

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

September 30, 2024

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(DEFICIENCY)**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Note	September 30, 2024	March 31, 2024
ASSETS			
Current			
Cash		\$ 643,165	\$ 2,003
Other receivables		5,992	13,257
Prepaid expenses	5	41,559	808
Investments	9	259,413	241,124
		\$ 950,129	\$ 257,192
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 117,870	\$ 102,412
Promissory notes	10	2,173,890	2,113,899
Due to related parties	7	44,161	174,815
		2,335,921	2,391,126
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	8	\$ 24,166,289	23,563,179
Share subscription		65,000	-
Reserves	8	5,270,699	4,803,809
Deficit		(30,887,780)	(30,500,922)
		(1,385,792)	(2,133,934)
		\$ 950,129	\$ 257,192

Corporate information and nature of operations (Note 1)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 28, 2024.

Approved on behalf of the Board:

/s/ Mark Saxon

Mark Saxon – Director

/s/ Gabriel Alonso-Mendoza

Gabriel Alonso-Mendoza – Director

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

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three months ended September 30		For the six months ended September 30	
		2024	2023	2024	2023
Expenses					
Amortization and depreciation	4,6	\$ -	\$ 9,307	\$ -	\$ 18,614
Consulting fees	7	\$ 96,645	\$ -	160,356	-
Director fees	7	\$ 18,000	\$ 22,500	36,000	45,000
Investor relations		\$ 105	\$ 21,937	241	36,125
Management fees and salaries	7	\$ -	\$ -	-	264,897
Office and general		\$ 16,694	\$ 7,968	24,000	21,542
Professional fees	7	\$ 62,062	\$ 13,405	86,562	41,270
Research costs	4	\$ -	\$ -	-	74,563
Transfer agent and filing fees		\$ 25,241	\$ 10,371	30,982	18,768
Travel and accommodation		\$ -	\$ 2,609	693	17,923
		<u>(218,747)</u>	<u>(88,097)</u>	<u>(338,834)</u>	<u>(538,702)</u>
Interest and accretion expense	10	(80,327)	(27,559)	(163,267)	(105,179)
Modification of debt	10	-	-	94,277	-
Foreign exchange gain (loss)		25,762	(8,421)	2,677	32,679
Fair value loss on investments	9	35,886	(34,055)	18,289	(256,711)
Write off of technology license	4	-	-	-	(269,167)
		<u>(18,679)</u>	<u>(70,035)</u>	<u>(48,024)</u>	<u>(598,378)</u>
Net loss and comprehensive loss for the year		<u>\$ (237,426)</u>	<u>\$ (158,132)</u>	<u>\$ (386,858)</u>	<u>\$ (1,137,080)</u>
Basic and diluted earnings (loss) per share		<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>20,727,781</u>	<u>70,194,437</u>	<u>15,757,836</u>	<u>70,194,437</u>

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

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)
(Unaudited)

	Note	Number of shares	Share capital	Shares subscription	Reserves	Deficit	Total shareholders' equity (deficiency)
Balance as at March 31, 2023 (Audited)		10,027,781	\$ 23,563,179	\$ -	\$ 4,803,809	\$ (28,729,145)	\$ (362,157)
Net loss and comprehensive loss		-	-	-	-	(1,137,080)	(1,137,080)
Balance as at September 30, 2023 (Unaudited)		10,027,781	\$ 23,563,179	\$ -	\$ 4,803,809	\$ (29,866,225)	\$ (1,499,237)
Net loss and comprehensive loss		-	-	-	-	(634,697)	(634,697)
Balance as at March 31, 2024 (Audited)		10,027,781	\$ 23,563,179	\$ -	\$ 4,803,809	\$ (30,500,922)	\$ (2,133,934)
Net loss and comprehensive loss		-	-	-	-	(386,858)	(386,858)
Warrant issued on financing	8	-	(466,890)	-	466,890	-	-
Share subscribed on financing	8	-	-	65,000	-	-	65,000
Share issued on financing	8	10,700,000	1,070,000	-	-	-	1,070,000
Balance as at September 30, 2024 (Unaudited)		20,727,781	\$ 24,166,289	\$ 65,000	\$ 5,270,699	\$ (30,887,780)	\$ (1,385,792)

