



## **AUSTIN GOLD CORP.**

**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
*(Expressed in United States dollars)*

## AUSTIN GOLD CORP.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in United States dollars

	Note	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 3,164,187	\$ 630,623
Short-term investments	4	7,100,199	11,649,079
Receivables and other	5	231,677	211,285
		10,496,063	12,490,987
<b>Non-current assets</b>			
Marketable securities		8,911	16,473
Exploration and evaluation ("E&E") assets	6	2,321,334	2,369,034
Property and equipment		915	1,181
<b>Total assets</b>		<b>\$ 12,827,223</b>	<b>\$ 14,877,675</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7, 9	\$ 135,432	\$ 97,825
		135,432	97,825
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	16,329,958	16,329,958
Other reserves	8	2,254,350	2,044,692
Accumulated other comprehensive income (loss) ("AOCI")		(574,949)	(574,949)
Deficit		(5,317,568)	(3,019,851)
		12,691,791	14,779,850
<b>Total liabilities and shareholders' equity</b>		<b>\$ 12,827,223</b>	<b>\$ 14,877,675</b>
Nature of operations and going concern	1		
Commitments	11		
Subsequent events	13		

Approved on behalf of the Board of Directors:

*"Benjamin D. Leboe"*

Benjamin D. Leboe  
Chair of the Audit Committee and Director

*"Joseph J. Ovsenek"*

Joseph J. Ovsenek  
Chairman and Director

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

## AUSTIN GOLD CORP.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE LOSS

Unaudited - Expressed in United States dollars, except for share data

	Note	For the three months ended		For the nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Administrative expenses					
Management and consulting fees	9	\$ 154,476	\$ 121,535	\$ 427,232	\$ 496,847
Insurance		86,797	96,406	273,254	165,736
Professional fees		35,396	32,603	222,778	200,078
Share-based compensation	8 , 9	39,875	-	179,762	-
Listing and filing fees		52,598	872	153,954	101,554
Investor relations and marketing		37,695	122,667	104,100	124,861
Shareholder information		4,988	2,430	47,101	14,026
Travel expenses		5,468	9,727	12,927	18,925
General and administrative		3,035	2,407	12,327	6,963
Depreciation		89	131	266	401
<b>Operating loss</b>		(420,417)	(388,778)	(1,433,701)	(1,129,391)
Write-off of E&E assets	6	(1,471)	-	(1,225,129)	-
Unrealized fair value (loss) gain on marketable securities		149	(51,221)	(7,562)	(159,761)
Foreign exchange gain (loss)		(442)	814,968	2,130	809,477
Interest and finance income		130,069	80,045	366,700	116,821
<b>Earnings (loss) before taxes</b>		(292,112)	455,014	(2,297,562)	(362,854)
Current income tax expense		-	-	(155)	-
<b>Net earnings (loss) for the period</b>		\$ (292,112)	\$ 455,014	\$ (2,297,717)	\$ (362,854)
<b>Other comprehensive loss, net of tax</b>					
Items that may be subsequently reclassified to earnings or loss:					
Currency translation adjustments		-	(891,858)	-	(905,679)
<b>Comprehensive loss for the period</b>		\$ (292,112)	\$ (436,844)	\$ (2,297,717)	\$ (1,268,533)
Earnings (loss) per share - basic and diluted		\$ (0.02)	\$ 0.03	\$ (0.17)	\$ (0.03)
Weighted average number of shares		13,271,750	13,271,750	13,271,750	11,552,542

