



**(An Exploration-Stage Company)**

**Condensed Consolidated Interim Financial Statements**

**Three months ended March 31, 2023 and 2022**

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



## NOTICE TO READER

### **THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Pacific Ridge Exploration Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Condensed consolidated interim  
 Statements of Financial Position**

(Unaudited - expressed in Canadian dollars)

	Note	March 31, 2023	December 31, 2022
<b>Assets</b>		\$	\$
<b>Current</b>			
Cash		7,924,804	7,813,084
Other receivables		16,271	48,286
Marketable securities	3	50,133	44,833
Prepaid		67,599	42,719
		8,058,807	7,948,922
<b>Equipment and furniture</b>	4	10,157	8,686
<b>Resource Properties</b>	5	631,656	602,788
<b>Reclamation bonds</b>		64,642	64,642
<b>Right-of-use asset</b>	11	86,456	-
		8,851,718	8,625,038
<b>Liabilities</b>			
<b>Current</b>			
Trade payable and accrued liabilities		222,531	372,549
Financial liability	5(c)(ii)	290,399	385,341
Lease liability - current portion	11	59,737	-
Flow-through premium liability	6(a)	1,029,704	1,029,704
		1,602,371	1,787,594
<b>Lease liability - long-term portion</b>	11	27,421	-
		1,629,792	1,787,594
<b>Shareholders' equity</b>			
Share capital	5(c)(ii), 6	58,766,922	58,086,829
Contributed surplus	6 (b & c)	5,754,123	5,340,343
Accumulated other comprehensive loss	3	(7,200)	(12,500)
Deficit		(57,291,919)	(56,577,228)
		7,221,926	6,837,444
		8,851,718	8,625,038
Subsequent events	13		

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

Approved and authorized for issue on behalf of the Board of Directors on May 18, 2023

/s/ "Bruce Youngman"

Director

/s/ "Blaine Monaghan"

Director

		<b>Three months ended March 31</b>	
	Note	2023	2022
		\$	\$
<b>Administration expenses</b>			
Amortization of right-of-use asset	11	10,171	10,369
Depreciation	4	1,051	1,121
Finance lease interest	11	1,571	643
Insurance		13,500	24,984
Professional and consulting		4,507	5,052
Management and administrative	8	102,745	83,718
Office operations and facilities		27,970	11,356
Shareholder communications		200,104	114,224
Share-based payments	6(c)	495,925	11,341
Transfer agent and regulatory fees		16,735	19,582
		<b>874,279</b>	<b>282,390</b>
<b>Exploration-related expenses (income)</b>			
Exploration and evaluation costs	5	296,948	176,384
Property option payments	5(b)(i)	(400,000)	-
		<b>(103,052)</b>	<b>176,384</b>
<b>Other expenses (income)</b>			
Interest received		(57,050)	(303)
Foreign exchange (gain) loss		514	662
		<b>(56,536)</b>	<b>359</b>
<b>Net loss</b>		<b>(714,691)</b>	<b>(459,133)</b>
<b>Other comprehensive income (loss):</b>			
Net change in fair value of marketable securities	3	5,300	1,000
<b>Total comprehensive loss</b>		<b>(709,391)</b>	<b>(458,133)</b>
<b>Loss per share (basic and diluted)</b>		<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding</b>			
<b>basic and diluted</b>		<b>105,391,012</b>	<b>54,089,508</b>

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

**Condensed consolidated interim Statements of Changes in Shareholders' Equity**

(Unaudited - expressed in Canadian dollars)

	Note	Share capital		Contributed surplus	Other comprehensive income (loss)	Deficit	Total
		Amount	Value				
		#	\$				
Balance, December 31, 2021		54,089,508	46,291,957	3,661,025	1,000	(48,869,767)	1,084,215
Shares issued for property	6(a)	1,000,000	328,750	-	-	-	328,750
Shares issued on exercise of warrants	6(a)	1,154,500	249,912	(56,372)	-	-	193,540
Shares issued on exercise of options		250,000	39,250	(16,750)	-	-	22,500
Share issuance costs		-	(32,676)	-	-	-	(32,676)
Share-based payments	6(c)	-	-	11,341	-	-	11,341
Unrealized loss in marketable securities	3	-	-	-	1,000	-	1,000
Net loss for the period		-	-	-	-	(459,133)	(459,133)
Balance, March 31, 2022		56,494,008	46,877,193	3,599,244	2,000	(49,328,900)	1,149,537
Flow-through units issued for cash		37,900,000	12,281,200	-	-	-	12,281,200
Flow-through premium		-	(1,406,250)	376,546	-	-	(1,029,704)
Non flow-through units issued for cash		8,391,304	1,930,000	-	-	-	1,930,000
Share issuance costs	6(a)(b)	-	(1,793,118)	560,968	-	-	(1,232,150)
Shares issued for property	5(c)(ii)	300,000	88,500	-	-	-	88,500
Shares issued on exercise of warrants	6(a)(c)	243,478	8,060	53,157	-	-	61,217
Shares issued on exercise of options	6(a)	640,000	101,244	(43,844)	-	-	57,400
Share-based payments	6(c)	-	-	794,272	-	-	794,272
Unrealized loss in marketable securities	3	-	-	-	(14,500)	-	(14,500)
Net loss for the year		-	-	-	-	(7,248,328)	(7,248,328)
Balance, December 31, 2022		103,968,790	58,086,829	5,340,343	(12,500)	(56,577,228)	6,837,444
Shares issued on exercise of warrants	6(a)(b)	4,000,000	682,145	(82,145)	-	-	600,000
Share issuance costs	6(a)	-	(2,052)	-	-	-	(2,052)
Share-based payments	6(c)	-	-	495,925	-	-	495,925
Unrealized loss in marketable securities	3	-	-	-	5,300	-	5,300
Net loss for the period		-	-	-	-	(714,691)	(714,691)
<b>Balance, March 31, 2023</b>		<b>107,968,790</b>	<b>58,766,922</b>	<b>5,754,123</b>	<b>(7,200)</b>	<b>(57,291,919)</b>	<b>7,221,926</b>

