

HIGHWAY 50 GOLD CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED**

SEPTEMBER 30, 2024 AND 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Highway 50 Gold Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
As at

| | September 30, 2024 | December 31, 2023 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 41,063 | \$ 142,920 |
| Receivables | 2,171 | 1,764 |
| Prepaid expenses (Note 6) | 10,052 | 7,561 |
| | <u>53,286</u> | <u>152,245</u> |
| Equipment | - | 6,904 |
| Reclamation bonds | 17,291 | 16,947 |
| Right of use asset | 67,800 | 15,675 |
| Exploration and evaluation assets (Note 4) | <u>1,290,505</u> | <u>1,054,448</u> |
| | <u>\$ 1,428,882</u> | <u>\$ 1,246,219</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 9,350 | \$ - |
| Loans payable (Note 6) | 640,582 | 384,324 |
| Lease liabilities | 25,175 | 18,172 |
| | <u>675,107</u> | <u>402,496</u> |
| Non-current | | |
| Lease liabilities | <u>43,875</u> | <u>-</u> |
| Total liabilities | <u>718,982</u> | <u>402,496</u> |
| Shareholders' equity | | |
| Capital stock (Note 5) | 10,426,214 | 10,339,435 |
| Share compensation reserve (Note 5) | 2,961,569 | 2,355,608 |
| Deficit | <u>(12,677,883)</u> | <u>(11,851,320)</u> |
| Total shareholders' equity | <u>709,900</u> | <u>843,723</u> |
| Total liabilities and shareholders' equity | <u>\$ 1,428,882</u> | <u>\$ 1,246,219</u> |

Nature and continuance of operations (Note 1)

Basis of preparation (Note 2)

On behalf of the Board:

“Gordon P. Leask”

Director

“Megan Cameron-Jones”

Director

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

Highway 50 Gold Corp.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|--------------------|---------------------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| EXPENSES | | | | |
| Accounting and audit (Note 6) | \$ 11,600 | \$ 9,000 | \$ 65,916 | \$ 57,062 |
| Amortization | 6,780 | 6,311 | 19,440 | 18,934 |
| Bank charges | 69 | 483 | 725 | 1,377 |
| Consulting fees (Note 6) | 6,000 | 12,000 | 18,000 | 32,000 |
| Investor relations and shareholder information | 1,862 | - | 2,886 | 958 |
| Legal | 15,681 | 9,654 | 19,982 | 15,900 |
| Lease accretion | 2,187 | 864 | 4,223 | 3,140 |
| Office and administration | 6,621 | 6,314 | 24,147 | 29,841 |
| Stock-based compensation (Note 5) | 637,690 | 3,154 | 637,690 | 195,240 |
| Transfer agent and listing fees | 6,995 | 3,281 | 17,866 | 14,687 |
| Travel | - | 833 | 1,796 | 13,597 |
| | (695,485) | (51,894) | (812,671) | (382,736) |
| Write-off of equipment | - | - | (6,904) | - |
| Foreign exchange | 1,108 | (7,284) | (8,720) | (2,402) |
| Gain on lease termination | - | - | 1,732 | - |
| Loss and comprehensive loss for the period | \$ (694,377) | \$ (59,178) | \$ (826,563) | \$ (385,138) |
| Basic and diluted loss per common share | \$ (0.02) | \$ (0.00) | \$ (0.02) | \$ (0.01) |
| Weighted average number of common shares outstanding, basic and diluted | 46,141,214 | 47,811,556 | 45,995,218 | 43,699,227 |

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

Highway 50 Gold Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Nine months ended September 30, | |
|---|---------------------------------|-------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (826,563) | \$ (385,138) |
| Items not affecting cash: | | |
| Amortization | 19,440 | 18,934 |
| Lease accretion | 4,223 | 3,140 |
| Gain on lease termination | (1,732) | |
| Stock-based compensation | 637,690 | 195,240 |
| Write-off of equipment | 6,904 | - |
| Unrealized foreign exchange | 5,914 | 817 |
| Change in non-cash working capital items: | | |
| Receivables | (407) | 2,899 |
| Prepaid expenses | (2,491) | (5,683) |
| Accounts payable and accrued liabilities | 9,350 | 5,005 |
| | <u>(147,672)</u> | <u>(164,786)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration and evaluation assets | <u>(236,057)</u> | <u>(460,774)</u> |
| | <u>(236,057)</u> | <u>(460,774)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease payments | (23,178) | (21,375) |
| Issuance of commons shares for cash | - | 624,785 |
| Share issuance costs | - | (64,570) |
| Proceeds from exercise of stock options | 55,050 | - |
| Proceeds from loan payable | 250,000 | - |
| | <u>281,872</u> | <u>538,840</u> |
| Change in cash | (101,857) | (86,720) |
| Cash, beginning | <u>142,920</u> | <u>287,110</u> |
| Cash, end | <u>\$ 41,063</u> | <u>\$ 200,390</u> |

