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended October 31,		Nine Months Ended October 31,	
		2024	2023	2024	2023
<b>Revenue</b>	16	\$ 594,404	\$ 1,780,679	\$ 1,587,964	\$ 8,151,910
<b>Cost of sales</b>	17	(2,601,655)	(4,465,016)	(7,180,312)	(9,541,437)
<b>Gross loss</b>		(2,007,251)	(2,684,337)	(5,592,348)	(1,389,527)
<b>Other operating expenses</b>					
Management, director and consulting fees	18	69,405	268,609	1,197,184	767,518
General and administration		19,442	91,767	181,813	228,733
Investor relations		16,553	22,589	35,737	83,866
Marketing		-	-	-	68,500
Professional fees		61,938	90,998	344,316	357,204
Regulatory and transfer agent fees		5,326	4,255	35,750	43,919
Share-based payments (reversal)	15	49	(40,705)	330	(88,443)
Travel		563	129	563	2,703
<b>Total other operating expenses</b>		(173,276)	(437,642)	(1,795,693)	(1,464,000)
<b>Loss from operations</b>		(2,180,527)	(3,121,979)	(7,388,041)	(2,853,527)
<b>Other items</b>					
Finance and other income		762	28,218	2,944	49,356
	10,11,13,				
Finance and accretion expense	14,18	(346,112)	(49,254)	(963,351)	(241,383)
Loss from revaluation of derivative liability	12	(176,847)	(136,312)	(478,546)	(247,397)
Loss from settlement of debts	9,11,15	957,486	-	(2,926,787)	-
Loss on change in fair value of investment	12	(11,125)	-	(1,125)	-
<b>Total other items</b>		424,164	(157,348)	(4,366,865)	(439,424)
<b>Loss before income tax</b>		(1,756,363)	(3,279,327)	(11,754,906)	(3,292,951)
Income tax expense		-	-	-	(3,314)
<b>Loss and comprehensive loss</b>		\$ (1,756,363)	\$ (3,279,327)	\$ (11,754,906)	\$ (3,296,265)
<b>Loss per share - basic and diluted</b>		\$ (0.00)	\$ (0.04)	\$ (0.02)	\$ (0.04)
<b>Weighted average number of common shares outstanding - basic and diluted</b>		793,635,063	88,137,171	584,735,461	88,084,451

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

**Gold Mountain Mining Corp.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
 Nine Months Ended October 31, 2024 and 2023  
*(Unaudited - Expressed in Canadian Dollars)*

	Notes	Number of shares	Share capital	Warrant reserve	Contributed surplus	Equity portion of convertible debentures	Accumulated deficit	Total
Balance at January 31, 2023		87,999,671	\$ 54,745,984	\$ 6,319,393	\$ 3,001,665	\$ -	\$ (26,427,643)	\$ 37,639,399
Shares issued for RSUs		45,000	29,955	-	(29,955)	-	-	-
Shares issued for PSUs		92,500	11,324	-	(11,324)	-	-	-
Share-based payment (reversal)		-	-	-	(92,845)	-	-	(92,845)
Expired warrants		-	-	(2,130,322)	2,130,322	-	-	-
Net loss for the period		-	-	-	-	-	(3,296,265)	(3,296,265)
<b>Balance at October 31, 2023</b>		<b>88,137,171</b>	<b>\$ 54,787,263</b>	<b>\$ 4,189,071</b>	<b>\$ 4,997,863</b>	<b>\$ -</b>	<b>\$ (29,723,908)</b>	<b>\$ 34,250,289</b>
<b>Balance at January 31, 2024</b>		<b>88,137,171</b>	<b>\$ 54,787,263</b>	<b>\$ 3,591,727</b>	<b>\$ 5,617,093</b>	<b>\$ -</b>	<b>\$ (32,350,616)</b>	<b>\$ 31,645,467</b>
Shares issued from settlement of debts	9,11,15	605,497,892	11,216,242	-	-	-	-	11,216,242
Shares issued in public offering	15	100,000,000	750,000	-	-	-	-	750,000
Share issuance costs	15	-	(125,496)	-	-	-	-	(125,496)
Share-based payment	15	-	-	-	330	-	-	330
Equity portion of convertible debenture	13,15	-	-	-	-	1,031,695	-	1,031,695
Expired warrants	15	-	-	(3,591,727)	3,591,727	-	-	-
Net loss for the period		-	-	-	-	-	(11,754,906)	(11,754,906)
<b>Balance at October 31, 2024</b>		<b>793,635,063</b>	<b>\$ 66,628,009</b>	<b>\$ -</b>	<b>\$ 9,209,150</b>	<b>\$ 1,031,695</b>	<b>\$ (44,105,522)</b>	<b>\$ 32,763,332</b>

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

**Gold Mountain Mining Corp.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
 Nine Months Ended October 31, 2024 and 2023  
 (Unaudited - Expressed in Canadian Dollars)

	<b>Nine Months Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net loss	\$ (11,754,906)	\$ (3,296,265)
Adjustments for non-cash items:		
Depletion and amortization	463,721	563,965
Share-based payments (reversal)	330	(86,469)
Finance and accretion expense	919,835	237,270
Loss on revaluation of derivative liability	478,546	247,397
Loss from settlement of debts	2,926,787	-
Gain on change in fair value of investment	1,125	-
Changes in non-cash working capital items:		
Trade and other receivables	(323,155)	2,115,557
Prepaid expenses and deposits	34,310	(61,932)
Inventory	111,527	(282,559)
Accounts payable and accrued liabilities	4,391,681	150,934
<b>Net cash flows used in operating activities</b>	<b>(2,750,199)</b>	<b>(412,102)</b>
<b>Investing activities</b>		
Exploration and evaluation expenditures	(22,137)	(27,708)
Tax credit received	-	553,567
Mineral property expenditures	(1,574,598)	(3,575,155)
Deposits for mineral property expenditures	(175,000)	-
Purchase of building and equipment	(30,000)	(353,768)
<b>Net cash flows used in investing activities</b>	<b>(1,801,735)</b>	<b>(3,403,064)</b>
<b>Financing activities</b>		
Repayment of promissory note	(180,000)	(2,526,304)
Repayment of interest on promissory note	(121,667)	(481,196)
Lease payments	(117,894)	(279,990)
Proceeds from derivative instrument	-	3,000,000
Proceeds from convertible debenture	6,500,000	-
Repayment of interest on convertible debenture	(209,710)	-
Royalty payment	(192,631)	(29,169)
Proceeds from promissory note	-	1,000,000
Shares issued for cash	750,000	-
Transaction costs on share issuances	(116,559)	-
<b>Net cash flows provided by financing activities</b>	<b>6,311,539</b>	<b>683,341</b>
Net increase (decrease) in cash	1,759,605	(3,131,825)
Cash, beginning	71,380	3,203,419
<b>Cash, ending</b>	<b>\$ 1,830,985</b>	<b>\$ 71,594</b>
<b>Other information</b>		
Interest paid - cash	\$ -	\$ 1,882
Taxes paid - cash	-	3,314

Supplemental cash flow information – Note 19

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

## **NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN**

### **Nature of Operations**

Gold Mountain Mining Corp. (the "Company" or "Gold Mountain") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on November 5, 2018. The registered head office and principal address of the Company is 1285 West Pender Street, Suite 1000, Vancouver, British Columbia, Canada, V6E 4B1. The Company's common shares trade on the Toronto Stock Exchange under the symbol "GMTN", on the Frankfurt Stock Exchange under the ticker "5XFA" and on the OTCQB Venture Market under the stock symbol "GMTNF".