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

**Condensed consolidated interim  
Statements of Cash Flows**  
(Unaudited - expressed in Canadian dollars)

	Three months ended March 31		
	Note	2023	2022
		\$	\$
<b>Operating activities</b>			
Loss for the period		(714,691)	(459,133)
Items not affecting cash:			
Right-of-use asset amortization		10,171	10,369
Depreciation of plant and equipment		1,051	1,121
Finance lease interest		1,571	643
Share-based payments		495,925	11,341
Unrealized foreign exchange		1,439	160
Property option recovery		(400,000)	-
Interest received		(57,050)	(303)
		(661,584)	(435,802)
Changes in non-cash working capital items:			
Other receivables		32,015	24,377
Prepaid		(24,880)	22,416
Trade payable and accrued liabilities		(150,018)	(73,228)
Cash used in operating activities		(804,467)	(462,237)
<b>Investing activities</b>			
Resource property acquisition costs		(28,868)	(75,000)
Acquisition of plant and equipment		(2,522)	-
Proceeds from property option payments		400,000	-
Interest received		57,050	303
Reclamation bonds		-	(8,000)
Cash provided by investing activities		425,660	(82,697)
<b>Financing activities</b>			
Proceeds from warrant exercises		600,000	193,540
Proceeds from exercise of stock options		-	22,500
Share issue costs		(2,052)	(32,676)
Advances received for exploration		-	430,000
Amount expensed from advances received		(94,942)	-
Finance lease -principal payments		(9,469)	(10,742)
Finance lease -interest payments		(1,571)	(643)
Cash provided by financing activities		491,966	601,979
Effect of foreign exchange translation on cash		(1,439)	(160)
<b>Increase (decrease) in cash</b>		<b>111,720</b>	<b>56,885</b>
Cash, beginning of the period		7,813,084	549,391
<b>Cash, end of the period</b>		<b>7,924,804</b>	<b>606,276</b>
<b>Supplementary cash flow information:</b>			
Non-cash investing activities:			
Shares issued for resource properties		-	(328,750)

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

## **1. Nature of operations**

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the “Company” or “Pacific Ridge”) are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The administration office is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company’s mineral properties does not reflect current or future value.

## **2. Basis of preparation and summary of significant accounting policies**

### **(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2022.

The condensed consolidated interim financial statements were approved by the Board of Directors on May 18, 2023.

### **(b) Critical accounting estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

Management applies judgment in reviewing for impairment indicators the carrying value of the resource properties on a quarterly basis, or whenever events or circumstances indicate that their carrying value may not be recovered. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the resource properties is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management during the three months ended March 31, 2023.

### 3. Marketable securities

The Company owns a portfolio of marketable securities which have been received as part of option payments on properties owned or on option by the Company.

The fair value of the shares of third parties owned by the Company is as follows:

	Four Nines Gold		Trifecta Gold Ltd.		Arctic Fox Ventures		Total
	Common shares		Common shares		Common shares		
	Number	Fair value	Number	Fair value	Number	Fair value	Fair value
	#	\$	#	\$	#	\$	\$
<b>Balance, December 31, 2021</b>	60,000	36,000	200,000	18,000	-	-	54,000
Gain (loss) in fair value of securities	-	6,000	-	(5,000)	1,000	-	1,000
<b>Balance, March 31, 2022</b>	60,000	42,000	200,000	13,000	1,000	-	55,000
Acquired	-	-	-	-	33,334	4,333	4,333
Gain (loss) in fair value of securities	-	(9,000)	-	(3,000)	(1,000)	(2,500)	(14,500)
<b>Balance, December 31, 2022</b>	60,000	33,000	200,000	10,000	33,334	1,833	44,833
Gain (loss) in fair value of securities	-	4,800	-	(3,000)	-	3,500	5,300
<b>Balance, March 31, 2023</b>	<b>60,000</b>	<b>37,800</b>	<b>200,000</b>	<b>7,000</b>	<b>33,334</b>	<b>5,333</b>	<b>50,133</b>

In consideration for an amendment dated September 27, 2022, which extended the final commitments of Arctic Fox with the underlying owners of Spius to December 31, 2024 (Note 5(d)(i)), the Company received 33,334 common shares of Arctic Fox, valued at \$4,333 on acquisition date.