On February 14, 2024, the Company effected a consolidation of its issued share capital on a seven pre-consolidation common shares for one new common share basis. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

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

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024
(Expressed in Canadian dollars)
(Unaudited)

	Note	For the six months ended September 30	
		2024	2023
Cash provided by (used for):			
Operating activities			
Net loss		\$ (386,858)	\$ (1,137,080)
Items not involving cash:			
Amortization and depreciation	4,6	-	18,614
Fair value loss (gain) on investments	9	(18,289)	256,711
Foreign exchange loss (gain)		(2,677)	52,375
Interest and accretion expense	10	162,267	105,179
Modification of debt	10	(94,277)	-
Write off of technology license	4	-	269,167
Changes in non-cash working capital items:			
Other receivables		7,265	(1,318)
Prepaid expenses		(40,751)	30,974
Accounts payable and accrued liabilities		15,458	321,489
Due to related parties		(130,654)	-
Cash used in operating activities		(488,516)	(83,889)
Financing activities			
Share issued for cash	8	1,070,000	-
Share subscribed for cash	8	65,000	-
Repayment of loan	10	(269)	-
Cash provided by financing activities		1,134,731	-
Effect of exchange rate changes on cash		(5,053)	(75,269)
Net increase (decrease) in cash		641,162	(159,158)
Cash - beginning of the year		\$ 2,003	\$ 183,456
Cash - end of the year		\$ 643,165	\$ 24,298

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

NOTE 1 – CORPORATE INFORMATION AND NATURE OF OPERATIONS

Medallion Resources Ltd. (the “Company”) was incorporated on December 8, 1989, under the Business Corporations Act (British Columbia).

Effective February 14, 2024, the Company was renamed as “GABO MINING LTD.” and started trading on the TSX Venture Exchange under the symbol “GAB”. The Company consolidated its common shares on the basis of one new post-consolidation common share for every seven pre-consolidation common shares. All share and per share amounts reflect the consolidation.

The Company’s registered office is Suite 410 – 325 Howe Street, Vancouver, British Columbia, V6C 1Z7.

NOTE 2 – BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Measurement

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries Medallion Research USA, Inc. and Medallion Innovations UK Limited. All intercompany transactions and balances have been eliminated on consolidation.

Continuance of Operations

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company has not generated revenue from operations. The Company incurred a net loss of \$386,858 for the six months ended September 30, 2024, and as at that date the Company’s accumulated deficit was \$30,887,780. The Company does not generate any cash flow from operations to fund its future activities and has relied principally upon the issuance of securities to fund its operating and administrative expenditures. On June 26, 2024, the Company completed the first tranche of a private placement for gross proceeds of \$1,070,000 (see Note 8) and on October 8, 2024, completed the second and final tranche for gross proceeds of \$105,000 (see Note 13).

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

NOTE 3 - MATERIAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended March 31, 2024.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended March 31, 2024. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the current fiscal year ending March 31, 2025.

NOTE 4 – RESEARCH COSTS & TECHNOLOGY LICENSE

Details of research costs in connection with the Company's efforts to finance, develop and construct LAD Chromatography and MMP processing facilities and/or enter into commercial partnerships are set out below. These costs support the Company's strategy of focusing on mid-stream separation and purification of magnetic REOs.

	For the six months ended	
	September 30	
	2024	2023
Consulting	\$ -	\$ 74,563
	\$ -	\$ 74,563

On February 17, 2021, the Company acquired the Technology License from Hasler Ventures LLC under which the Company had exclusive rights to LAD Chromatography developed by Purdue to separate minerals from all raw material feed stocks excluding coal sources and recycled materials from manufacturing wastes and recycles from battery and magnet sources. On March 30, 2023, the Company and Purdue amended the Technology License such that the Company committed to raise at least US\$5,000,000 by September 30, 2023. In support of the research program, the Company also purchased specialized equipment to be used by Purdue University for \$152,146 (see Note 6). The Company was unable to raise the required amount and on October 17, 2023, the Company received a notice of termination of the agreement with Purdue and therefore the balance of the Technology License was fully impaired.