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

**AUSTIN GOLD CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - Expressed in United States dollars

	Note	For the three months ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2023	2022	2023	2022
<b>Cash flows used in operating activities</b>					
Net earnings (loss) for the period		\$ (292,112)	\$ 455,014	\$ (2,297,717)	\$ (362,854)
Items not affecting cash:					
Current income tax expense		-	-	155	-
Depreciation		89	131	266	401
Interest and finance income		(130,069)	(80,045)	(366,700)	(116,821)
Share-based compensation	8	39,875	-	179,762	-
Unrealized fair value loss (gain) on marketable securities		(149)	51,221	7,562	159,761
Unrealized foreign exchange (gain) loss		107	(803,178)	(51)	(857,840)
Write-off of E&E assets	6	1,471	-	1,225,129	-
Changes in non-cash working capital items:					
Receivables and other		79,368	93,427	(10,722)	(247,815)
Accounts payable and accrued liabilities		(21,219)	(127,727)	2,968	50,166
Income taxes paid		-	-	(155)	-
Net cash used in operating activities		(322,639)	(411,157)	(1,259,503)	(1,375,002)
<b>Cash flows generated by (used in) investing activities</b>					
Expenditures on E&E assets		(818,273)	(588,062)	(1,112,719)	(668,455)
Interest received		162,009	6,371	405,679	6,371
Purchase of short-term investments		(4,000,000)	-	(12,000,000)	(12,500,000)
Redemption of short-term investments		6,500,000	-	16,500,000	-
Restricted cash		-	(14,688)	-	(14,688)
Net cash generated by (used in) investing activities		1,843,736	(596,379)	3,792,960	(13,176,772)
<b>Cash flows generated by financing activities</b>					
Proceeds from initial public offering ("IPO")		-	-	-	15,019,000
Share issuance costs		-	-	-	(1,165,580)
Net cash generated by financing activities		-	-	-	13,853,420
<b>Increase (decrease) in cash and cash equivalents for the period</b>					
Cash and cash equivalents, beginning of period		1,644,336	1,457,364	630,623	1,094,550
Effect of foreign exchange rate changes on cash and cash equivalents		(1,246)	(31,288)	107	22,344
<b>Cash and cash equivalents, end of period</b>		<b>\$ 3,164,187</b>	<b>\$ 418,540</b>	<b>\$ 3,164,187</b>	<b>\$ 418,540</b>
Supplemental cash flow information	3				

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

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## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Expressed in United States dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	AOCI	Deficit	Total
Balance - December 31, 2021		9,517,000	\$ 2,714,755	\$ 1,624,053	\$ 143,972	\$ (1,951,460)	\$ 2,531,320
Shares issued pursuant to IPO		3,754,750	15,019,000	-	-	-	15,019,000
Share issuance costs		-	(1,403,797)	238,217	-	-	(1,165,580)
Currency translation adjustments		-	-	-	(905,679)	-	(905,679)
Loss for the period		-	-	-	-	(362,854)	(362,854)
Balance - September 30, 2022		13,271,750	\$ 16,329,958	\$ 1,862,270	\$ (761,707)	\$ (2,314,314)	\$ 15,116,207
Balance - December 31, 2022		13,271,750	\$ 16,329,958	\$ 2,044,692	\$ (574,949)	\$ (3,019,851)	\$ 14,779,850
Value assigned to share options and warrants vested	8	-	-	209,658	-	-	209,658
Loss for the period		-	-	-	-	(2,297,717)	(2,297,717)
Balance - September 30, 2023		13,271,750	\$ 16,329,958	\$ 2,254,350	\$ (574,949)	\$ (5,317,568)	\$ 12,691,791

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



## **1. NATURE OF OPERATIONS AND GOING CONCERN**

### **(a) Nature of operations**

Austin Gold Corp. (the "Company") was incorporated on April 21, 2020, in British Columbia ("BC"), Canada. The Company is a reporting issuer in BC and its common shares are traded on the NYSE American stock exchange under the symbol "AUST". The Company's principal place of business is the 9th Floor, 1021 West Hastings Street, Vancouver, BC, Canada, V6E 0C3.

The Company is focused on the acquisition, exploration and development of mineral resource properties primarily in the western United States of America ("USA").

The Company has not yet determined whether its mineral resource properties contain mineral reserves that are economically recoverable. The continued operation of the Company is dependent upon the preservation of its interest in its properties, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties.