### 4. Equipment

The Company has the following assets classified as computing equipment, furniture and field equipment:

	Computing equipment	Furniture	Field equipment	TOTAL
	\$	\$	\$	\$
Balance, December 31, 2021	6,325	5,022	-	11,347
Depreciation	(853)	(268)	-	(1,121)
<b>Balance, March 31, 2022</b>	<b>5,472</b>	<b>4,754</b>	<b>-</b>	<b>10,226</b>
Additions	-	-	1,945	1,945
Depreciation	(2,339)	(819)	(327)	(3,485)
<b>Balance, December 31, 2022</b>	<b>3,133</b>	<b>3,935</b>	<b>1,618</b>	<b>8,686</b>
Additions	2,522	-	-	2,522
Depreciation	(621)	(270)	(160)	(1,051)
<b>Balance, March 31, 2023</b>	<b>5,034</b>	<b>3,665</b>	<b>1,458</b>	<b>10,157</b>
<b>As at March 31, 2023</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Cost	12,900	5,439	1,945	20,284
Accumulated depreciation	(7,866)	(1,774)	(487)	(10,127)
<b>Net book value</b>	<b>5,034</b>	<b>3,665</b>	<b>1,458</b>	<b>10,157</b>



## 5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada. A summary of capitalized acquisition costs is as follows:

	Company-owned properties			Properties on option from third parties					Total
	Mariposa YT	Onjo BC	Orbison (Gap) BC	Kliyul BC	Redton BC	RDP BC	Chuchi		
							Chuchi BC	South BC	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	429,619	-	-	22,500	22,500	83,449	-	-	558,068
Option payments in cash	-	75,000	-	-	-	-	-	-	75,000
Option payments in shares	-	328,750	-	-	-	-	-	-	328,750
Balance, March 31, 2022	429,619	403,750	-	22,500	22,500	83,449	-	-	961,818
Option payments in cash	-	-	-	12,500	12,500	30,000	15,000	-	70,000
Option payments in shares	-	-	-	-	-	88,500	-	-	88,500
Other payments in cash	-	6,505	12,261	-	-	-	18,323	-	37,089
Option payments received	-	-	-	-	-	(125,000)	-	-	(125,000)
Impairment	(429,619)	-	-	-	-	-	-	-	(429,619)
<b>Balance, December 31, 2022</b>	<b>-</b>	<b>410,255</b>	<b>12,261</b>	<b>35,000</b>	<b>35,000</b>	<b>76,949</b>	<b>33,323</b>	<b>-</b>	<b>602,788</b>
Option payments in cash	-	-	-	-	-	(30,000)	-	-	(30,000)
Other payments in cash	-	-	-	-	-	-	6,893	50,000	56,893
Staking costs	-	1,975	-	-	-	-	-	-	1,975
Option payments in shares	-	-	-	-	-	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>-</b>	<b>412,230</b>	<b>12,261</b>	<b>35,000</b>	<b>35,000</b>	<b>46,949</b>	<b>40,216</b>	<b>50,000</b>	<b>631,656</b>

**5. Resource properties (continued)**

In addition to the above capitalized acquisition costs, the Company has incurred the following exploration and evaluation expenses:

Property	Three months ended March 31	
	2023	2022
	\$	\$
Kliyul	122,846	97,524
Chuchi	44,226	-
Onjo	7,809	9,518
Redton	6,663	-
Mariposa	5,953	-
Chuchi South	2,985	-
Spilus	-	72
RDP *	-	40,887
General exploration not allocated to a specific property	106,466	28,383
<b>Total exploration expenses incurred by the Company:</b>	<b>296,948</b>	<b>176,384</b>
* Additional exploration in RDP financed by Antofagasta:	94,942	-
<b>Total exploration expenses</b>	<b>391,890</b>	<b>176,384</b>

\* Of the total amount spent at RDP, during the three months ended March 31, 2022, \$40,887 was spent directly by the Company before the Antofagasta agreement came into effect. During the year ended December 31, 2022, \$1,752,406 was incurred of RDP exploration costs on behalf of Antofagasta, and a further \$94,942 during the three months ended March 31, 2023 (note 5(c)(ii)).

A description of the relevant projects follows:

a) Company-owned properties:

i) Mariposa property, Yukon

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. Between September 2016 and March 2019, the property was optioned to Four Nines Gold Inc. ("Four Nines"). The securities referred to in note 3 from Four Nines were received by the Company as part of the option payments. Upon termination of the option agreement, Four Nines paid \$50,000 to the Company, which committed to carry out any possible reclamation work on behalf of Four Nines, of which \$600 was carried out during 2021, and \$46,701 during the year ended December 31, 2022. Unbilled amounts at December 31, 2022, related to this work and the remaining \$2,699 are included in accrued liabilities, which were increased to \$50,000 as at December 31, 2022, due to reclamation requirements imposed by the Yukon government. As the Company is not planning further immediate exploration on Mariposa, the carrying value of \$429,619 was impaired as at December 31, 2022.

**5. Resource properties (continued)**

a) Company-owned properties (continued):

ii) Onjo property, British Columbia

On January 27, 2022, the Company entered into a property purchase agreement to acquire a 100% interest in the Onjo copper-gold porphyry project in north-central British Columbia. The Company paid \$50,000 in cash and issued 750,000 common shares with a fair value of \$0.35 per share or \$262,500. The vendor of Onjo retains a 2% NSR, with the Company having an option to purchase one quarter of the NSR at any time for USD \$1,500,000.