The Company owns and operates the Elk Gold Mine ("Elk Mine") located in British Columbia, Canada, which began revenue generating mining operations during the year ended January 31, 2023. The Company considers itself to operate in a single segment, being the production of crushed ore, containing both gold and silver, mineral exploration and development of precious metal resources. The Company's principal product is crushed ore produced from the Elk Mine. The Company's assets and liabilities are all within Canada.

### **Going Concern**

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from October 31, 2024. However, material uncertainties on assumptions remains.

As of October 31, 2024, the Company had a working capital deficit of \$3,590,039 (January 31, 2024 – working capital deficit of \$12,351,787) and incurred a net loss of \$11,754,906 for the nine months ended October 31, 2024 (nine months ended October 31, 2023 – net loss of \$3,296,265). The financial challenges reflect ongoing operational issues, including commissioning difficulties and delays that impacted production levels at the Elk Mine. These challenges stemmed from grade control and sampling inefficiencies during ramp-up, resulting in lower-than-forecast ore production.

To address its financial situation, the Company implemented a series of financial restructuring initiatives, including:

- Settled \$1,250,000 and \$1,241,669 of secured debts with two creditors through the issuance of common shares, resulting in a combined loss of \$2,491,669 (Note 9).
- The issuance of 100,000,000 common shares for gross proceeds of \$750,000 through private placement.
- Conversion of \$5,000,000 of secured debt into a secured convertible debenture with a four-year maturity at 12% interest per annum (Note 13).
- Raised \$6,500,000 by way of issuance of a convertible secured debenture with a ten-year maturity at 10% interest per annum (Note 13).

The Company also converted various unsecured debts and restructured secured obligations to improve its financial position. These efforts included issuing shares to settle vendor obligations, reducing cash outflows, and reclassifying related-party loans for structured repayment terms.

Operationally, the Company is focused on optimizing ore extraction and improving efficiency. Initiatives include:

- Enhancing drilling, blasting, and ore extraction techniques.
- Refining sampling, processing, and assaying procedures to better define the ore body.
- Collaborating with key service contractors to maximize operational efficiency and ore value.

Despite these efforts, the Company's ability to continue as a going concern is dependent on its capacity to generate sufficient cash flow from operations, raise additional financing, and successfully manage its obligations. Future financial and operational improvements are critical, but there can be no assurance that these will be achieved as planned.

These condensed interim consolidated financial statements do not include any adjustments to the carrying values and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**NOTE 2 - BASIS OF PRESENTATION**

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended January 31, 2024, which have been prepared in accordance with IFRS.

The accounting policies and basis of presentation applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended January 31, 2024.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors of the Company on December 13, 2024.

**NOTE 3 – MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make accounting policy judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical accounting policy judgements and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 3 of the Company's audited annual consolidated financial statements for the year ended January 31, 2024.

**NOTE 4 - TRADE AND OTHER RECEIVABLES**

As of:	October 31, 2024	January 31, 2024
Trade receivables	\$ 367,810	\$ 76,773
GST receivables	147,105	114,987
Other receivables	2,000	2,000
	<b>\$ 516,915</b>	<b>\$ 193,760</b>

**NOTE 5 - INVENTORY**

The Company had \$35,053 of crushed ore inventory as of October 31, 2024 (January 31, 2024 - \$146,580). The crushed ore inventory was delivered to New Gold's New Afton Mine in November 2024.

**Gold Mountain Mining Corp.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
Three and Nine Months Ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

**NOTE 6 - PREPAID EXPENSES AND DEPOSITS**

As at	October 31, 2024	January 31, 2024
<u>Current:</u>		
Prepaid investor relations	\$ 12,974	\$ 12,592
Prepaid insurance and other prepaids	35,747	47,134
Prepaid cost of sales	-	23,304
	<b>\$ 48,721</b>	<b>\$ 83,030</b>
<u>Non-current:</u>		
Prepaid mineral property expenditures	175,000	-
Other deposits	5,500	5,500
	<b>\$ 180,500</b>	<b>\$ 5,500</b>

**NOTE 7 - PROPERTY AND EQUIPMENT**

	Exploration and evaluation	Mineral property	Building and equipment	Total
<b>Balance as at January 31, 2023</b>	<b>\$ 9,232,612</b>	<b>\$ 27,409,614</b>	<b>\$ 1,427,650</b>	<b>\$ 38,069,876</b>
Additions	33,210	9,507,289	914,741	10,455,240
Depletion and amortization	-	(233,589)	(490,273)	(723,862)
Exploration tax credits	-	(158,010)	-	(158,010)
Change in estimate in reclamation provision	-	708,305	-	708,305
<b>Balance as at January 31, 2024</b>	<b>\$ 9,265,822</b>	<b>\$ 37,233,609</b>	<b>\$ 1,852,118</b>	<b>\$ 48,351,549</b>
<b>As at January 31, 2024</b>				
Cost	\$ 9,265,822	\$ 37,724,554	\$ 2,717,841	\$ 49,708,217
Accumulated amortization and depletion	-	(490,945)	(865,723)	(1,356,668)
<b>Net book value</b>	<b>\$ 9,265,822</b>	<b>\$ 37,233,609</b>	<b>\$ 1,852,118</b>	<b>\$ 48,351,549</b>
<b>Balance as at January 31, 2024</b>	<b>\$ 9,265,822</b>	<b>\$ 37,233,609</b>	<b>\$ 1,852,118</b>	<b>\$ 48,351,549</b>
Additions	248,425	2,308,881	-	2,557,306
Depletion and amortization	-	(57,311)	(406,410)	(463,721)
<b>Balance as at October 31, 2024</b>	<b>\$ 9,514,247</b>	<b>\$ 39,485,179</b>	<b>\$ 1,445,708</b>	<b>\$ 50,445,134</b>
<b>As at October 31, 2024</b>				
Cost	\$ 9,514,247	\$ 40,033,435	\$ 2,717,841	\$ 52,265,523
Accumulated amortization and depletion	-	(548,256)	(1,272,133)	(1,820,389)
<b>Net book value</b>	<b>\$ 9,514,247</b>	<b>\$ 39,485,179</b>	<b>\$ 1,445,708</b>	<b>\$ 50,445,134</b>