Supplemental disclosure with respect to cash flows (Note 9)

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

Highway 50 Gold Corp.
Condensed Consolidated Interim Statements of Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Number of Shares | Capital Stock | Share Compensation Reserve | Deficit | Total |
|------------------------------------|---------------------|------------------|----------------------------------|-----------------|--------------|
| Balance, December 31, 2022 | 41,608,982 | \$ 9,797,112 | \$ 2,140,316 | \$ (7,527,109) | \$ 4,410,319 |
| Issuance of common shares for cash | 4,165,232 | 624,785 | - | - | 624,785 |
| Share issue costs | - | (82,462) | 17,892 | - | (64,570) |
| Stock-based compensation | - | - | 195,240 | - | 195,240 |
| Loss for the period | - | - | - | (385,138) | (385,138) |
| Balance, September 30, 2023 | 45,774,214 | \$ 10,339,435 | \$ 2,353,448 | \$ (7,912,247) | \$ 4,780,636 |
| Balance, December 31, 2023 | 45,774,214 | \$ 10,339,435 | \$ 2,355,608 | \$ (11,851,320) | \$ 843,723 |
| Exercise of stock options | 367,000 | 86,779 | (31,729) | - | 55,050 |
| Stock-based compensation | - | - | 637,690 | - | 637,690 |
| Loss for the period | - | - | - | (826,563) | (826,563) |
| Balance, September 30, 2024 | 46,141,214 | \$ 10,426,214 | \$ 2,961,569 | \$ (12,677,883) | \$ 709,900 |

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

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

Highway 50 Gold Corp. (the “Company”) is a Canadian company incorporated in British Columbia. The Company’s activities have focused on exploration and evaluation assets located in British Columbia and Nevada, USA. The Company’s registered and records office is at Suite 910, 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company’s head office is at 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6. The common shares of the Company are listed on the TSX Venture Exchange (the “Exchange”) and trade under the symbol “HWY”.

At the date of these condensed consolidated interim financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at September 30, 2024, the Company had working capital deficiency of \$621,821 and an accumulated deficit of \$12,677,883. These items may cast a significant doubt on the Company’s ability to continue as a going concern. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These condensed consolidated interim financial statements were authorized by the board of directors of the Company on November 27, 2024.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company’s exploration and evaluation assets does not necessarily represent present or future values, and the Company’s exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management’s assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company’s exploration and evaluation assets properties.

To the extent that any of management’s assumptions change, there could be a significant impact on the Company’s future financial position, operating results and cash flows.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company’s future operating results or on other components of shareholders’ equity.

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

2. BASIS OF PREPARATION (cont'd...)

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company (Note 6). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the entities' functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the entity that are denominated in foreign currencies are translated at the rate of exchange at the condensed consolidated interim statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2023.