On February 22, 2022, the Company entered into a sale and purchase agreement to acquire a 100% interest in four internal claims at Onjo by paying \$25,000 cash and issuing 250,000 common shares with a fair value of \$0.265 per share or \$66,250 to the vendor. With the acquisition of these claims, Pacific Ridge now owns 100% of the claims within the Project boundary.

iii) Orbison property, British Columbia

The Orbison project (also known as Gap project) is a reconnaissance porphyry Cu-Au exploration program in central British Columbia. The Company is evaluating known properties and showings as well as examining regional geological, geophysical and geochemical databases for evidence of potential porphyry Cu-Au mineralization.

b) Company-owned properties sold to third parties

i) Fyre Lake property, Yukon

The Company owned a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018, on April 10, 2020, December 12, 2021, and on December 20, 2022, whereby BMC had the right to acquire a 100% interest in Fyre Lake by making payments totalling \$3,375,000 as follows:

A non-refundable deposit and initial option payment of \$375,000 (\$25,000 received in November 2016 and \$350,000 received in January 2017), a second option payment of \$300,000 received in December 2017, and a third option payment of \$1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further \$150,000. A special payment of \$250,000 was made pursuant to the April 10, 2020, amending agreement, followed by three separate \$75,000 payments, two of which were received during 2020 and the last one of which was paid during June of 2021. In addition, pursuant to an amending agreement dated December 22, 2021, the Company received a payment of \$250,000 during December of 2021. During the year ended December 31, 2022, the Company received \$575,000 from BMC (\$75,000 on June 30, 2022, and the rest on December 23, 2022).

On March 28, 2023, The Company received a \$400,000 cash payment from BMC. This was BMC's final payment required to acquire a 100% interest in Fyre Lake. The Company will be paid a further \$1,000,000 when BMC's Kudz Ze Kayah property has reached commercial stage for one year.

As there was no carrying value for Fyre Lake on the Company's statement of financial position, these payments were recorded as property option payments on the statement of loss and comprehensive loss.

**5. Resource properties** (continued)

c) Third party properties being optioned to the Company.

i) Kliyul and Redton properties, British Columbia

On January 17, 2020, the Company had entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with AuRico Metals Inc. ("AuRico"), a wholly owned subsidiary of Centerra Gold Inc. (TSX:CG NYSE: CGAU) ("Centerra") with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company could earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to AuRico of \$100,000 in cash of which \$70,000 was paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than \$3,500,000.

In addition, the Company had the right to acquire an additional 24% undivided interest (other than underlying royalties) in the Properties by paying AuRico an additional \$60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than \$3,500,000.

At March 31, 2023, and since the start of exploration activities at Kliyul and Redton in 2020, the Company had incurred over \$8,000,000 in exploration expenses at these projects.

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for \$2,000,000, and (ii) a 2% royalty.

Subsequent to March 31, 2023, on May 10, 2023, the Company entered into an agreement with AuRico to acquire a 100% interest in the Kliyul and Redton by issuing 16,996,099 common shares to AuRico (the "AuRico Agreement"). This AuRico Agreement replaces the aforementioned Kliyul-Redton Agreement. The underlying royalties mentioned in the above paragraph remain in effect.

As at the date of publication of these condensed consolidated interim financial statements, the AuRico Agreement was subject to regulatory approval.

Also see note 13, *Subsequent events*.

**5. Resource properties (continued)**

c) Third party properties being optioned to the Company (continued)

ii) RDP Property, British Columbia

On May 3, 2021 (amended on January 14, 2022), the Company entered into an agreement to acquire 100% of the RDP copper-gold porphyry project in central British Columbia, approximately 40 km west of its flagship Kliyul copper-gold project.

Under the terms of the Agreement, the Company has the option to earn a 100% interest in RDP by making payments as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date (on or before)	Status
\$	#	\$		
5,000	100,000	-	Upon execution and regulatory approval	Completed
10,000	100,000	60,000	November 30, 2021	Completed
30,000	300,000	250,000	December 15, 2022	Completed
80,000	700,000	550,000	December 15, 2023	Work incurred
125,000	1,200,000	860,000		

In addition, Pacific Ridge will issue 300,000 shares to the vendor on completion of 5,000 m of drilling and an additional 500,000 shares upon defining a 1,000,000 ounces of gold equivalent resource in the inferred or greater category. The property is also subject to a 2% NSR payable to the vendor, half of which can be purchased at any time for \$1.5 million.

In the year ended December 31, 2021, the Company issued an additional 100,000 common shares with a fair value of \$0.22 per share (\$22,000) to a consulting company that had certain data on the RDP property that the Company considered relevant for its project.