**Gold Mountain Mining Corp.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
Three and Nine Months Ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

**NOTE 7 - PROPERTY AND EQUIPMENT - continued**

During the nine months ended October 31, 2024, the Company capitalized \$2,230,648 of stripping costs to mineral property. The Company claims BC Mineral Exploration Tax Credits ("BCMETS") for eligible expenditures incurred on its properties. The BCMETS is subject to adjustments due to reassessments. The balances and changes in tax credit receivable as of October 31, 2024 and January 31, 2024 are as follows:

As of:	October 31, 2024	January 31, 2024
Balance, beginning	\$ -	\$ 737,165
Adjustments	-	(183,598)
Collected	-	(895,175)
Claimed	-	341,608
	<b>\$ -</b>	<b>\$ -</b>

The following table summarizes the cumulative costs capitalized as exploration and evaluation assets as of October 31, 2024 and January 31, 2024 categorized by their nature. As of October 31, 2024, exploration and evaluation asset balances relate to activities within the mine development zone and primarily consist of work directly advancing the development of the project. In comparison, as of January 31, 2024, the exploration and evaluation asset balances were related to ongoing exploration programs outside of the mine development zone.

	Nine Months Ended October 31, 2024	Year Ended January 31, 2024
Balance, beginning	\$ 9,265,822	\$ 9,232,612
Expenditures during the period:		
Assaying	-	1,815
Camp operations	-	208
Drilling	194,005	-
Geological	-	6,063
Maintenance	49,170	31,500
Share-based payments reversal	-	(6,376)
Travel and accommodation	5,250	-
	<b>248,425</b>	<b>33,210</b>
Balance, ending	<b>\$ 9,514,247</b>	<b>\$ 9,265,822</b>

**Elk Mine Acquisition and Royalties**

The Company acquired the Elk Mine for total consideration of \$10,000,000 from Equinox Gold Corp. ("Equinox") for a \$1,000,000 cash deposit and a \$9,000,000 interest-free promissory note (the "Promissory Note"). Equinox assigned its interest in the loan to Sandbox Royalties Corp. ("Sandbox") in May 2022. The Promissory Note was secured by Gold Mountain's interest in the Elk Mine. Pursuant to the terms on the Promissory Note, the Company made payments of \$3,000,000 in May 2021, 2022, and 2023.

Production from the Elk Mine is subject to a 2% net smelter return ("NSR") royalty held by Star Royalties Ltd. A further 1% NSR royalty is payable to Don Agur on production from the Agur Option block, which is outside any of the currently identified mineralized zones.

In May 2023, the Company entered into a royalty purchase agreement with Silver Crown Royalties Inc. ("SCR") for a percentage of the Company's aggregate gross proceeds of silver (see Note 12 for details).

**NOTE 7 - PROPERTY AND EQUIPMENT - continued**

**Impairment Analysis**

Management of the Company concluded that impairment indicators existed at October 31, 2024, as the Company's market capitalization fell below the carrying value of net assets in addition to the operational performance during the period. Accordingly, the Company estimated the recoverable amount of the cash generating unit ("CGU") and compared it to the carrying value of the CGU. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. Upon completion of the Company's impairment assessment, it was determined that the Elk Mine CGU was not impaired.

**Key assumptions in impairment assessment and sensitivity analysis**

The projected cash flows used in impairment testing are significantly impacted by changes in assumptions, including: a) gold price, b) production volumes, c) operating costs and capital expenditures, d) gold grades and e) the real discount rate of 9%. The Company's impairment testing of property and equipment and near-mine exploration and evaluation assets incorporates the following key assumptions:

a. Gold price

Forecast gold prices are based on analyst consensus estimates as follows:

Calendar year	2024	2025	2026	2027	2028+
Gold (US\$ per Oz)	1,939	1,910	1,843	1,813	1,724

b. Production volumes

Estimated production volumes and timing are based on life-of-mine plans and internal management forecasts and consider the long-term development plans and expectations for the mine based on the preliminary economic assessment.

Production volumes are dependent on several variables, including the amount of recoverable resources, production and other cost estimates, future capital expenditures and exploration potential.

c. Operating costs and capital expenditures

Operating costs and capital expenditures are based on the most recent preliminary economic assessment, adjusted as needed for current operating results and costs. Operating cost and capital expenditure assumptions are continuously subjected to review.

d. Gold grades

Projected gold grades are based on the technical report published in January 2022.

The Company performed a sensitivity analysis of key assumptions as follows:

- a 40% decrease in gold grades would not result in an impairment
- a 10% decrease in the short and long-term gold price would not result in an impairment
- a 10% decrease in gold recoveries would not result in an impairment
- a 10% increase in operating costs and capital expenditures would not result in an impairment
- a 5% increase in the real after-tax discount rate would not result in an impairment

Management's estimates of the production volume and gold grade are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts).

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**NOTE 8 - RECLAMATION DEPOSITS**

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the British Columbia – Ministry of Energy, Mines and Low Carbon Innovation.

	October 31, 2024	January 31, 2024
Balance, beginning	\$ 1,384,873	\$ 1,290,761
Increase	-	94,112
<b>Balance, ending</b>	<b>\$ 1,384,873</b>	<b>\$ 1,384,873</b>

On November 29, 2023, the Company received notification of default from the Ministry that it is to increase the reclamation bond by \$2,040,800, raising the bond to a total of \$9,486,700.

Further, as per the permit, an additional installment of \$1,380,000 must be deposited into the reclamation bond by October 1, 2024, increasing the total to \$10,866,700. Existing permitting conditions require the construction and commissioning of an active water treatment plant by October 30, 2024. Failure to meet this requirement will result in an additional \$5,000,000 deposit, bringing the total security amount to \$15,866,700.

As of the date of this financial statement, the Company has not made the required payments as outlined above.

Elk Gold Mining Corp has submitted an application for permit amendment which specifically addresses the November 29, 2023 reclamation bond increase of \$2,040,800 as an adjustment to better reflect actual works. The ruling is anticipated by Q2 2026 based on the on-going discussions with the Ministry of Energy, Mines and Low Carbon Innovation.

The proposed adjustment would substantially eliminate the contemplated reclamation bond increases and water treatment plant deposits.

Further, the application for permit amendment proposes the deferral of water treatment facility construction pending the completion of additional investigations and monitoring to ensure that facilities are fit for purpose.

**NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As of:	October 31, 2024	January 31, 2024
Accounts payable	\$ 1,296,486	\$ 10,538,951
Amounts due to related parties (Note 18)	2,597,595	285,170
Accrued liabilities	144,797	132,723
	<b>\$ 4,038,878</b>	<b>\$ 10,956,844</b>

Certain vendors had repayment demands and on April 12 and June 18, 2024, the Company settled various debts with vendors for an aggregate amount of \$4,736,046 by issuing 394,780,311 common shares of the Company with a fair value of \$7,152,244 (Note 15).