In consideration for acquisition of the Technology License, the Company issued 1,000,000 fully paid shares to a nominee of Hasler Ventures LLC at a fair value of \$300,000 and paid cash consideration of \$9,833. The Technology License is an intangible asset and is amortized over the 20-year term of the license.

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unaudited)
For the six months ended September 30, 2024 and 2023

NOTE 4 – RESEARCH COSTS & TECHNOLOGY LICENSE (cont'd)

Cost - Technology license	
Balance, March 31, 2023	\$ 309,833
Additions	-
Balance, September 30, 2023	\$ 309,833
Additions	-
Balance, March 31, 2024	\$ 309,833
Additions	-
Balance, September 30, 2024	\$ 309,833
Accumulated amortization and impairment	
Balance, March 31, 2023	\$ 32,920
Depreciation	7,746
Impairment	269,167
Balance, September 30, 2023	\$ 309,833
Depreciation	-
Balance, March 31, 2024	\$ 309,833
Balance, September 30, 2024	\$ 309,833
Net book value, March 31, 2024	\$ -
Net book value, September 30, 2024	\$ -

NOTE 5 – PREPAID EXPENSES

	September 30, 2024	March 31, 2024
Consulting and other	\$ 41,559	\$ 808
	\$ 41,559	\$ 808

NOTE 6 – EQUIPMENT

Cost - Research equipment	
Balance, March 31, 2023	\$ 152,146
Additions	-
Balance, September 30, 2023	\$ 152,146
Additions	-
Balance, March 31, 2024	\$ 152,146
Additions	-
Balance, September 30, 2024	\$ 152,146
Accumulated amortization and impairment	
Balance, March 31, 2023	\$ 16,302
Depreciation	10,868
Balance, September 30, 2023	\$ 27,170
Depreciation	-
Impairment	124,976
Balance, March 31, 2024	\$ 152,146
Balance, September 30, 2024	\$ 152,146
Net book value, March 31, 2024	\$ -
Net book value, September 30, 2024	\$ -

NOTE 6 – EQUIPMENT (cont'd)

Research equipment was purchased to support the Purdue University LAD Chromatography project, which project was terminated on October 17, 2023 (see Note 4).

NOTE 7 – RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these condensed consolidated interim financial statements are as follows:

- a) During the six months ended September 30, 2024, \$Nil (2023 - \$12,485) was incurred in management fees and salaries to the former Chief Executive Officer of the Company. At September 30, 2024 \$Nil (March 31, 2024 – \$ Nil) was owed to this person.
- b) During the six months ended September 30, 2024, the Company incurred \$44,850 (2023 - \$11,220) of accounting and consulting fees to a company of which the Company's CFO, Mr. Doyle is a shareholder. At September 30, 2024 \$26,593 (March 31, 2024 – \$37,522) was owed to this company, and \$10,454 (March 31, 2023 – \$7,815) was owed to Mr. Doyle for reimbursement of expenses.
- c) During the six months ended September 30, 2024, \$118,797 (2023 - \$20,250) was charged by a private company controlled by a director of the Company for marketing and consulting fees. At September 30, 2024 \$Nil (March 31, 2024 – \$41,559) was owed to this company.
- d) During the six months ended September 30, 2024, \$36,000 (2023 - \$27,000) was incurred to directors for director fees. At September 30, 2024 \$17,569 (March 31, 2024 – \$84,019) was owed to directors.

NOTE 8 – SHARE CAPITAL

Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value.