### **(b) Going concern assumption**

These unaudited condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from September 30, 2023. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the nine months ended September 30, 2023, the Company incurred a net loss of \$2,297,717 and used cash in operating activities of \$1,259,503. As at September 30, 2023, the Company had cash and cash equivalents of \$3,164,187, a working capital (current assets less current liabilities) surplus of \$10,360,631 and an accumulated deficit of \$5,317,568.

The operations of the Company have primarily been funded by the issuance of common shares. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management estimates its current working capital will be sufficient to fund its current level of activities for at least the next twelve months.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.



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NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Company's significant accounting policies applied in these unaudited condensed interim consolidated financial statements are the same as those disclosed in Note 3 of the Company's annual consolidated financial statements as at and for the years ended December 31, 2022 and 2021. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements.

The functional currency of the Company and its subsidiary is the United States dollar ("USD" or "\$"). The presentation currency of these unaudited condensed interim consolidated financial statements is USD. Any reference to Canadian dollars is denoted by "C\$" or "CAD".

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2023.

### **(b) Significant accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant accounting policy judgments include:

- The assessment of the Company's ability to continue as a going concern which requires judgment related to future funding available to identify new business opportunities and meet working capital requirements, the outcome of which is uncertain (refer to Note 1b); and
- The application of the Company's accounting policy for impairment of E&E assets which requires judgment to determine whether indicators of impairment exist including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further E&E of resource properties are budgeted and evaluation of the results of E&E activities up to the reporting date. Management assessed impairment indicators for the Company's E&E assets and has concluded that no impairment indicators exist as of September 30, 2023.

### **(c) New accounting standards and recent pronouncements**

There are no other IFRS standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

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**3. CASH AND CASH EQUIVALENTS**

The composition of cash and cash equivalents consists of:

	September 30, 2023	December 31, 2022
Cash	\$ 654,286	\$ 630,623
Term deposits less than three months	2,509,901	-
	<u>\$ 3,164,187</u>	<u>\$ 630,623</u>

**4. SHORT-TERM INVESTMENTS**

	September 30, 2023	December 31, 2022
Term deposits	\$ 5,585,199	\$ 10,144,301
Redeemable short-term investment certificates ("RSTICs")	1,515,000	1,504,778
	<u>\$ 7,100,199</u>	<u>\$ 11,649,079</u>

The term deposits mature between February 13, 2024 and May 13, 2024 and the RSTICs mature on July 17, 2024.

**5. RECEIVABLES AND OTHER**

	September 30, 2023	December 31, 2022
Prepaid expenses and deposits	\$ 202,227	\$ 176,703
Tax receivables	29,450	34,582
	<u>\$ 231,677</u>	<u>\$ 211,285</u>





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**6. E&E ASSETS**

The E&E assets of the Company, by property and nature of expenditure, as of September 30, 2023 were as follows:

	Kelly Creek	Lone Mountain	Miller	Stockade Mountain	Fourmile Basin	Total
Balance - December 31, 2022	\$ 914,879	\$ 350,738	\$ 302,840	\$ 96,046	\$ 704,531	\$ 2,369,034
E&E expenditures:						
Acquisition costs	30,000	-	25,000	10,000	-	65,000
Assays	6,012	1,141	26,200	-	27,573	60,926
Consulting	3,294	76,624	31,875	16,256	21,250	149,299
Drilling	-	-	500,463	-	108,293	608,756
Field supplies and rentals	-	432	3,544	-	260	4,236
Field work	-	17,544	5,130	-	1,137	23,811
Finders' fees	-	-	15,000	-	-	15,000
Geophysics	-	2,300	-	-	-	2,300
Government payments	17,558	80,748	50,131	46,108	378	194,923
Share-based compensation	6,758	6,758	6,758	6,758	2,864	29,896
Travel	622	6,220	9,864	1,189	5,387	23,282
Write-off of E&E assets	(353,456)	-	-	-	(871,673)	(1,225,129)
Total E&E expenditures	(289,212)	191,767	673,965	80,311	(704,531)	(47,700)
<b>Balance - September 30, 2023</b>	<b>\$ 625,667</b>	<b>\$ 542,505</b>	<b>\$ 976,805</b>	<b>\$ 176,357</b>	<b>\$ -</b>	<b>\$ 2,321,334</b>

Acquisition costs include pre-production payments, lease payments and advanced royalty payments in accordance with the terms of the property agreements.