On February 10, 2022, the Company entered into an earn-in agreement on RDP (the "Agreement") with Antofagasta Minerals S.A. ("Antofagasta"), a wholly owned subsidiary of Antofagasta PLC. Antofagasta can earn a 75% interest in RDP by making cash payments in an aggregate amount of \$1,350,000, plus a success payment of \$800,000 upon exercise of the option, and spending \$10,000,000 on exploration over eight years, with a firm commitment to spend \$1,000,000 in year one, and delivering a NI 43-101 compliant preliminary economic assessment report. During the option period, Antofagasta will fund all exploration and Pacific Ridge will be the initial operator. Once Antofagasta has earned its 75% interest, Pacific Ridge and Antofagasta will form a 25:75 joint venture. If either party's interest in the joint venture falls below 10%, that party's interest will be converted to a 2% NSR, half of which can be purchased by the other party for \$4,500,000.

**5. Resource properties (continued)**

c) Third party properties being optioned to the Company (continued)

ii) RDP property, British Columbia (continued)

During the year ended December 31, 2022, the Company received from Antofagasta \$125,000, of which \$50,000 corresponded to the first earn-in option payment and \$75,000 to the second earn-in option payment; these amounts were applied against the carrying value of RDP on the Company's consolidated statement of financial position at December 31, 2022. In addition, Antofagasta provided \$2,000,000 in advances for exploration in RDP at the beginning of the project, and a further \$186,962 towards the end of 2022. During the year ended December 31, 2022, \$1,752,406 was incurred of RDP exploration costs on behalf of Antofagasta, and a further \$94,942 during the three months ended March 31, 2023.

During the year ended December 31, 2022, the Company charged a project management fee of \$49,215, which was deducted from Antofagasta's cash pool.

As at March 31, 2023, an amount of \$290,399 remained in Antofagasta's cash pool is expected to be spent during 2023, and remained as a financial liability in the Company's consolidated statement of financial position at March 31, 2023.

iii) Chuchi property, British Columbia

On May 6, 2022, the Company entered into a property earn-in agreement (the "Earn-In Agreement") with AuRico for the acquisition of up to a 75% interest in the Chuchi porphyry copper-gold project located in north-central British Columbia ("Chuchi"). The terms of the option agreement in order to acquire a 51% interest in Chuchi are as follows:

Cash payments to be made	Shares to be issued	Cumulative exploration expenses to be incurred	Due date (on or before)	Status
\$	#	\$		
10,000	-	-	Upon Exchange approval	Paid
-	-	150,000	May 06, 2023	Work incurred
-	-	750,000	May 06, 2024	
-	-	1,500,000	May 06, 2025	
50,000	2,000,000	2,600,000	May 06, 2026	
60,000	2,000,000	5,000,000		

The Company then has the right to increase its interest in Chuchi to 75% by making additional payments as follows:

**5. Resource properties (continued)**

c) Third party properties being optioned to the Company (continued)

iii) Chuchi property, British Columbia (continued)

Cash payments to be made	Shares to be issued	Cumulative exploration expenses to be incurred	Due date (on or before)	Status
\$	#	\$		
50,000	-	1,500,000	May 06, 2027	
50,000	1,500,000	3,500,000	May 06, 2028	
100,000	1,500,000	5,000,000		

Various claims are subject to up to 6% in net smelter royalties, which can be bought down to 2.1%. An annual royalty advance of \$20,000 will be paid during the fourth quarter of each year until production is reached.

The Company will also pay a finder's fee of \$15,000 on signing of an agreement and \$5,000 every six months thereafter plus 2% on exploration expenditures after certain other property payments have been made.

During the three months ended March 31, 2023, the company incurred \$6,893 in additional staking at Chuchi.

iv) Chuchi South property, British Columbia

On March 3, 2023, the Company entered into an Amended and Restated Mineral Property Option Agreement (the "Chuchi South Agreement") pursuant to which the Company can acquire a 51% interest in Chuchi South under the following terms:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date (on or before)	Status
\$	\$	\$		
50,000	-	-	On signature	Paid
-	-	150,000	December 31, 2023	
50,000	-	-	February 13, 2024	
-	-	500,000	December 31, 2024	
50,000	-	-	February 13, 2025	
-	-	750,000	December 31, 2025	
50,000	-	-	February 13, 2026	
-	-	1,000,000	December 31, 2026	
50,000	-	-	February 13, 2027	
-	-	1,600,000	December 31, 2027	
250,000	-	4,000,000		

**5. Resource properties (continued)**

c) Third party properties being optioned to the Company (continued)

iv) Chuchi South property, British Columbia (continued)

The Company then has the right to increase its interest to 75% by issuing shares valued at \$250,000 by January 30, 2028, under the following terms:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date (on or before)	Status
\$	\$	\$		
-	250,000	-	January 30, 2028	
75,000	-	2,000,000	December 31, 2028	
75,000	-	2,000,000	December 31, 2029	
150,000	250,000	4,000,000		

d) Other properties

i) Spius property, British Columbia

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia. The terms of the option agreement as amended on December 10, 2019, are as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
\$	#	\$		
10,000	200,000	-	Upon execution and regulatory approval	Completed
40,000	200,000	50,000	December 15, 2018	Completed
-	-	250,000	December 15, 2019	Completed
-	-	25,000	December 15, 2020	Completed
15,000	200,000	-	May 31, 2021	See below
15,000	200,000	-	December 15, 2021	See below
30,000	600,000	500,000	December 15, 2022	See below
110,000	1,400,000	825,000		



**5. Resource properties** (continued)

d) Other properties (continued)

i) Spius property, British Columbia (continued)

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for \$1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for \$1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest.