The remaining amount of the secured debt owe to Nhwelmen Lake Construction GP Ltd. ("Nhwelmen") of \$6,534,851 was reclassified as related party loan and will be repaid in equal cash payments over 24 months commencing in April 2024 and including interest at a rate of 18% per annum.

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**NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - continued**

On June 18, 2024, the Company issued 50,000,000 common shares to settle portion on the Nhwelmen secured and unsecured debts in the amount of \$1,500,000 with a fair value of \$1,750,000. The settlement of Nhwelmen debts were allocated to the secured debt in the amount of \$1,354,851 and unsecured debt of \$145,149. The transaction resulted in a loss of \$250,000 from settlement of Nhwelmen debts during the nine months ended October 31, 2024 (Notes 13, 15 and 18).

The share for debt settlement transactions to settle various debts resulted in a loss of \$2,416,798 during the nine months ended October 31, 2024 reported in the condensed interim consolidated statement of loss and comprehensive loss.

In September 2024, the Company settled various debts with vendors which resulted in an aggregate gain of \$957,486 during the nine months ended October 31, 2024 reported in the condensed interim consolidated statement of loss and comprehensive loss.

**NOTE 10 - LEASES PAYABLE**

	October 31, 2024	January 31, 2024
Balance, beginning	\$ 284,937	\$ 72,815
Additions	-	496,972
Principal payments	(117,894)	(319,288)
Financing costs	20,507	34,438
Balance, ending	187,550	284,937
Current portion of lease payable	(146,283)	(157,192)
Non-current portion of lease payable	\$ 41,267	\$ 127,745

**NOTE 11 - PROMISSORY NOTES**

The promissory note as of October 31, 2024 and January 31, 2024 are as follows:

	October 31, 2024	January 31, 2024
Balance, beginning	\$ 1,012,500	\$ 2,861,160
Addition	-	1,000,000
Repayment	(1,241,669)	(3,000,000)
Interest	229,169	151,340
<b>Balance, ending</b>	<b>\$ -</b>	<b>\$ 1,012,500</b>

On May 16, 2019, the Company entered into a secured promissory note agreement with Equinox (subsequently assigned to Sandbox) in the amount of \$9,000,000 with respect to the purchase of 100% of the common shares of Elk Mining, which is the corporate entity that owns the Elk Mine. The Promissory Note was non-interest bearing and was a direct first ranking secured obligation of the Company in priority to all current and future debt and other liabilities of the Company and in priority to all equity securities of the Company of any nature whatsoever. Pursuant to the terms of the Promissory Note, the Company made payments of \$3,000,000 in May 2021, 2022, and 2023. On May 16, 2023, the Company made its final \$3,000,000 property payment to Sandbox discharging all obligations owed relating to the Company's purchase of the Elk Mine.

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**NOTE 11 – PROMISSORY NOTES - continued**

On September 13, 2023, Bayshore Minerals Incorporated (“Bayshore”), the Company’s wholly owned subsidiary, entered into a secured promissory note agreement (“Hedge Promissory Note”) with Hedge Minerals Corp. (“Hedge”) in the amount of \$1,000,000. The Hedge Promissory Note bears an annual interest of 15% which is payable on the first day of each month in arrears. The interest is payable monthly and principal is due on September 13, 2025. In the event of default, the outstanding amount is due and payable immediately. The Hedge Promissory Note is a direct first ranking obligation of Bayshore in priority to all current and future debt and other liabilities of Bayshore and in priority to all equity securities of Bayshore of any nature whatsoever. If Bayshore defaults on the payment of the promissory note, Hedge may take possession of the Elk Mining’s common shares.

In January 2024, the Company defaulted on the monthly interest payment. As such, the full amount has been classified as a current liability at year end. On March 8, 2024, the Company received notice of default from Hedge after failing to make its payment obligations outlined under the Hedge Promissory Note. On April 12, 2024, the Hedge loan principal including interest of \$1,241,669 was settled by issuance of 165,555,891 common shares with a fair value of \$2,483,333. The transaction resulted in a loss of \$1,241,669 from settlement of debt during the nine months ended October 31, 2024 (Note 15).

As of October 31, 2024, the carrying value of the Hedge Promissory Note was \$Nil (January 31, 2024 - \$1,012,500). During the three and nine months ended October 31, 2024, the Company recorded interest of \$229,169 on the Hedge Promissory Note (three and nine months ended October 31, 2023 - \$20,000).

**NOTE 12 - DERIVATIVE LIABILITY**

In May 2023, the Company entered into a royalty purchase agreement with Silver Crown Royalties Inc. (“SCR”), whereby SCR will receive 90% of the aggregate gross proceeds of silver sold from the Company’s Elk Mine. SCR is a private company. A summary of the key terms and conditions follows.

The Company received cash of \$2,500,000 and 250,000 units of SCR (pre 20:1 share consolidation in SCR), with each unit consisting of one common share in the capital of SCR and one-half of one SCR share purchase warrant exercisable to acquire one additional SCR common share for a period of 24 months from the date of issuance thereof at an exercise price of \$0.40 (pre 20:1 share consolidation in SCR), (collectively, the “Non-cash consideration”).

Additionally, pursuant to the terms of the royalty purchase agreement, SCR may be required to pay the Company up to eight bonus payments of \$500,000 each, for a maximum possible bonus payment totaling \$4,000,000, upon the Company achieving certain production milestones (“Production Bonuses”). The Production Bonuses are payable in cash while SCR is a private company and in the event SCR becomes a public company, SCR will have the option to pay the Production Bonuses in cash or SCR common shares. Gold Mountain received the first Production Bonus payment of \$500,000 on July 24, 2023.

The Production Bonuses are payable on the Company achieving each of the production milestones set forth below measured on a trailing annualized basis for six consecutive calendar months (an “Annualized Basis”), including those months of production prior to the date of the Royalty Agreement:

- Sale of 6,666 contained ounces of silver on an Annualized Basis (met and paid on July 24, 2023);
- Sale of 8,888 contained ounces of silver on an Annualized Basis; (not met)
- Sale of 11,110 contained ounces of silver on an Annualized Basis;
- Sale of 13,332 contained ounces of silver on an Annualized Basis;
- Sale of 15,554 contained ounces of silver on an Annualized Basis;
- Sale of 17,776 contained ounces of silver on an Annualized Basis;
- Sale of 19,998 contained ounces of silver on an Annualized Basis; and
- Sale of 22,220 contained ounces of silver on an Annualized Basis.

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**NOTE 12 – DERIVATIVE LIABILITY - continued**

The Company is also entitled to certain bonus payments in the event Gold Mountain files an updated technical report which discloses aggregate measured, indicated, and inferred silver ounces contained at the Elk Mine in excess of 2,210,000 ounces, based on the lesser of (i) \$1.00; and (ii) 20% of the then average silver price, in respect of each ounce of silver contained at the Elk Mine disclosed in the updated technical report in excess of 2,210,000 ounces.