**(a) Kelly Creek Project (Nevada, USA)**

The Company entered into an agreement with Pediment Gold LLC (“Pediment”), a subsidiary of Nevada Exploration Inc. (“NGE”), for an option to earn up to a 70% interest in a joint venture on the Kelly Creek Project.

On May 3, 2023, the Company and Pediment agreed to amend the terms of the option to enter joint venture agreement. Under this second amendment, the Company may exercise the option to earn a 51% interest in the project by incurring a cumulative total of C\$2,500,000 (in progress) of E&E expenditures on the project by June 30, 2025. This total included the amount incurred on the project as of May 3, 2023 (\$923,757).

The Company has the option to increase its participating interest by an additional 19% to a total of 70% by incurring an additional C\$2,500,000 on E&E expenditures with no time limit, although the Company must continue to pay the underlying property lease payments and Bureau of Land Management (“BLM”) and county fees to keep the properties subject to the joint venture in good standing.

There are minimum annual royalty payments required by the Company as part of an underlying agreement within the Kelly Creek Project. Under the Hot Pot agreement, the Company is subject to the following minimum payments:

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**6. E&E ASSETS (Continued)**

September 16, 2021	\$30,000	Paid
September 16, 2022	\$30,000	Paid
September 16, 2023	\$30,000	Paid <sup>(1)</sup>
and every year thereafter		

<sup>(1)</sup> Paid subsequent to September 30, 2023.

Any mineral production on the claims is subject to a 3.0% net smelter return royalty which can be reduced to 2.0% upon payment of \$2,000,000. The Hot Pot lease and any additional property within 2.5 miles of the original boundary of the claims is also subject to 1.25% net smelter return royalty in favour of Battle Mountain Gold Exploration Corporation.

On June 1, 2023, the Company gave notice to Pediment that it will drop certain leases and claim holdings within the Kelly Creek Project, as permitted by the option to enter joint venture agreement with amendments. The claims dropped represented approximately 60% of the original claim holdings and included the claims under the Genesis agreement. As a result of the termination of certain leases and claim holdings, the Company incurred a write-off of E&E assets of \$353,456 which was recorded in the unaudited condensed interim consolidated statement of earnings (loss) and comprehensive loss.

**(b) Lone Mountain Property (Nevada, USA)**

The Company entered into a mineral lease agreement with an option to purchase the Lone Mountain Project with NAMMCO. Under the terms of the agreement, the Company is subject to the following pre-production payments:

Signing of the lease	\$80,000	Paid
November 1, 2021	\$30,000	Paid
November 1, 2022	\$20,000	Paid
November 1, 2023	\$20,000	Paid <sup>(1)</sup>
November 1, 2024	\$30,000	
November 1, 2025	\$30,000	
and every year thereafter <sup>(2)</sup>		

<sup>(1)</sup> Paid subsequent to September 30, 2023.<sup>(2)</sup> Pre-production payments increase by \$10,000 every year after November 1, 2025 to a maximum of \$200,000.

The Company is required to incur the following minimum E&E expenditures on the property:

September 1, 2024	\$150,000	In progress
September 1, 2025	\$250,000	In progress
September 1, 2026	\$300,000	In progress
September 1, 2027	\$300,000	In progress
September 1, 2028	\$400,000	In progress
September 1, 2029 <sup>(1)</sup>	\$400,000	In progress

<sup>(1)</sup> The work commitment terminates when \$1,800,000 has been spent on the property.