On October 20, 2020, the Company entered into an Option Agreement with Arctic Fox Ventures Inc. ("Arctic Fox") and with the underlying owner of Spius, amended on June 8, 2022, and September 27, 2022, whereby the Company granted Arctic Fox an option to acquire a 60% interest in the Spius Option by making payments of \$60,000, issuing 1,000,000 shares and spending \$550,000 on exploration by December 31, 2024. With this agreement, as amended, Arctic Fox assumes the Company's obligations pursuant to the Spius option.

In consideration for an amendment dated September 27, 2022, which extended the final commitments of Arctic Fox with the underlying owners of Spius to December 31, 2024, the Company received 33,334 common shares of Arctic Fox, valued at \$4,333 on that date.

## 6. Share capital

### a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. The following share issuances are presented in reverse chronological order:

- i) On February 27, 2023, the Company received cash proceeds of \$600,000 on exercise of 4,000,000 share purchase warrants with an exercise price of \$0.15 per share.
- ii) On December 19, 2022, the Company closed a bought deal private placement of 18,750,000 flow-through units of the Company at a price of \$0.32 per unit. Each unit is comprised of a "flow-through share" within the meaning of the Income Tax Act (Canada) (each, a "FT Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one non-flow-through common share of the Company (each, a "Warrant Share") at a price of C\$0.40 at any time on or before December 19, 2024. The FT Shares, Warrants and Warrant Shares will be subject to a hold period ending on April 20, 2023.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow-through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investor, respectively. The flow-through liability was calculated at \$1,029,704 using the Black-Scholes option pricing model with the following parameters: expected volatility: 114.33%, risk-free interest rate: 3.75%, dividend yield: 0%, and expected life of two years.

The Company paid an underwriters' commission of \$360,000 and issued them 1,125,000 compensation warrants entitling its holders to purchase one common share of the Company at a price of \$0.32 at any time on or before December 19, 2024. The fair value of the agents' compensation warrants was calculated at \$144,678 using the Black-Scholes option pricing model with the following parameters: expected volatility 114.33%, risk-free interest rate: 3.75%, dividend yield 0% and expected life of two years.

Other share issuance costs incurred in connection with this private placement amounted to \$203,226.

- iii) On September 22, 2022, the Company raised gross cash proceeds of \$780,000 on closing of a non-brokered private placement. The Company issued 3,391,304 units at a price of \$0.23 per unit. Each unit consisted of one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles its owner to purchase one common share of the Company at a price of \$0.35 per share for two years from the date of issuance. Share issuance costs in connection with this placement amounted to \$6,586.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed no fair value to the warrant portion of the units issued to investors.

6. **Share capital** (continued)

a) Common Shares (continued)

- iv) On April 22, 2022, the Company closed a “best efforts” brokered private placement (the “Financing”) with M Partners Inc. and Red Cloud Securities Inc., co-lead agents and joint book runners (“Agents”), and raised total gross cash proceeds of \$7,431,200 through the issuance of 19,150,000 charity flow-through units (“CFT Units”) at a price of \$0.328 per CFT Unit and 5,000,000 common share units (“CS Units”) at a price of \$0.23 per CS Unit, including exercise in full of the Agent’s 15% over-allotment option.

The CFT Units issued in connection with the Financing consist of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). The CS Units issued in connection with the Financing consist of one non-flow-through common share of Pacific Ridge and one-half of one Warrant. Each Warrant is exercisable to purchase one additional non-flow-through common share at an exercise price of \$0.35 for a period of 24 months.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares, flow-through premium liability, and warrants). Using this approach, the Company attributed no fair value to the flow-through premium liability and warrant portions of the units issued to investors.

In connection with the Financing, the Company paid the Agents an aggregate cash commission of \$358,446 and issued the Agents an aggregate of 1,299,999 compensation warrants. Each compensation warrant is exercisable to purchase one common share of the Company at a price of \$0.23 for a period of 24 months. All securities issued in connection with the Financing carry a legend restricting trading of the securities until August 22, 2022.

The fair value of the 1,299,999 compensation warrants was calculated at \$416,289 using the Black-Sholes option pricing model with the following parameters: expected volatility: 126.9%, risk-free interest rate 2.5% and expected life of two years.

In addition, the Company reimbursed the Agents for legal fees and expenses amounting to \$61,500. Other share issue costs incurred in connection with the preparation of agreements, transfer agent fees, filing fees, etc., amounted to \$207,324.

- v) During the year ended December 31, 2022, the Company issued 1,000,000 common shares with a fair value of \$328,750 for the acquisition of the Onjo property (note 5(a)(ii)).
- vi) During the year ended December 31, 2022, the Company issued 300,000 common shares with a fair value of \$88,500 as part of the acquisition agreement for the RDP property (note 5(c)(ii)).
- vii) During the year ended December 31, 2022, the Company issued 1,397,978 common shares upon exercise of a similar number of share purchase warrants (including 4,500 agent warrants) for cash proceeds of \$254,757 (note 6(b)).
- viii) During the year ended December 31, 2022, the Company issued 890,000 common shares upon exercise of a similar number of stock options for cash proceeds of \$79,900 (note 6(c)).
- ix) Total share issuance costs for the year ended December 31, 2022, amounted to \$1,824,365 of which \$1,205,852 was paid in cash (included amounts mentioned in note 6(a)(i) and 6(a)(ii)), with \$58,974 remaining payable at December 31, 2022, and \$560,968 attributed to the fair value of the Agent’s warrants, which was charged to contributed surplus.