Share consolidation

On February 14, 2024, the Company effected a consolidation of its issued share capital on a seven pre-consolidation common shares for one new common share basis. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

Fiscal 2025

On June 26, 2024, the Company closed the first tranche of the non-brokered private placement. The first tranche resulted in the issue of 10,700,000 units at a price of \$0.10 per unit for gross proceeds of \$1,070,000. Each unit is comprised of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one common share until June 26, 2027 at an exercise price of \$0.15 per warrant share. The warrants were ascribed a value of \$466,890 under the Black-Scholes valuation model with the residual of \$603,110 being allocated to share capital. In accordance with the Company's accounting policy in regard to unit bifurcation, the Company calculated the relative fair value of the unit warrants with the use of the Black-Scholes option pricing model with the following assumptions: term of 3 years, dividend yield of 0%, expected volatility of 146.27% and a risk-free interest rate of 3.88%. On October 8, 2024, the Company closed the second and final tranche of the private placement for gross proceeds of \$105,000 (see Note 13).

Fiscal 2024

There were no common shares issued during the year ended March 31, 2024.

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unaudited)
For the six months ended September 30, 2024 and 2023

NOTE 8 – SHARE CAPITAL (cont'd)

Warrants

A summary of the changes in the Company's warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance - March 31, 2023	715,121	\$ 1.40
Expired	(715,121)	1.40
Balance - September 30, 2023	-	\$ -
Balance - March 31, 2024	-	\$ -
Addition	10,700,000	0.15
Balance - September 30, 2024	10,700,000	\$ 0.15

On October 8, 2024, 1,050,000 warrants were issued (see Note 13).

As of September 30, 2024, the following warrants were outstanding:

Expiry Date	Number of warrants outstanding and exercisable	Exercise Price
June 26, 2027	10,700,000	0.15
	10,700,000	

As at September 30, 2024, the weighted average remaining life of the outstanding warrants is 2.74 years (March 31, 2024 – 0 years).

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options

The Board of Directors is authorized, pursuant to the Company's Stock Option Plan, to grant options to directors, officers, consultants, or employees to acquire up to 10% of the issued and outstanding common shares at the time of grant. The exercise price for a stock option must not be less than the market price of the Company's common shares at the time the option is granted, less applicable discounts permitted by the TSX Venture Exchange. Stock options granted under this plan are exercisable over a period not exceeding five years.

A summary of the changes in the Company's stock options is presented below:

	Number of Stock Options	Weighted Average Exercise Price
Balance – March 31, 2023	957,160	\$1.23
Balance – September 30, 2023	957,160	\$1.23
Expired/cancelled	(461,634)	1.04
Balance – March 31, 2024	495,526	\$1.39
Expired/cancelled	(35,356)	1.30
Balance – September 30, 2024 – Outstanding and exercisable	460,170	\$1.40

As of September 30, 2024, the following stock options were outstanding:

Expiry Date	Number of Stock Options Outstanding	Exercise Price
May 25, 2025	199,999	0.735
July 22, 2025	48,214	1.365
September 18, 2025	75,710	2.31
March 29, 2026	56,248	2.905
August 18, 2026	71,428	1.19
December 7, 2026	8,571	0.735
	460,170	\$ 1.40

As at September 30, 2024, the weighted average remaining life of the outstanding and exercisable options is 1.04 years (March 31, 2024 – 1.45 years).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2024	2023
Risk-free interest rate	Nil	0.88%
Expected stock price volatility	Nil	121%
Expected option life in years	Nil	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

The total share-based payment expense for the six months ended September 30, 2024, was \$Nil (2023 - \$Nil).

NOTE 9 – INVESTMENTS

In a letter of intent dated July 22, 2021 ("Letter of Intent"), the Company and ACDC Metals Ltd (formerly ACDC Metals Pty Ltd) ("ACDC"), an Australian private company, set out non-binding terms by which Medallion proposed to grant to ACDC a single use, non-transferable, and geographically constrained license to the Medallion Monazite Process ("MMP"), and an option to sublicense the LAD Process, and ACDC agreed to issue to Medallion 4,500,000 founder shares of ACDC, which were issued on November 1, 2021 at AU\$0.001 per share. On October 17, 2023, the Company's rights to the LAD Process were terminated and therefore the ACDC option to sublicense the LAD Process no longer applies.