The Company retains the right to repurchase 50% of the silver royalty at any time by making a payment in the amount of the purchase price and any bonuses paid to the Company at the time of this election.

Management concluded that the royalty purchase agreement is a derivative financial liability in its entirety since it is repayable in refined silver. The Company pays SCR in cash to purchase the refined silver in the open market, as the Company does not produce refined silver. The derivative liability is measured at fair value through profit or loss (“FVTPL”) and measured at fair value using Level 3 of the fair value hierarchy. The Company therefore must remeasure the derivative to fair value at each reporting date. The valuation is based on the discounted cash flows by reference to the mine plan and forecasted silver prices over the life of the mine with the following significant assumptions:

Long term silver price per ounce	US\$	22.71
USD-CAD exchange rate		1.32:1

The significant estimation uncertainty exists as there are no comparable marketable instruments available. The change in long term silver price per ounce by +/- 5% may lead to change in value of the derivative liability by +/- \$8,500.

The derivative liability continuity as of October 31, 2024 and January 31, 2024 are as follows:

	October 31, 2024	January 31, 2024
Balance, beginning	\$ 3,093,456	\$ -
Cash proceeds received, including \$500,000 bonus	-	3,000,000
Non-cash consideration received (i)	-	50,000
Royalty payment	(192,631)	(72,082)
Loss on revaluation of derivative liability	478,546	115,538
<b>Balance, ending</b>	<b>3,379,371</b>	<b>3,093,456</b>
Current portion of derivative liability	216,968	378,687
<b>Non-current portion of derivative liability</b>	<b>\$ 3,162,403</b>	<b>\$ 2,714,769</b>

(i) The Company classified the non-cash consideration as investment in SCR at FVTPL in the condensed interim consolidated statements of financial position. The non-cash consideration received was valued at \$50,000 at inception and at \$110,711 as of October 31, 2024 (January 31, 2024 - \$111,836). During the three and nine months ended October 31, 2024, the Company recorded a loss on change in fair value of investment of \$1,125 recorded in the condensed interim consolidated statements of loss and comprehensive loss. The valuation of equity instruments held for trading is determined by reference to unobservable inputs and measured at fair value using Level 3 the fair value hierarchy.

**NOTE 13 – CONVERTIBLE DEBENTURES**

The convertible debentures continuity as of October 31, 2024 are as follows:

	<b>October 31, 2024</b>
Balance, beginning	\$ -
Fair value of convertible debentures	<b>10,468,305</b>
Repayment of interest	<b>(121,667)</b>
Interest and accretion	<b>387,758</b>
<b>Balance, ending</b>	<b>\$ 10,734,396</b>
Current portion of convertible debentures	<b>(1,250,000)</b>
<b>Non-current portion of convertible debentures</b>	<b>\$ 9,484,396</b>

On June 18, 2024, Nhwelmen Construction LP agreed to convert the \$5,000,000 of the secured debt into a secured debenture ("Nhwelmen Debenture"). The Nhwelmen Debenture bears interest at the rate of 12% per annum with a maturity date of four years from the date of issuance. The Nhwelmen Debenture will be secured by a second-priority security interest over all of the Company's assets, including its current and after-acquired property. The Nhwelmen Debenture is convertible into common shares at a conversion price of \$0.08 per share.

The fair value of the Nhwelmen Debenture was \$4,702,834 calculated by discounting the future cash payments at a market rate of 14.33%. The Company recorded \$297,166 as equity portion of the Nhwelmen Debenture (Note 13 and 18).

During the three and nine months ended October 31, 2024, the Company recorded interest and accretion of \$169,842 and \$251,071, respectively (three and nine months ended October 31, 2023 - \$Nil). The Company made repayment of \$121,667 applied to the accrued interest. As at October 31, 2024, the Nhwelmen Debenture balance was \$4,832,238 (January 31, 2024 - \$Nil).

The Nhwelmen Debenture is convertible into common shares of the Company, at any time the option of the subscriber, at a conversion price of \$0.08 per share on the last business day immediately preceding the maturity date.

On August 23, 2024, the Company raised \$6,500,000 through an issuance of convertible secured debenture with a choomEEnsh a Nlaka'pamux LP ("ACAN Debenture"). The ACAN Debenture bears interest at the rate of 10% per annum with a maturity date of ten years from the date of issuance. The ACAN Debenture is convertible into common shares at a conversion price of \$0.08 per share.

The fair value of the ACAN Debenture was \$5,765,471 calculated by discounting the future cash payments at a market rate of 12.54%. The Company recorded \$734,529 as equity portion of the ACAN Debenture.

During the three and nine months ended October 31, 2024, the Company recorded interest and accretion of \$136,687 (three and nine months ended October 31, 2023 - \$Nil). As at October 31, 2024, the ACAN Debenture balance was \$5,902,158 (January 31, 2024 - \$Nil).

The ACAN Debenture is convertible into common shares of the Company, at any time the option of the subscriber, at a conversion price of \$0.08 per share on the last business day immediately preceding the maturity date.

**NOTE 14 - RECLAMATION AND OTHER PROVISIONS**

**Reclamation Provision**

The reclamation provision continuity as of October 31, 2024 and January 31, 2024 are as follows:

As of:	October 31, 2024	January 31, 2024
Balance, beginning	\$ 3,013,990	\$ 2,230,989
Change in estimate	-	708,305
Accretion	65,791	74,696
	<b>\$ 3,079,781</b>	<b>\$ 3,013,990</b>

The reclamation provision represents the present value of estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously mined areas and the management of water and water quality in and around the site. Most of the reclamation and site restoration expenditures are expected to occur near the end of, or after, the life of mine in the year 2032.

As of October 31, 2024, the reclamation provision was calculated using a discount rate of 3.27% and an inflation rate of 2.00%. The reclamation provision increased by \$65,791 due to accretion.

**Other Provision**

During the year ended January 31, 2023, the Company received an order from the Ministry of Energy, Mines and Low Carbon Innovation ("EMLI") to relocate waste rock stored at the Elk Mine's east waste rock storage facility ("EWRSF"). On January 22, 2024, the Company received a notice of default from the EMLI, which continued to require the relocation of the EWRSF by March 15, 2024. In response to the orders, the Company plans to include the permanent storage of material from the EWRSF in its permit amendment application. The order remains standing and no further extensions have been provided. The Company anticipates the permit amendment process will continue through the year ended January 31, 2025. The Company did not achieve full compliance with the order by the specified deadline of March 15, 2024. However, this non-compliance is not currently impacting the Company's ability to operate the mine. An administrative penalty could be administered by EMLI as a result of the order.