Any mineral production on the claims is subject to a 3.0% net smelter return royalty. The net smelter return royalty can be reduced by 0.5% to 2.5% for \$2,000,000. The Company has the option to purchase the entire interest in the project, except for the royalty, once there is a discovery of at least 500,000 ounces of gold (or equivalent in other metals) or a pre-feasibility study has been completed. The Company may exercise this option by payment of \$2,000,000, reduced by the pre-production payments paid to the date of purchase.

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**6. E&E ASSETS (Continued)****(c) Miller Project (Nevada, USA)**

The Company entered into a mineral lease agreement with an option to purchase the Miller Project with Shea Clark Smith and Gregory B. Maynard on February 1, 2021. Under the terms of the agreement, the Company is subject to the following annual lease payments:

Signing of the lease	\$50,000	Paid
	5,000 common shares	Issued
February 1, 2022	\$25,000	Paid
February 1, 2023	\$25,000	Paid
February 1, 2024	\$30,000 <sup>(1)</sup>	
and every year thereafter		

<sup>(1)</sup> Lease payments of \$30,000 are required every year after February 1, 2024, until a total of \$500,000 has been paid.

The Company is required to drill 2,000 meters by November 4, 2023 (completed) and an additional 3,000 meters by May 4, 2025.

The Company has the option to purchase the lease outright at any time for \$500,000 less cumulative lease payments to the date of purchase. Any mineral production on the claims is subject to a 2.0% net smelter return royalty and third-party claims acquired within the area of influence are subject to a 0.5% net smelter return royalty. The 2.0% net smelter return royalty can be reduced by 50% to 1.0% for \$2,000,000.

The Miller Project was recommended to the Company by Bull Mountain Resources, LLC (“BMR”). As a result, the Company is required to make finders’ fee payments in accordance with the introductory agent agreement (refer to Note 11).

The Miller Project consists of 117 claims in the original lease agreement and an additional 164 claims which were staked in January 2021 for a total of 281 unpatented lode mining claims covering approximately 22.9 km<sup>2</sup>. Although the Company had filed the required documentation with the BLM and county officials as required, there was a dispute on the ownership of 134 of the newly staked claims and on 36 of the original claims. Management monitored the BLM and county registration sites to confirm whether property maintenance fees were paid on the disputed claims by the contending party. The contending party did not pay the property maintenance fees on the disputed claims when they were due on September 1, 2022.

The Company believes it is probable that a future economic benefit will flow to the Company from this property.

**(d) Stockade Mountain Property (Oregon, USA)**

The Company entered into a mineral lease and option agreement with BMR to lease a 100% interest in the Stockade Mountain Property. Under the terms of the agreement, the Company is subject to the following pre-production payments:

May 16, 2022	\$15,000	Paid
November 16, 2022	\$10,000	Paid
May 16, 2023	\$10,000	Paid
November 16, 2023	\$15,000	
May 16, 2024	\$15,000	
November 16, 2024	\$25,000	
and every six months thereafter		

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**6. E&E ASSETS (Continued)**

The Company is required to incur the following minimum E&E expenditures on the property:

May 16, 2023	\$30,000	Completed
May 16, 2024	2,000 meters of drilling	In progress

BMR will retain a 2.0% net smelter return royalty on claims owned by BMR and 0.25% net smelter return royalty on third-party claims acquired within the area of influence around the property. Payments to BMR totaling \$10,000,000 in any combination of pre-production payments, production or minimum royalties will reduce the production royalties on wholly owned claims by 50% to 1.0%.

**(e) Fourmile Basin Property (Nevada, USA)**

The Company entered into a mineral lease and option agreement with La Cuesta International, Inc. on the Fourmile Basin Property.