On December 8, 2021 the Company purchased an additional 300,000 shares of ACDC at AU\$0.10 per share.

On October 2, 2022 the Company entered into a definitive agreement with ACDC, replacing the Letter of Intent, whereby ACDC has the exclusive right to MMP to extract rare earth elements (REEs) from monazite sourced as a byproduct of heavy mineral sand production in the states of Victoria, New South Wales, South Australia, and in the Northern Territory, Australia.

In addition to the initial founder shares, ACDC issued 2,500,000 Class C performance rights convertible into the same number of ACDC's common shares upon completion of a pilot plant using the MMP, and 750,000 Class D performance rights convertible into the same number of ACDC's common shares upon commercial production of REEs from a MMP facility, and ACDC will pay the Company a royalty of 2% on the sale of mixed REE compounds and other minerals produced by ACDC and processed using the MMP.

On November 9, 2022 ACDC lodged a prospectus with the Australian Securities & Investment Commission whereby ACDC offered 40,000,000 shares at AU\$0.20 per share in an initial public offering (IPO).

On December 9, 2022 the Company and ACDC entered into a Restriction Deed whereby the Company agreed that 4,650,000 of the ACDC common shares (the "Restricted Shares"), 2,500,000 Class C performance rights, 750,000 Class D performance rights, or any common shares issued upon conversion of performance rights, shall be escrowed for 24 months from the first trading day of the ordinary shares.

The cost base of Medallion's 4,800,000 common shares of ACDC is \$31,746.

As at September 30, 2024, all the 4,800,000 shares of ACDC are free trading within 12 months (the "Trading Shares") with a fair value of \$259,413 (\$0.05 per share) (2024-\$241,124 (\$0.05 per share)).

As at September 30, 2024, no value was attributed to the performance rights as management of the Company has determined that there is insufficient support for whether ACDC will achieve either of the performance milestones. The Company will continue to reassess the likelihood of ACDC achieving the milestones on a periodic basis and record the fair value of the performance rights if and when supporting indicators are present.

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unaudited)
For the six months ended September 30, 2024 and 2023

NOTE 9 – INVESTMENTS (cont'd)

	Current Asset (\$)	Non-current Asset (\$)	Total (\$)
Cost			
March 31, 2023 (Audited)	992	30,754	31,746
Additions	-	-	-
September 30, 2023 (Unaudited)	992	30,754	31,746
Reclassification	30,754	(30,754)	-
March 31, 2024 (Audited)	31,746	-	31,746
Additions	-	-	-
September 30, 2024 (Unaudited)	31,746	-	31,746
Fair value			
March 31, 2023 (Audited)	17,667	547,677	565,344
Unrealized gain (loss)	(8,022)	(248,689)	(256,711)
September 30, 2023 (Unaudited)	9,645	298,988	308,633
Unrealized gain (loss)	(2,110)	(65,399)	(67,509)
Reclassification	233,589	(233,589)	-
March 31, 2024 (Audited)	241,124	-	241,124
Unrealized gain (loss)	18,289	-	18,289
September 30, 2024 (Unaudited)	259,413	-	259,413

NOTE 10 – CONVERTIBLE DEBENTURES/PROMISSORY NOTES

On August 2, 2022, the Company executed Securities Purchase Agreements (collectively, the “SPAs”) with two creditors (the “Holders”) whereby the Company issued convertible debentures for net proceeds of US\$975,000 (\$1,285,400). The convertible debentures had a term of one year, maturing on August 1, 2023 (the “Maturity Date”), and bore interest at the rate of 5.0% per annum.

The principal value of the convertible debentures was US\$1,150,000 of which US\$150,000 (\$192,811) was initially recognized as a financing charge and was recorded as interest and accretion expense as the balance is amortized over the term of the convertible debentures. The convertible debentures were unsecured but included negative covenants that restricted the Company’s ability to incur indebtedness other than capital lease obligations and other indebtedness incurred in connection with the acquisition of machinery and equipment, and trade accounts and insurance premium financing incurred in the ordinary course, unless the proceeds of such indebtedness were used to pay amounts due under the convertible debentures.