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

4. EXPLORATION AND EVALUATION ASSETS

| | Johnson Canyon, Nevada, USA | Gold Knob, Nevada, USA | Golden Brew, Nevada, USA | Quito North, Nevada, USA | Monroe, BC, Canada | Total |
|---|--------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------|------------------|
| ACQUISITION | | | | | | |
| Balance, December 31, 2022 | \$ 265,025 | \$ 869,294 | \$ 455,006 | \$ - | \$ 4,427 | \$ 1,593,752 |
| Property payments | 44,477 | 140,814 | 24,159 | - | - | 209,450 |
| Write-down of exploration and evaluation assets | (309,502) | - | (479,165) | - | (4,427) | (793,094) |
| Balance, December 31, 2023 | - | 1,010,108 | - | - | - | 1,010,108 |
| Property payments | 54,591 | 135,869 | 16,447 | 19,450 | - | 226,357 |
| Balance, September 30, 2024 | \$ 54,591 | \$ 1,145,977 | \$ 16,447 | \$ 19,450 | \$ - | \$ 1,236,465 |
| EXPLORATION | | | | | | |
| Balance, December 31, 2022 | \$ 28,412 | \$ 24,174 | \$ 741,507 | \$ - | \$ 2,103,073 | \$ 2,897,166 |
| Mapping | - | 17,944 | 1,994 | - | - | 19,938 |
| Administrative | - | 560 | - | - | - | 560 |
| Drilling | - | - | - | - | 222,328 | 222,328 |
| Field operations | - | 1,662 | 4,313 | - | - | 5,975 |
| Supplies | - | - | - | - | 1,343 | 1,343 |
| Travel | - | - | - | - | 168 | 168 |
| Roads & site | - | - | - | - | 1,960 | 1,960 |
| Write-down of exploration and evaluation assets | (28,412) | - | (747,814) | - | (2,328,872) | (3,105,098) |
| Balance, December 31, 2023 | - | 44,340 | - | - | - | 44,340 |
| Assays | - | 847 | - | - | - | 847 |
| Travel | - | - | - | 8,853 | - | 8,853 |
| Balance, September 30, 2024 | \$ - | \$ 45,187 | \$ - | \$ 8,853 | \$ - | \$ 54,040 |
| CARRYING VALUE | | | | | | |
| December 31, 2023 | \$ - | \$ 1,054,448 | \$ - | \$ - | \$ - | \$ 1,054,448 |
| September 30, 2024 | \$ 54,591 | \$ 1,191,164 | \$ 16,447 | \$ 28,303 | \$ - | \$ 1,290,505 |

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing. The exploration and evaluation assets in which the Company has committed to earn an interest are located in the United States and Canada.

The Company is required to post bonds with the Bureau of Land Management (“BLM”) as security towards future site restoration work and will be released to the Company upon satisfactory completion of that work. The bonds posted relate to the Golden Brew and Porter Canyon properties.

Johnson Canyon Property, Lander County, Nevada

The Company holds a 100% interest in the Johnson Canyon project, located in Lander County, Nevada.

During the year ended December 31, 2023, due to a lack of planned exploration expenditure, the value has been written down to \$Nil as at December 31, 2023.

Gold Knob Property, Pershing County, Nevada

The Company holds a 100% interest in the Gold Knob property located in Pershing county, Nevada. Out of 3% net smelter return (“NSR”) royalty, the Company may repurchase up to 2% for US\$1 million for each 1% of the NSR.

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Golden Brew Property, Lander County, Nevada

The Company holds a 100% interest in the Golden Brew claims subject to a royalty payable on production equal to a 0.5% NSR on certain claims payable to Genesis Gold Corporation.

During the year ended December 31, 2023, due to a lack of planned exploration expenditure, the value has been written down to \$Nil as at December 31, 2023.

Quito North Property, Nevada

The Company staked 34 unpatented claims located in central Nevada during the nine months ended September 30, 2024.

Monroe Property, Fort Steele Mining Division, British Columbia

During the year ended December 31, 2016, the Company executed an option agreement to earn an undivided 50% interest in the Monroe property located in the Fort Steele Mining Division, southeast British Columbia. In order to exercise the option (the "Option"), the Company has made a firm commitment to spend an initial \$100,000 in exploration expenditures on the Monroe property in the first year (commitment met as at December 31, 2016), followed by additional annual optional exploration expenditures totalling \$2.9 million by May 2021.

On April 9, 2021, the option was amended to a cumulative total of explorations expenditures of no less than \$3 million on or before May 2, 2022. During the year ended December 31, 2022, the option was amended and the Company must complete the expenditures on or before May 2, 2023.

During the year ended December 31, 2023, the option was further amended and the Company must complete the expenditures on or before May 2, 2024.

The Company will be the operator on the Monroe property during the course of the Option. The owners of the Monroe property are an officer and directors of the Company.

During the year ended December 31, 2023, there has been sufficient evidence of impairment of the Monroe Property, and the value has been written down to \$Nil as at December 31, 2023.

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

Authorized

Unlimited number of common shares without par value. All issued shares are fully paid.

During the nine months ended September 30, 2024, the Company:

- a) Issued 367,000 shares in relation to the exercise of stock options for proceeds of \$55,050. The Company reallocated \$31,729 from share compensation reserve to share capital in relation to the exercise.