On April 13, 2023, the Company terminated the mineral lease and option agreement for the Fourmile Basin Property. As a result of the termination of the mineral lease and option agreement, the Company incurred a write-off of E&E assets of \$871,673 which was recorded in the unaudited condensed interim consolidated statement of earnings (loss) and comprehensive loss.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2023	December 31, 2022
Trade payables	\$ 121,896	\$ 64,600
Accrued liabilities	13,536	33,225
	<u>\$ 135,432</u>	<u>\$ 97,825</u>

**8. SHARE CAPITAL AND OTHER RESERVES****(a) Share capital**

At September 30, 2023, the authorized share capital of the Company consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

**(b) Other reserves**

The Company's other reserves consisted of the following:

	September 30, 2023	December 31, 2022
Other reserve - Share options	\$ 1,960,475	\$ 1,781,096
Other reserve - Warrants	293,875	263,596
	<u>\$ 2,254,350</u>	<u>\$ 2,044,692</u>



## 8. SHARE CAPITAL AND OTHER RESERVES (Continued)

### (c) Share options

The following table summarizes the changes in share options for the nine months ended September 30:

	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, January 1,	1,093,333	\$ 1.67	716,663	\$ 2.37
Expired	-	-	(83,333)	2.36
Outstanding, September 30,	1,093,333	\$ 1.67	633,330	\$ 2.19

The following table summarizes information about share options outstanding and exercisable at September 30, 2023:

Exercise prices	Share options outstanding		Share options exercisable	
	Number of share options outstanding	Weighted average years to expiry	Number of share options exercisable	Weighted average exercise price
\$0.50 - \$1.00	460,003	4.08	229,997	\$ 0.92
\$2.01 - \$2.50	633,330	6.45	633,330	2.22
	1,093,333	5.45	863,327	\$ 1.87

The total share-based compensation expense for the nine months ended September 30, 2023 was \$179,379 (2022 – nil) of which \$149,483 has been expensed in the statement of loss and comprehensive loss and \$29,896 has been capitalized to E&E assets.

### (d) Warrants

The following table summarizes the changes in warrants for the nine months ended September 30:

	2023		2022	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	362,833	\$ 263,596	-	\$ -
Transactions during the period:				
Warrants issued - IPO	-	-	262,833	238,217
Value assigned to warrants vested - consultants	-	30,279	-	-
Outstanding, September 30,	362,833	\$ 293,875	262,833	\$ 238,217

At September 30, 2023, the weighted average exercise price for the outstanding warrants is \$3.41 (2022 – \$4.40) and the remaining life is 0.65 years (2022 – 1.10 years).

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NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022

Expressed in United States dollars, except for share data

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management includes the Company's directors and officers including its President, Vice President, Business Development and Chief Financial Officer ("CFO").

Directors and key management compensation:

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
Management and consulting fees	\$ 128,801	\$ 86,582	\$ 365,125	\$ 461,055
Share-based compensation	33,231	-	149,483	-
Directors' fees	18,216	25,645	54,648	25,645
	\$ 180,248	\$ 112,227	\$ 569,256	\$ 486,700

For the nine months ended September 30, 2023, the Company's officers incurred \$15,448 (2022 – \$41,137) of administration expenses in the normal course of business on behalf of the Company.

For the nine months ended September 30, 2023, the Company incurred \$53,024 (2022 – nil) with P2 Gold Inc., a related party of the Company, under a CFO shared-services agreement. These expenditures were expensed under management and consulting fees in the unaudited condensed interim consolidated statement of earnings (loss) and comprehensive loss.

As at September 30, 2023, accounts payable and accrued liabilities include \$41,672 (December 31, 2022 – \$7,568) owed to related parties of the Company for transactions incurred in the normal course of business.

**10. FINANCIAL RISK MANAGEMENT**

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

*(i) Currency risk*

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of earnings (loss) and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

The Company is exposed to currency risk through cash and cash equivalents, receivables and other, marketable securities, and accounts payable and accrued liabilities held in the parent entity which are denominated in CAD.