Under the SPA’s, if the Company were to complete an Initial Public Offering on the Nasdaq Capital Market or equivalent exchange in the United States, and delist from the TSX-V (collectively, the Qualified Public Offering, or “QPO”), the convertible debentures would have been convertible at the option of the Holders (principal plus accrued interest) into the same common shares or units offered in the QPO at a price that is equal to 75% of the offering price. The Company did not complete a QPO on or before August 1, 2023 and therefore the convertibility is no longer valid and thus, the convertible debentures (principal plus accrued interest) are repayable in cash as a promissory note. Further, if the Company had completed a QPO on or before August 1, 2023, the Company was committed to issue to the Holders such number of share purchase warrants equal to dividing 50% of the initial principal amount (US\$1,150,000) by 75% of the QPO price.

The exercise price of the warrants would have been equal to the QPO price on issuance. As the warrants have not been issued and will not be issued, no value was attributed to the warrants for purposes of the accounting for the convertible debentures.

NOTE 10 – CONVERTIBLE DEBENTURES/PROMISSORY NOTES (cont'd)

As the SPAs are denominated in the United States dollar and the functional currency of the Company is the Canadian dollar, the conversion feature was considered an embedded derivative and, collectively, the convertible debentures and conversion feature was considered a hybrid instrument. The embedded derivative was recorded at fair value, adjusted by a probability factor of the Company completing a QPO on or before the Maturity Date, and was to be re-measured each period with movements being recorded as a gain or loss on the condensed consolidated interim statements of comprehensive loss. The difference between the fair value of the derivative and the face value of the debt was allocated to the convertible debentures.

As a result, the recorded liability to repay the convertible debentures was lower than its face value. Using the effective interest rate method, the convertible debentures were accreted up to their face value over the term of the convertible debentures. The Company recorded accretion and interest expense (net of amortization of the deferred financing charge (liability)) totaling \$274,861 (2023 - \$174,945) and a foreign exchange adjustment of \$(4,006) for the year ended March 31, 2024 (2023 - \$67,571).

Upon initial recognition and prior to the allocation of transaction costs (US\$25,000 (\$32,136)), the fair value of the derivative was determined to be \$nil using the Black-Scholes option pricing model with the following assumptions: share price of \$0.07, exercise price of \$0.053, risk-free rate of 3.10%, expected volatility of 113%, expected life of 1.00 year, no dividend yield, and a probability adjustment factor of 0%. As at September 30, 2024, given the Company has determined that under current market conditions it will not be able to complete a QPO on or before August 31, 2024, the fair value remained \$Nil.

On July 31, 2023, the Company entered into amendments with the holders of the unsecured convertible debentures whereby the term was extended from August 2, 2023 to October 31, 2023, the convertibility features and any obligation for the Company to issue warrants to purchase shares of the Company associated with the unsecured convertible debentures were cancelled, in exchange for which the Company accrued to the Holders a loan bonus of \$133,350 (US\$100,000). On July 31, 2023 the convertible debentures were extinguished, and the new "promissory notes" were added as a replacement of the convertible debentures with an interest rate of 5% to October 31, 2023. The new promissory notes were valued using an estimated market interest rate of 15% resulting in a gain on extinguishment of \$37,914.

On December 14, 2023, the Company entered into the second amendments with the Holders to extend the term to June 30, 2024. The Company also accrued a mandatory default premium of \$367,017 (US\$264,556) (20% of outstanding principal and interest as at October 31, 2023). From October 31, 2023 to December 14, 2023, interest accrued to the Holders on the aggregate outstanding principal amount of the promissory note at the rate of 15% per annum and thereafter an interest free period that begins on December 15, 2023 and ends on June 30, 2024. The amendment resulted in a modification gain of \$147,326 using the original effective interest rate of 15% per annum.