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

- a) Closed a non-brokered private placement of 1,666,665 flow-through shares at a price of \$0.15 for proceeds of \$250,000. The premium received on the flow-through shares issued was determined to \$nil.
- b) Closed a non-brokered private placement of 2,498,567 units at a price of \$0.15 for proceeds of \$374,785. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a purchase price of \$0.20 until May 16, 2025. In connection with the financings, the Company paid cash finder's fees of \$37,435 and issued 249,566 finder's warrants valued at \$17,892, with similar terms. The finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: term of 2 years, expected volatility of 83.49%, risk-free rate of 3.95%, and expected dividends of \$nil. The Company also paid additional cash share issuance costs of \$27,135 in relation to the financings. The residual value of the warrants from this private placement was determined to be \$nil.

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd...)

Stock options

Under the Company's rolling stock option plan dated December 21, 2022, the Company may grant options, with a maximum term of ten years, for up to 10% of the Company's issued and outstanding common shares, to directors, employees and consultants at exercise prices to be determined by the market value on the date of grant. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted with the exception of options granted in relation to investor relations. Options granted to consultants engaged in investor relations activities must vest no earlier than as to one-quarter upon the grant date and as to a further one-quarter after each of the following three four-month periods.

Stock option transactions and the number of stock options outstanding are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|-----------------------------|-------------------|---------------------------------|
| Balance, December 31, 2022 | 3,285,000 | \$ 0.33 |
| Granted | 2,150,000 | 0.15 |
| Expired | (700,000) | 0.25 |
| Cancelled | (200,000) | 0.37 |
| Balance, December 31, 2023 | 4,535,000 | 0.26 |
| Granted | 370,000 | 0.16 |
| Exercised | (367,000) | 0.15 |
| Balance, September 30, 2024 | 4,538,000 | \$ 0.26 |

At September 30, 2024, the following incentive stock options were outstanding to directors, officers and employees:

| Number of Options Outstanding | Exercise Price (\$) | Expiry Date | Number of Options Exercisable |
|-------------------------------|---------------------|-------------------|-------------------------------|
| 1,525,000 | 0.37 | November 17, 2025 | 1,525,000 |
| 200,000 | 0.38 | January 4, 2026 | 200,000 |
| 460,000 | 0.35 | April 30, 2026 | 460,000 |
| 200,000 | 0.25 | December 2, 2027 | 200,000 |
| 1,783,000 | 0.15 | June 6, 2028 | 1,783,000 |
| 370,000 | 0.16 | August 26, 2029 | 370,000 |
| 4,538,000 | | | 4,538,000 |

Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting. During the period ended September 30, 2024, the Company recognized \$42,606 (2023 - \$195,240) in stock-based compensation expense with respect to options granted and vested during the period/year. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

| | Period ended September 30, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|------------------------------|
| Expected forfeiture rate | 0% | 0% |
| Risk-free interest rate | 2.95% | 3.55% |
| Expected life of options | 5 | 5 Years |
| Annualized volatility | 92.32% | 98.04% |
| Dividend | 0% | 0% |
| Weighted average fair value per option | \$0.12 | \$0.09 |

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd...)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|-----------------------------|-----------------------|---------------------------------------|
| Balance, December 31, 2022 | 2,617,697 | \$ 0.52 |
| Granted | 2,748,133 | 0.20 |
| Expired | (2,617,697) | 0.52 |
| Balance, December 31, 2023 | 2,748,133 | 0.20 |
| Granted | 3,998,676 | 0.16 |
| Balance, September 30, 2024 | 6,746,809 | \$ 0.18 |

At September 30, 2024, the following share purchase warrants were issued and outstanding:

| Number of Warrants Outstanding | Exercise Price | Expiry Date |
|-----------------------------------|-------------------|---------------------|
| 2,748,133 | \$0.20 | May 16, 2025 |
| 3,998,676 | \$0.16 | September 25, 2026* |
| 6,746,809 | | |

*200,000 warrants were exercised subsequent to September 30, 2024.