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in CAD, as of September 30, 2023, with all other variables held constant:



## 10. FINANCIAL RISK MANAGEMENT (Continued)

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	\$ 13,606	\$ (13,606)
Receivables and other	3,315	(3,315)
Marketable securities	891	(891)
Accounts payable and accrued liabilities	(5,951)	5,951

### (ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents and short-term investments. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents and short-term investments mature impact interest and finance income earned.

The impact on pre-tax loss of a 1% change in variable interest rates on financial assets and liabilities as of September 30, 2023, with all other variables held constant, would be nominal.

### (b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents and short-term investments.

The carrying amount of financial assets represents the maximum credit exposure:

	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 3,164,187	\$ 630,623
Short-term investments	7,100,199	11,649,079
	\$ 10,264,386	\$ 12,279,702

The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents and short-term investments with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

### (c) 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 by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

The Company has issued surety bonds to support future decommissioning and restoration provisions.



## 10. FINANCIAL RISK MANAGEMENT (Continued)

Contractual undiscounted cash flow requirements for contractual obligations as at September 30, 2023 are as follows:

	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 years	Due within 3 years
Accounts payable and accrued liabilities	\$ 135,432	\$ 135,432	\$ 135,432	\$ -	\$ -
	\$ 135,432	\$ 135,432	\$ 135,432	\$ -	\$ -

### (d) Fair value estimation

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consisting of cash and cash equivalents, short-term investments and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of these financial instruments.

Marketable securities are fair valued at each reporting period using NGE's share price on the TSX Venture Exchange.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at September 30, 2023	Carrying value		Fair value		
	Fair value through profit or loss ("FVPTL")	Amortized cost	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Cash and cash equivalents	\$ -	\$ 3,164,187	\$ -	\$ -	\$ -
Short-term investments	-	7,100,199	-	-	-
Marketable securities	8,911	-	8,911	-	-
	\$ 8,911	\$ 10,264,386	\$ 8,911	\$ -	\$ -





## 10. FINANCIAL RISK MANAGEMENT (Continued)

As at December 31, 2022	Carrying value		Fair value		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Cash and cash equivalents	\$ -	\$ 630,623	\$ -	\$ -	\$ -
Short-term investments	-	11,649,079	-	-	-
Marketable securities	16,473	-	16,472	-	1
	\$ 16,473	\$ 12,279,702	\$ 16,472	\$ -	\$ 1

## 11. COMMITMENTS

The Company executed an introductory agent agreement with BMR (the “BMR Agreement”). Under the BMR Agreement, should a mineral property recommended by BMR be acquired by the Company, the Company shall pay an introductory agent fee. The BMR Agreement is currently in effect for the Miller Project, as of February 1, 2021, with the introductory agent fee commitment as follows:

Within 15 days of acquisition	\$5,000	Paid
6 months after acquisition	\$5,000	Paid
12 months after acquisition	\$5,000	Paid
18 months after acquisition	\$5,000	Paid
24 months after acquisition	\$7,500	Paid
30 months after acquisition	\$7,500	Paid
36 months after acquisition	\$10,000	
42 months after acquisition	\$10,000	
48 months after acquisition	\$15,000	
and every six months thereafter		

If commercial production is achieved on a property recommended by BMR, the Company shall pay a 0.5% net smelter return royalty on all mineral interests acquired within the area of influence of the mineral property. Introductory agent fees and net smelter return royalty payments totaling \$1,000,000 paid by the Company will reduce the net smelter return royalty by 50% to 0.25%.

## 12. SEGMENTED INFORMATION

Exploration and development of mineral projects is considered the Company’s single business segment. All of the Company’s E&E assets are located in the USA.

## 13. SUBSEQUENT EVENTS

### (a) Share options

On October 2, 2023, the Company granted share options to directors, officers and consultants of the Company to purchase an aggregate of 1,260,000 common shares in the capital of the Company at an exercise price of \$0.77 per share, which expire on October 2, 2028.