On June 14, 2024, the Company entered into the third amendments with the Holders to extend the term to September 30, 2024 in consideration of the issuance of warrants subject to the approval of TSXV. Subsequently, the Company has elected not to issue warrants and is in discussion with respect to further amendments. The amendment resulted in a modification gain of \$94,277 using the original effective interest rate of 15% per annum.

On September 25, 2024, the Company repaid USD\$200 (CAD\$ 269) of the promissory notes.

Subsequent to September 30, 2024, the Company repaid CAD\$250,000 of the promissory notes.

GABO MINING LTD. (formerly MEDALLION RESOURCES LTD.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unaudited)
For the six months ended September 30, 2024 and 2023

NOTE 10 – CONVERTIBLE DEBENTURES/PROMISSORY NOTES (cont'd)

A reconciliation of the convertible debenture liability is as follows:

Balance, March 31, 2023	\$ 1,527,916
Interest expense and accretion	105,179
Foreign exchange adjustment	(22,894)
Extinguishment	(1,610,201)
Balance, August 2, 2023	\$ -

A reconciliation of the promissory note liability is as follows:

Balance, August 2, 2023	\$ -
Transferred from Convertible debentures	\$ 1,572,288
Loan bonus	133,350
Interest expense	169,682
Modification of debt	(147,326)
Default premium	367,017
Foreign exchange adjustment	18,888
Balance, March 31, 2024	\$ 2,113,899
Interest expense and accretion	162,267
Modification of debt	(94,277)
Repayment of Promissory notes	(269)
Foreign exchange adjustment	(7,730)
Balance, September 30, 2024	\$ 2,173,890

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the levels in the fair value hierarchy in which the Company's financial assets and liabilities are measured and recognized in the condensed consolidated interim statement of financial position. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance September 30, 2024
Investments - trading shares	\$ 259,413	\$ -	\$ -	\$ 259,413

The fair value of the Company's accounts payable and accrued liabilities, due to related parties and convertible debentures' approximates their carrying values due to the short-term nature of these instruments. The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and commodity-price risk.

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

a) Credit risk

The Company's cash is held in a major Canadian financial institution. The Company does not have any significant exposure to credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable, accrued liabilities, convertible debentures, promissory notes, and due to related parties are due within the current operating period.

c) Commodity price risk

The ability of the Company to develop its business and the future profitability of the Company are directly related to the market price of several commodities. The Company has not hedged any potential future commodity sales. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

d) Sensitivity analysis

The Company has, for accounting purposes, designated its investment as FVTPL. Cash, accounts payable, accrued liabilities, amounts due to related parties, convertible debts, and promissory notes are measured at amortized cost.

Based on management's knowledge and experience of the financial markets and the fact that there are no interest charges from December 15, 2023 to September 30, 2024, management does not believe that the Company's current financial instruments will be affected significantly by interest rate risk. The convertible debentures are denominated in US dollars and therefore the Company's current financial instruments do result in a foreign currency risk, which the Company seeks to mitigate by holding cash in US dollars. Commodity price risk could, however, affect the Company. In particular, the Company's future profitability and viability of development depends upon world markets for natural resources. As of September 30, 2024, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future financing transactions such as equity offerings, exercise of stock options and warrants, and debt or convertible debt to finance project development. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

NOTE 12 – MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital (Note 8). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may look to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing business development efforts, the Company does not currently pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments issued by a major Canadian chartered bank. The Company is not subject to externally imposed capital requirements.

There has been no change in the Company's management of capital risk during the six months ended September 30, 2024.

NOTE 13 – SUBSEQUENT EVENTS

On October 8, 2024, the Company closed the second tranche of the non-brokered private placement. The second tranche resulted in the issue of 1,050,000 units at a price of \$0.10 per unit for gross proceeds of \$105,000. Each unit is comprised of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one common share until October 8, 2027 at an exercise price of \$0.15 per warrant share.

Effective Nov. 11, 2024, David Shaw resigned from Gabo Mining Ltd.'s board of directors.