6. **Share capital** (continued)

a) Share Purchase Warrants

A summary of the warrants outstanding is as follows:

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	\$	#	\$
Starting balance	33,826,174	0.32	9,866,502	0.19
Issued to investors	-	-	23,145,650	0.37
Issued to agents	-	-	2,424,000	0.27
Exercised by investors	(4,000,000)	0.15	(1,393,478)	0.18
Exercised by agents	-	-	(4,500)	0.12
Expired unexercised	-	-	(212,000)	0.12
Ending balance	29,826,174	0.34	33,826,174	0.32

As at December 31, 2022, the summary of warrants outstanding and exercisable are as follows:

Issue date	Type of warrants	Expiry date	Exercise price	Warrants outstanding
			\$	#
June 1, 2021	Investor warrants	June 3, 2023	0.23	4,300,002
April 22, 2022	Investor warrants	April 21, 2024	0.35	12,031,520
April 22, 2022	Agents' warrants	April 21, 2024	0.23	1,299,000
September 22, 2022	Investor warrants	September 22, 2024	0.35	1,695,652
December 19, 2022	Investor warrants	December 19, 2024	0.40	9,375,000
December 19, 2022	Agents' warrants	December 19, 2024	0.32	1,125,000
			0.34	29,826,174

Please refer to notes 6(a)(i), 6(a)(ii), 6(a)(vii) and 6(a)(viii) for a discussion of the fair value assigned to the warrants issued to investors and to agents.

6. **Share capital** (continued)

c) **Stock Options**

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. The following options were granted pursuant to the Company's stock option plan:

- On February 1, 2023, the Company granted an aggregate of 2,575,000 stock options to various directors, officers, employees and consultants of the Company. Each option entitles its holder to purchase one common share of the Company at an exercise price of \$0.30 per share for a period of five years. The options granted to various directors, officers and employees vested immediately. 300,000 options that were granted to investor relations consultants will vest 25% each quarter over a 12-month period.
- On June 14, 2022, the Company granted 300,000 fully vested incentive stock options to an employee, to purchase 300,000 common shares at an exercise price of \$0.36 exercisable over a period of five years, and subject to the Company's stock option plan and TSX Venture Exchange policies.
- On May 12, 2022, the Company granted incentive stock options to various officers, directors, employees and consultants to purchase 2,550,000 common shares of the Company at an exercise price of 0.36 per share, exercisable for a period of five years. The options granted to various directors, officers, and employees vest immediately. The 100,000 stock options granted to two investor relations consultants will vest 25% each quarter over a 12-month period. The stock options are subject to the terms and conditions of Pacific Ridge's stock option plan and the policies of the TSX Venture Exchange.

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

	Three months ended March 31, 2023	Year ended December 30, 2022
Period of grant		
Number of options granted	2,575,000	2,850,000
Weighted average risk-free interest rate	2.93%	2.87%
Weighted average expected volatility	109.89%	109.81%
Weighted average expected option life in years	5	5
Calculated total fair value	\$534,389	\$804,968
Value vested during period	\$495,926	\$805,613
Expected dividend yield	Nil	Nil

6. **Share capital** (continued)

c) **Stock Options** (continued)

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

	Three months ended		Year ended	
	March 31, 2023		December 31, 2022	
	Number of	Weighted Average	Number of	Weighted Average
	Options	Exercise Price	Options	Exercise Price
	#	\$	#	\$
Balance, beginning of year	6,800,000	0.22	4,840,000	0.11
Granted	2,575,000	0.36	2,850,000	0.36
Exercised	-	-	(890,000)	0.08
Outstanding, end of period	9,375,000	0.24	6,800,000	0.22
* Exercisable, end of period	9,025,000	0.24	6,700,000	0.21

\* As at March 31, 2023, an aggregate of 350,000 stock options had not yet vested and were not exercisable (December 31, 2022 – 100,000 unvested stock options).

Stock options exercisable are as follows:

Expiry date	Exercise price	March 31, 2023	December 31, 2022
	\$	#	#
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	900,000	900,000
March 16, 2025	0.050	750,000	750,000
October 22, 2025	0.075	350,000	350,000
March 9, 2026	0.105	850,000	850,000
July 15, 2026	0.250	900,000	900,000
May 12, 2027	0.360	2,500,000	2,450,000
June 14, 2027	0.360	300,000	300,000
February 1, 2028	0.300	2,275,000	-
	0.236	9,025,000	6,700,000

7. **Government grants and tax credits**

During the year ended December 31, 2022, the Company received \$267,372 corresponding to the British Columbia Mining Exploration Tax Credit ("BCMETS") filed for year 2021 (2021 - \$157,070, of which \$76,269 corresponding to exploration expenses incurred during fiscal year 2019, and \$80,801 corresponding to exploration expenses incurred during fiscal year 2020).