The estimated costs to mitigate or complete the work ranges from \$100,000 to \$1.6 million. In the \$100,000 scenario presented, assumes that the Company does not relocate the waste rock pile but is able to resolve the issue via the permit amendment, resulting in the lowest cash outflow. Management applied a probability weighted average methodology to estimate the provision by considering the likelihood of each outcome. The critical judgments made in estimating the provision that create a high degree of estimation uncertainty are (i) estimated costs to mitigate/fulfill the order, and (ii) weighting assigned to each possible outcome.

Based on this assessment, as of October 31, 2024 and January 31, 2024, the Company accrued a provision of \$256,000 associated with estimated costs to be incurred as a result of this issue. The provision will be reviewed at each reporting period as more information becomes available.

## **NOTE 15 - SHARE CAPITAL**

### **Authorized and Issued Share Capital**

As of October 31, 2024 and January 31, 2024, the Company had 793,635,063 and 88,137,171 issued and fully paid common shares outstanding, respectively. The authorized share capital consists of an unlimited number of common shares and preferred shares issuable without par value.

June 18, 2024, the Company settled various debts with vendors for an aggregate amount of \$2,091,497 by issuing 56,688,667 common shares of the Company with a fair value of \$1,984,103. The transaction resulted in a gain of \$107,394 from settlement of debts during the nine months ended October 31, 2024 (Note 9).

On June 18, 2024, the Company issued 50,000,000 common shares to settle portion on the Nhwelmen secured and unsecured debts in the amount of \$1,500,000 with a fair value of \$1,750,000. The settlement of Nhwelmen debts were allocated to secured debt in the amount of \$1,354,851 and unsecured debt of \$145,149. The transaction resulted in a loss of \$250,000 from settlement of Nhwelmen debts during the nine months ended October 31, 2024 (Note 9, 13 and 18).

Nhwelmen also agreed to convert the \$5,000,000 of the secured debt into a secured Debenture. The Nhwelmen Debenture bears interest at the rate of 12% per annum with a maturity date of 4 years from the date of issuance. The Debenture is convertible into common shares of the Company at a conversion price of \$0.08 per share of the Company, at any time immediately preceding the maturity date. The fair value of the Nhwelmen Debenture was \$4,702,834 calculated by discounting the future cash payments at a market rate of 14.33%. The Company recorded \$297,166 as equity portion of the Nhwelmen Debenture (Note 13 and 18).

On April 12, 2024, the Hedge Promissory Note of \$1,241,669 was settled by issuance of 165,555,891 common shares with a fair value of \$2,483,339. The transaction resulted in a loss of \$1,241,669 from settlement of debt during the nine months ended October 31, 2024 (Note 11).

April 12, 2024, the Company settled various debts with vendors for an aggregate amount of \$2,499,400 by issuing 333,253,334 common shares of the Company with a fair value of \$4,998,800. The transaction resulted in a loss of \$2,499,400 from settlement of debts during the nine months ended October 31, 2024 (Note 9).

On April 12, 2024, the Hedge Promissory Note of \$1,241,669 was settled by issuance of 165,555,891 common shares with a fair value of \$2,483,333. The transaction resulted in a loss of \$1,241,669 from settlement of debt during the nine months ended October 31, 2024 (Note 11).

On April 12, 2024, the Company also closed a non-brokered private placement by issuing 100,000,000 common shares at a price of \$0.0075 per share for gross proceeds of \$750,000.

The Company recorded share issuance costs of \$125,496 in connection with the private placement and various settlement of debts.

During the nine months ended October 31, 2024, Nil vested Performance Share Units ("PSUs") were converted to common shares.

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**NOTE 15 – SHARE CAPITAL - continued**

**Warrants**

The changes in warrants during the nine months ended October 31, 2024 is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance as at January 31, 2024	11,102,142	1.82
Expired	(11,102,142)	2.34
<b>Balance as at October 31, 2024</b>	<b>-</b>	<b>-</b>

**Stock option**

The changes in stock options during the nine months ended October 31, 2024 is as follows:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance as at January 31, 2024	3,337,891	0.76
Expired	(240,000)	0.12
<b>Balance as at October 31, 2024</b>	<b>3,097,891</b>	<b>0.81</b>

Stock options outstanding and exercisable as of October 31, 2024 is as follows:

<b>Number of Stock Options</b>		<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
<b>Outstanding</b>	<b>Exercisable</b>		
1,060,000	1,060,000	0.25	February 1, 2025
314,141	314,141	0.25	July 30, 2025
863,750	863,750	0.90	January 14, 2026
185,000	185,000	1.20	April 9, 2026
650,000	650,000	1.25	April 30, 2027
25,000	25,000	0.09	September 18, 2028
<b>3,097,891</b>	<b>3,097,891</b>		

The weighted average contractual life remaining on the stock options is 1.14 years as of October 31, 2024.

**Restricted Share Units ("RSU") and Performance Share Units ("PSU")**

The continuity of RSUs and PSUs for the nine months ended October 31, 2024 is as follows:

	<b>Number of RSUs</b>	<b>Number of PSUs</b>
<b>Balance as at October 31, 2024 and January 31, 2024</b>	<b>150,250</b>	<b>16,625</b>

**NOTE 15 – SHARE CAPITAL - continued**

**Share-Based Compensation**

On January 14, 2021, the Company adopted a new equity incentive compensation plan (“New Plan”) which provides for the granting of options which equal a maximum of 10% of the Company’s issued and outstanding common shares at any given time. The New Plan also provides for the issuance of up to 4,800,000 fixed share awards which include Deferred Share Units (“DSU”), RSUs and PSUs.

During the nine months ended October 31, 2024, the Company granted Nil stock options (nine months ended October 31, 2023 – 270,000). The fair value of options granted was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>Nine Months Ended October 31,</u>	
	<u>2024</u>	<u>2023</u>
Exercise price	\$ -	\$0.88
Risk-free interest rate	- %	3.36%
Expected life	N/A	5 years
Estimated volatility	- %	87.15%
Dividend rate	N/A	N/A
Fair value per option	<b>\$0.00</b>	\$0.07

Share based payments for vested stock options are as follows:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Share-based payment expense	\$ 49	\$ (3,523)	\$ 330	\$ 47,809
Cost of sales	-	-	-	10,043
Exploration and evaluation asset	-	-	-	1,333
	<b>\$ 49</b>	<b>\$ (3,523)</b>	<b>\$ 330</b>	<b>\$ 59,185</b>

The Company intends to settle RSUs and PSUs in equity and each may be granted to directors, consultants, officers and employees of the Company. Share-based payment amounts for RSUs are recognized based on the share price of the Company’s common shares on the grant date multiplied by the number of RSUs expected to vest and recognized ratably over the vesting period, with a corresponding credit to the contributed surplus. Share-based payment amounts for PSUs are determined by calculating the fair value of the PSUs using the Black-Scholes option pricing model and recognized ratably over the vesting period, with a corresponding credit to the contributed surplus. Adjustments to the number of RSUs and PSUs expected to vest are recognized in the current period.

