

P2 Gold Announces Closing of Private Placement and Acquisition of Gabbs Project, Nevada

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VANCOUVER, May 17, 2021 - [P2 Gold Inc.](#) ("P2" or the "Company") (TSX-V:PGLD) reports it has closed the non-brokered private placement (the "Private Placement") (see P2's news release dated April 6, 2021) for gross proceeds of \$5.949 million and the acquisition of all of the assets that comprise the Gabbs Project (see P2's news releases dated February 23, 2021 and May 5, 2021) located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada (the "Transaction") pursuant to an asset purchase agreement dated February 22, 2021, as amended by an amendment dated May 4, 2021 (the "Purchase Agreement") among the Company, P2 Gabbs Inc. (a wholly-owned subsidiary of the Company) and Borealis Mining Company, LLC ("Borealis").

Gabbs Project

To acquire the Gabbs Project, at closing the Company paid US\$1 million to Borealis (an indirect, wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP ("Waterton")), and issued 15 million shares in its capital ("P2 Shares") to Waterton. In addition, the Company is required to pay to Waterton Nevada Splitter LLC, an affiliate of Borealis, (a) US\$4 million on the 12-month anniversary of closing and (b) US\$5 million on the earlier of the announcement of the results of a Preliminary Economic Assessment and the 24-month anniversary of closing. Borealis has reserved for itself a 2% net smelter returns royalty on production from the Gabbs Project, of which one percent may be repurchased at any time by P2 Gold for US\$1.5 million and the remaining one percent of which may be repurchased for US\$5 million. With the completion of the Transaction and the Private Placement, Waterton owns approximately 27% of the issued and outstanding shares of the Company.

The Gabbs Project is comprised of 355 unpatented lode mining claims and one patented lode mining claim covering four known zones of mineralization and comprising approximately 2,800 hectares. Nevada Highway 361, Gabbs Pole Line Road and a powerline cross the Gabbs Project. The gold-copper mineralization at three of the zones, Sullivan, Lucky Strike and Gold Ledge, is hosted within what are interpreted to be sills associated with an alkaline gold/copper porphyry. The gold mineralization at the fourth zone, Car Body, is interpreted to be low-sulphidation epithermal mineralization.

The Company retained P&E Mining Consultants Inc. ("P&E") to prepare a Mineral Resource Estimate for the Gabbs Project based on 494 drill holes completed by prior project operators between 1970 and 2011. A National Instrument 43-101 Technical Report has been prepared by P&E with an effective date of January 13, 2021, which has been posted on [www.p2gold.com](#) and the Company's profile on [www.SEDAR.com](#).

The Gabbs Project has an Inferred Mineral Resource of 1.84 million ounces of gold equivalent or 1.26 million ounces of gold and 422.3 million pounds of copper (73.1 million tonnes grading 0.54 g/t gold and 0.26% copper) (see P2's news releases of February 23, 2021 and March 11, 2021).

Based on historical drilling, the Gabbs Project has an Exploration Target of 0.90 million to 2.25 million ounces of gold (contained in 40 million to 70 million tonnes at an average grade of 0.7 to 1.0 g/t gold). No Exploration Target has been estimated for copper. The potential quantity and grade of this Exploration Target is conceptual in nature. There has been insufficient exploration to define it as a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

For further details on the Gabbs Project acquisition please see [www.p2gold.com](#).

Qualified Persons

The Mineral Resource Estimate was prepared by Eugene Puritch, P.Eng. and F.H. Brown, P.Geo. of P&E Mining Consultants Inc. of Brampton, Ontario, Independent Qualified Persons ("QP"), as defined by National Instrument 43-101. Mr. Puritch has reviewed and approved the contents of this news release. Ken McNaughton, M.A.Sc., P.Eng., Chief Exploration Officer, P2 Gold, is the QP responsible for the Gabbs Project exploration program.

Private Placement

In closing the Private Placement, the Company issued 11,898,060 units (the "Units") of the Company at a price of \$0.50 per Unit for gross proceeds of \$5,949,030. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share in the capital of the Company at an exercise price of \$0.85 per common share for a period of two years from the date of issue (the "Expiry Time"), provided that, if after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than \$1.50 for a period of 10 consecutive trading days at any time prior to the Expiry Time, the Company will have the right to accelerate the Expiry Time of the Warrants by giving notice to the holders of the Warrants by news release or other form of notice permitted by the certificate representing the Warrants that the Warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than 15 days from the date notice is given.

The proceeds of the Private Placement will be used to fund the acquisition of the Gabbs Project, complete a phase 1 exploration program of approximately \$2,500,000 on the Gabbs Project and for general corporate purposes. In connection with the Private Placement, the Company paid finder's fees of an aggregate of \$93,700 and issued an aggregate of 188,740 warrants to arm's length finders, representing 6% of the proceeds raised from subscriptions by, and 6% of the Units issued to, certain placees. All securities issued pursuant to the Private Placement will be subject to a four-month hold period. The securities offered pursuant to the Private Placement have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

Insiders of the Company purchased 7 million Units. The issuance of Units to insiders is considered a related party transaction subject to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions. The Company relied on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of Multilateral Instrument 61-101 on the basis that the participation in the private placement by the insiders did not exceed 25% of the fair market value of the Company's market capitalization.

Required Early Warning Report Disclosure

Pursuant to the terms of the Purchase Agreement and upon closing of the Transaction, Waterton acquired an aggregate of 15 million P2 Shares.

Immediately prior to the closing of the Transaction, Waterton did not own or control any securities of P2. Immediately following closing of the Transaction, Waterton owned 15 million P2 Shares, representing approximately 27% of the P2 Shares.

The aggregate value of the P2 Shares acquired by Waterton is equal to \$7,500,000 (based on a price per Unit of \$0.50 in the Private Placement).

Waterton has no current plan or future intentions which relate to, or would result in, acquiring additional securities of P2 or disposing of securities of P2. Depending on market conditions, Waterton's view of P2's prospects, other investment opportunities and other factors considered relevant by Waterton, Waterton may acquire additional securities of P2 from time to time in the future, in the open market or pursuant to privately negotiated transactions, or may sell all or a portion of its securities of P2.

An early warning report will be filed by Waterton in accordance with applicable securities laws. For further

information or to obtain a copy of the early warning report, please see P2's profile on SEDAR at www.sedar.com or contact Richard Wells, Chief Financial Officer of Waterton Global Resource Management, Inc., at 416-504-3505.

The head office address of Waterton is Commerce Court West, 199 Bay Street, Suite 5050, Toronto, ON, M5L 1E2.

The head office address of P2 is Suite 1100, 355 Burrard Street, Vancouver, BC, V6C 2G8.

About P2 Gold Inc.

P2 is a mineral exploration and development company focused on advancing precious metals discoveries and acquisitions in the western United States and British Columbia.

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Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws that is intended to be covered by the safe harbours created by those laws. "Forward-looking information" includes statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential" or the negative thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, information with respect to the Company's expectations, strategies and plans for the Gabbs Project including the Company's planned expenditures and exploration activities and the Private Placement.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made. Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. See "Risk Factors" in the Company's annual information form dated October 21, 2020 filed on SEDAR at www.sedar.com for a discussion of these risks.

The Company cautions that there can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, investors should not place undue reliance on forward-looking information.

Except as required by law, the Company does not assume any obligation to release publicly any revisions to forward-looking information contained in this press release to reflect events or circumstances after the date hereof.

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