No government grants or tax credits were received by the Company during the three months ended March 31, 2023.

## 8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. In the case of senior officers of the Company, which include the Executive Chairman, the President & CEO, and the CFO, the Company provides certain compensation for termination without cause and for a change of control of the Company.

Key management includes the board of directors and executive officers.

Compensation awarded to key management is listed below:

	Three months ended March 31	
	2023	2022
	\$	\$
Management fees paid to a Company controlled by the Executive Chairman of the Company, and salary paid to him *	26,840	24,000
Salary paid to the CEO of the Company	53,162	49,800
Management fees paid to a company controlled by the CFO of the Company	20,000	15,000
Share-based payments recorded for stock options granted to directors and officers of the Company (non-cash expense)	347,613	-
	<b>447,615</b>	<b>88,800</b>

\* A percentage of the Executive Chairman's compensation is charged to exploration and evaluation expenses

In addition, with respect to the option agreement for the purchase of the Spius property (Note 5(d)(i)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

## 9. Capital management

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore the various properties for the benefits of its shareholders. The Company's operations have been and will continue to be funded by the sale of equity to investors.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests and associated administration expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company monitors actual expenses relative to the approved budget on all exploration projects and overheads to manage costs, commitments and exploration activities. There were no changes in the Company's approach to capital management during the three months ended March 31, 2023.



## 10. Financial instruments

### Fair values

As at March 31, 2023, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities are measured at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

### Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. During the three months ended March 31, 2023, and during 2022, interest rates have been on the rise. This, together with larger amounts of cash held in banks, have resulted in the Company earning more interest on its deposits than in the three months ended March 31, 2022. However, due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

### Credit risk

The Company has its cash deposited at one of Canada's largest banks with an AA rating, federally insured, and therefore exposed to minimal credit risk.

### 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 forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At March 31, 2023, the Company had cash of \$7,924,804 (December 31, 2022- \$7,813,084), trade payable and accrued liabilities of \$222,531 (December 31, 2022 - \$372,549), a financial liability of \$290,399 (December 31, 2022 - \$385,341) corresponding to cash provided by Antofagasta Minerals for exploration at the RDP property (note 5(c)(ii)), and a lease liability of \$87,158, including both current and long-term components (December 31, 2022 - \$nil) (note 11).

### Currency risk

As at March 31, 2023, the Company kept less than 1% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by an immaterial amount.

### Price risk

The Company is exposed to price risk on its marketable securities due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At March 31, 2023, the Company held marketable securities with a fair value of \$50,133 (December 31, 2021 - \$44,833). These investments are subject to market price fluctuations that can be significant.



## 11. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. A prior sublease expired on August 31, 2022. From September to December of 2022, the Company paid office rent on a month-to-month basis. A new sublease agreement was entered into on February 1, 2023, with a term ending on August 31, 2024. The lease liabilities are measured at the present value of the remaining lease payments starting on February 1, 2023, by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities was 10%. The associated lease liability recognized as at February 1, 2023, was \$96,627.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on February 1, 2023. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the consolidated statement of financial position at the date of initial application:

<b>Lease liability</b>		\$
Lease liability as at December 31, 2021		29,252
Lease payments		(11,385)
Lease interest		643
Lease liability as at March 31, 2022		18,510
Lease payments		(18,975)
Lease interest		465
Lease liability as at December 31, 2022		-
<b>Setup of new lease agreement on February 1, 2023</b>	<b>104,880</b>	
Lease interest	(8,253)	
Value of lease as at February 1, 2023	96,627	<b>96,627</b>
Lease payments		(11,040)
Lease interest		1,571
<b>Lease liability as at March 31, 2023</b>		<b>87,158</b>
Current portion		59,737
Long-term portion		27,421
		<b>87,158</b>
<b>Right-of-use asset</b>		\$
Value of right-of-use asset on December 31, 2021		27,652
Amortization		(10,369)
Value of right-of-use asset as at March 31, 2022		17,283
Amortization		(17,283)
Value of right-of-use asset as at December 31, 2022		-
<b>Setup of new right-of-use asset on February 1, 2023</b>		<b>96,627</b>
Amortization		(10,171)
<b>Value of right-of-use asset as at March 31, 2023</b>		<b>86,456</b>

**12. Segmented information**

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. As at March 31, 2023 and December 31, 2022, all of the Company's non-current assets were held in Canada.

**13. Subsequent events**

- a) On April 27, 2023, the company received cash proceeds of \$11,500 on exercise of 50,000 share purchase warrants with an exercise price of \$0.23 per share.
- b) On May 10, 2023, the Company announced e that it has reached an agreement with AuRico to acquire a 100% interest in the Kliyul and Redton copper-gold porphyry projects (the "Projects") by issuing 16,996,099 common shares to AuRico (the "Agreement").

This Agreement replaces a previous agreement with AuRico whereby the Company had the right to acquire up to a 75% interest in the Projects by spending \$7.0M on exploration, issuing 3,500,000 common shares, and making cash payments totaling \$160,000 by December 31, 2025 (note 5(c)(i)).

The Agreement is subject to regulatory approval.

\* \* \* \* \*