Share based payments for vested RSUs and PSUs are as follows:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Share-based payment reversal	\$ -	\$ (37,182)	\$ -	\$ (136,252)
Cost of sales	-	-	-	(8,069)
Exploration and evaluation asset	-	-	-	(7,709)
	<b>\$ -</b>	<b>\$ (37,182)</b>	<b>\$ -</b>	<b>\$ (152,030)</b>

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**NOTE 16 - REVENUE**

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Revenue from sale of ore	\$ 594,404	\$ 1,678,076	\$ 1,587,964	\$ 7,916,346
Revenue from crushing	-	102,603	-	235,564
	<b>\$ 594,404</b>	<b>\$ 1,780,679</b>	<b>\$ 1,587,964</b>	<b>\$ 8,151,910</b>

The Company's primary source of revenue is the sale of crushed ore from its Elk Mine. The Company has a contract with one customer for its crushed ore. Pursuant to the terms of this agreement, final settlement pricing of ore delivered will be determined based on the monthly average of the published gold price in the fourth month after delivery of ore. Gold Mountain records revenue based on the expected gold price receivable four months following delivery and adjustments are made as actual results are known. All the Company's sales are considered to occur in one demographic market, Canada.

**NOTE 17 - COST OF SALES**

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Site operating costs	\$ 2,461,579	\$ 4,294,486	\$ 6,766,403	\$ 9,012,977
Depletion and amortization	140,076	170,530	413,909	526,486
Share-based payments	-	-	-	1,974
	<b>\$ 2,601,655</b>	<b>\$ 4,465,016</b>	<b>\$ 7,180,312</b>	<b>\$ 9,541,437</b>

The following table summarizes the site operating costs for the three and nine months ended October 31, 2024 and 2023:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Royalties	\$ 26,289	\$ 68,652	\$ 49,487	\$ 151,688
Contractors	4,048,408	4,724,636	7,621,229	12,088,522
Site administration	371,071	490,375	1,086,188	1,710,399
Fuel	1,208	570,451	128,621	1,165,546
	<b>4,446,976</b>	<b>5,854,114</b>	<b>8,885,525</b>	<b>15,116,155</b>
Changes to inventory	85,425	(317,608)	111,526	(282,559)
Capitalized stripping costs	(2,070,822)	(1,242,020)	(2,230,648)	(5,820,619)
<b>Total site operating costs</b>	<b>\$ 2,461,579</b>	<b>\$ 4,294,486</b>	<b>\$ 6,766,403</b>	<b>\$ 9,012,977</b>

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(Unaudited - Expressed in Canadian Dollars)

**NOTE 18 - RELATED PARTY TRANSACTIONS**

The Company has identified both its current and former Board of Directors and as key management personnel. The Company also identified Nhwelmen Construction LP as a related company being a shareholder of the Company with significant influence. All related party transactions were incurred in the normal course of operations and are recorded at the amount agreed upon by the related parties.

During the nine months ended October 31, 2024 and 2023, the following amounts were incurred for key management personnel of the Company:

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Management, director and consulting fees	\$ 74,405	\$ 177,845	\$ 231,684	\$ 704,454
Share-based payments reversal	-	(41,579)	-	(104,868)
	<b>\$ 74,405</b>	<b>\$ 136,266</b>	<b>\$ 231,684</b>	<b>\$ 599,586</b>

During the nine months ended October 31, 2024, there were no RSUs or PSUs converted into common shares of the Company for key management personnel (nine months ended October 31, 2023 - 45,000 of vested RSUs).

The following amounts due to related parties are unpaid director fees, management fees and expense reimbursements included in trade payables and accrued liabilities (Note 9). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at:	<u>October 31, 2024</u>	<u>January 31, 2024</u>
Related party liabilities:		
CFO	\$ 13,125	\$ -
Former CEO and VP - Permitting and President	32,413	66,696
Former CEO and President	-	54,444
Former COO	17,538	91,952
Former directors	36,106	56,286
Former CFOs	-	15,792
Related company	<b>2,498,413</b>	-
	<b>\$ 2,597,595</b>	<b>\$ 285,170</b>

On April 12, 2024, the Company settled \$1,250,000 secured debt with Nhwelmen by issuing 166,666,667 common shares with a fair value of \$2,500,000. The remaining amount of the secured debt owe to Nhwelmen of \$6,534,851 was reclassified as related party loan and will be repaid in equal cash payments over 24 months commencing in April 2024 and including interest at a rate of 18% per annum. During the three and nine months ended October 31, 2024, the Company recorded interest on the related party loan of \$5,940 and \$215,650 (three and nine months ended October 31, 2023 - \$Nil).

On June 18, 2024, the Company issued 50,000,000 common shares to settle portion on the Nhwelmen secured and unsecured debts in the amount of \$1,500,000 with a fair value of \$1,750,000. The settlement of Nhwelmen debts were allocated to secured debt in the amount of \$1,354,851 and unsecured debt of \$145,149. The transaction resulted in a loss of \$250,000 from settlement of Nhwelmen debts during the nine months ended October 31, 2024 (Note 9, 13 and 18).

As of October 31, 2024, the related party loan balance owing to Nhwelmen was \$5,940 (January 31, 2024 - \$Nil) (Notes 9 and 15).

**Gold Mountain Mining Corp.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
Three and Nine Months Ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

**NOTE 18 – RELATED PARTY TRANSACTIONS - continued**

On June 18, 2024, Nhwelmen also agreed to convert the \$5,000,000 of the secured debt into a secured Nhwelmen Debenture. The Nhwelmen Debenture bears interest at the rate of 12% per annum with a maturity date of 4 years from the date of issuance. The Nhwelmen Debenture is convertible into common shares of the Company at a conversion price of \$0.08 per share of the Company, at any time immediately preceding the maturity date. The fair value of the Nhwelmen Debenture was \$4,702,834 calculated by discounting the future cash payments at a market rate of 14.33%. The Company recorded \$297,166 as equity portion of the Nhwelmen Debenture (Note 13 and 15).

During the three and nine months ended October 31, 2024, the Company recorded interest and accretion of \$169,842 and \$251,071, respectively (three and nine months ended October 31, 2023 - \$Nil). The Company made repayment of \$121,667 applied to the accrued interest. As at October 31, 2024, the Nhwelmen Debenture balance was \$4,832,238 (January 31, 2024 - \$Nil) (Notes 13 and 15).

On August 23, 2024, the Company raised \$6,500,000 through an issuance of convertible secured debenture with a choomEEnsh a Nlaka'pamux LP ("ACAN Debenture"). The ACAN Debenture bears interest at the rate of 10% per annum with a maturity date of ten years from the date of issuance. The ACAN Debenture is convertible into common shares at a conversion price of \$0.08 per share. The fair value of the ACAN Debenture was \$5,765,471 calculated by discounting the future cash payments at a market rate of 12.54%. The Company recorded \$734,529 as equity portion of the ACAN Debenture (Note 13).