Stock-based compensation

During the period ended September 30, 2024, the Company recognized \$595,084 (2023 - \$Nil) in stock-based compensation expense with respect to 3,998,676 bonus warrants granted during the period/year (Note 6). The following weighted average assumptions were used for the Black-Scholes valuation of bonus warrants granted:

| | Period ended September 30, 2024 | Year ended December 31, 2023 |
|--|------------------------------------|---------------------------------|
| Expected forfeiture rate | 0% | - |
| Risk-free interest rate | 2.95% | - |
| Expected life of options | 5 | - |
| Annualized volatility | 97.56% | - |
| Dividend | 0% | - |
| Weighted average fair value per option | \$0.15 | - |

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiary listed in the following table:

| Name of Subsidiary | Country of Incorporation | Proportion of Ownership Interest | Principal Activity |
|---------------------------|--------------------------|-------------------------------------|---------------------|
| Highway 50 Gold (US) Inc. | Nevada, USA | 100% | Mineral exploration |

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

6. RELATED PARTY TRANSACTIONS (cont'd...)

All transactions with related parties are in the normal course of operations and are measured at their fair value as determined by management.

During the period ended September 30, 2024, the Company entered into the following transactions with related parties:

- a) Eagle Putt Ventures Inc. (“Eagle Putt”) is a private company controlled by Mr. Gordon P. Leask, a director and officer of the Company. As at September 30, 2024, the Company has loans outstanding of \$200,000 and US\$116,753 from Eagle Putt for total carry value of \$357,791 (December 31, 2023 - \$229,662).
- b) Rangefront Exploration Corp. (“Rangefront”) is a private company controlled by Mr. John M. Leask, a director to the Company. As at September 30, 2024, the Company has a loan outstanding of \$125,000 and US\$116,752 from Rangefront for total carry value of \$282,791 (December 31, 2023 - \$154,662).
- c) Cross Davis & Co. LLP (“Cross Davis”) is an accounting firm of which Scott Davis, an officer of the Company, is a partner. For the period ended September 30, 2024, Cross Davis charged \$27,000 (2023 - \$27,000) which is classified as accounting fees in the condensed consolidated interim statements of profit or loss. At September 30, 2024, the Company recorded a prepaid expense of \$3,150 (December 31, 2023 - \$3,150) to Cross Davis.
- d) Issued 3,998,676 bonus warrants at a fair value of \$595,084, in consideration of loans described above. Each bonus warrant entitles the holder to acquire one common share at an exercise price of \$0.16 for a two-year period.
- e) Granted stock options at a fair value of \$42,606 (2023 - \$188,757).

7. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of exploration and evaluation assets in North America. Geographical information is as follows:

| | Total Non-current Assets | Equipment and ROU Asset | Exploration and Evaluation Assets | Reclamation Bonds |
|--------------------|--------------------------------|----------------------------|--------------------------------------|----------------------|
| September 30, 2024 | | | | |
| Canada | \$ 67,800 | \$ 67,800 | \$ - | \$ - |
| United States | 1,307,796 | - | 1,290,505 | 17,291 |
| | \$ 1,375,596 | \$ 67,800 | \$ 1,290,505 | \$ 17,291 |
| December 31, 2023 | | | | |
| Canada | \$ 22,579 | \$ 22,579 | \$ - | \$ - |
| United States | 1,071,395 | - | 1,054,448 | 16,947 |
| | \$ 1,093,974 | \$ 22,579 | \$ 1,054,448 | \$ 16,947 |

8. FINANCIAL AND CAPITAL 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 fair value of the Company’s cash, receivables, reclamation bonds, accounts payable and accrued liabilities, lease liabilities, and loans payable approximate carrying value, which are the amounts on the condensed consolidated interim statements of financial position.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institutions in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of tax credits due from the government of Canada. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. As at September 30, 2024, the Company had a cash balance of \$41,063 to settle current liabilities of \$675,107.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, reclamation bond, loans payable and accounts payable that are denominated in United States dollars ("US\$"). A 10% fluctuation in the US\$ against the Canadian dollar would affect profit or loss for the period by approximately \$30,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

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 exploration and evaluation of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

Highway 50 Gold Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended September 30, 2024 and 2023

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the period ended September 30, 2024:

- Reallocated \$31,729 from share compensation reserve to share capital in relation to the exercise of stock options.

There were no supplemental disclosures with respect to cash flows during the period ended September 30, 2023.

| For the period ended September 30, | | 2024 | | 2023 |
|------------------------------------|----|------|----|------|
| Cash paid for income taxes | \$ | - | \$ | - |
| Cash paid for interest | \$ | - | \$ | - |