During the three and nine months ended October 31, 2024, the Company recorded interest and accretion of \$136,687 (three and nine months ended October 31, 2023 - \$Nil). As at October 31, 2024, the ACAN Debenture balance was \$5,902,158 (January 31, 2024 - \$Nil) (Note 13).

**NOTE 19 - SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash transactions that occurred during the nine months ended October 31, 2024 and 2023 are as follows:

	<b>Nine Months Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Non-Cash Transactions:</b>		
<u>Non-cash transactions:</u>		
Vested PSUs and RSUs	\$ -	\$ 41,279
Non-cash consideration received from Silver Crown Royalties Inc.	-	20,000
Reclamation provision	-	66,780
Fair value of leased assets	-	496,972
Recognition of lease liabilities	-	(496,972)
Reclass fair value of expired warrants	<b>3,591,727</b>	-
Tax credit receivable adjustment	-	(158,010)
Shares issued for debt settlement	<b>11,216,242</b>	-
Share issuance costs in accounts payable and accrued liabilities	<b>8,937</b>	-
Loan payable reclass from accounts payable and accrued liabilities	<b>6,354,851</b>	-
Fair value of convertible debt	<b>4,702,834</b>	-
Equity portion of convertible debt	<b>1,031,695</b>	-
Short term loan proceeds paid directly to third party vendors	<b>21,370</b>	-
Mineral property expenditures in accounts payable and accrued liabilities settled in shares	<b>1,395,149</b>	-
Exploration and evaluation expenditures in accounts payable and accrued liabilities	<b>226,288</b>	11,877
Mineral property expenditures in accounts payable and accrued liabilities	<b>(660,866)</b>	3,787,247
Building and equipment expenditures in accounts payable and accrued liabilities	<b>(30,000)</b>	30,000
Share-based payment capitalized to exploration and evaluation asset	-	(6,376)

#### **NOTE 20 - CAPITAL MANAGEMENT**

The Company defines its capital as both debt and shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, development and operation of mineral properties.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. As such, the Company expects to rely on cash flows from operations at its Elk Mine and the equity/debt markets to fund its activities.

In order to carry out planned exploration, development and operational activities and pay for administrative costs, the Company will need to generate sufficient cash flows from the Elk Mine and/or will need to raise additional funds. The Company will also continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in management's approach to capital management during the nine months ended October 31, 2024.

#### **NOTE 21 - FINANCIAL INSTRUMENTS**

The carrying values of cash, trade and other receivables (excluding GST/HST receivables), tax credit receivable, accounts payable and accrued liabilities and short-term loans approximate their fair value due to the relatively short-term nature of the instruments and are measured and reported at amortized cost. During the nine months ended October 31, 2024, a portion of the accounts payable and accrued liabilities and related party loans were settled through the issuance of common shares at a discounted price (Notes 9, 11, 15 and 18). As a result of these settlements, the remaining balance of accounts payable and accrued liabilities after the debt settlement is \$4,038,878. The related party loan is measured and reported at amortized cost using the effective interest rate method. Lease liabilities and convertible debentures are measured and reported at amortized cost using the incremental borrowing rate. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

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 summarized 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 held in bank accounts and trade receivables. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one major bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company also has a credit risk related to its trade receivables as all of them are owed by one customer. To date, all outstanding trade receivable amounts have not been collected in full.

**NOTE 21 – FINANCIAL INSTRUMENTS - continued**

**Liquidity risk**

The Company's principal source of funding has been the issuance of common shares for cash and the sale of crushed ore from its Elk Mine. The Company's access to financing is always uncertain. There can be no assurance of continued access to the necessary levels of funding.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its ability to raise equity capital or borrow debt and its holdings of cash.

The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows (Note 1):

	<b>Total carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	\$ 4,038,878	\$ 4,038,878	\$ 4,038,878	\$ -	\$ -
Short-term loans	107,644	107,644	107,644	-	-
Lease payable	187,550	349,246	146,283	202,963	-
Derivative liability	3,379,371	16,523,487	216,968	7,856,789	8,449,730
Related party loan	5,940	5,940	5,940	-	-
Convertible debenture	9,484,396	20,278,333	1,128,333	9,400,000	9,750,000
<b>Total</b>	<b>\$17,203,779</b>	<b>\$ 41,303,529</b>	<b>\$ 5,644,046</b>	<b>\$ 17,459,752</b>	<b>\$18,199,730</b>

**Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and price risk and are disclosed as follows:

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable are interest bearing debt at a fixed rate and therefore not subject to significant interest rate risk. The Company is not exposed to significant interest rate risks.

**Foreign exchange risk**

The Company and its subsidiaries' functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As sale of ore is tied to gold and silver prices, and foreign exchange rate and royalty payments are based on proceeds from sale of ore the Company is exposed to fluctuating foreign exchange rates between US and Canadian dollars.

**Price risk**

The Company sells ore containing gold and silver at world market prices. The market prices of gold and to a lesser extent silver will be a primary driver of the Company's profitability and ability to generate both operating and free cash flow. The Company is an unhedged gold producer and gold and silver sales are subject to market prices. The Company has not entered into any hedge positions during the nine months ended October 31, 2024.

**NOTE 21 – FINANCIAL INSTRUMENTS - continued**

A 10% change in prevailing gold prices as at October 31, 2024, with all other variables held constant, would have the following impact on earnings:

	<b>Nine Months Ended October 31, 2024</b>
<b>Change in net income (loss)</b>	<b>\$ 158,796</b>

**NOTE 22 - COMMITMENTS**

On January 26, 2021, the Company entered into an Ore Purchase Agreement (“OPA”) with New Gold Inc. (“New Gold”) for a three-year term. Under the terms of the OPA, Gold Mountain will deliver up to 70,000 tonnes of ore per annum, to the mill located at New Gold’s New Afton Mine situated 130 kilometers from the Elk Mine, in Kamloops, British Columbia. The OPA was effective upon the first delivery of ore to the New Afton Mine, which occurred in February 2022.

**NOTE 23 - SUBSEQUENT EVENT**

On December 11, 2024, the Company announced the closing of a Flow-Through Common Shares financing. The financing involved the issuance of 27,272,727 Flow-Through Common Shares at a price of \$0.055 per share, for gross proceeds of \$1,500,000.

The proceeds will be used to incur eligible Canadian Exploration Expenses (CEE) as defined under the Income Tax Act (Canada), which will be renounced to the subscribers with an effective date of no later than December 31, 2024.

As part of the financing, the Company will pay a finder’s fee of 7% in cash and issue warrants equal to 7% the total shares issued. These warrants will be exercisable at a price of \$0.055 per share and will expire 24 months from the date of closing.