

PRIME MERIDIAN RESOURCES CORP.

Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor. The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PRIME MERIDIAN RESOURCES CORP.

Consolidated Interim Statements of Financial Position

As at September 30, 2021 and December 31, 2020

Expressed in Canadian Dollars

| | Notes | September 30, 2021 | December 31, 2020 |
|--|-------|-----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | | \$ 1,831 | \$ 2,414 |
| Prepaid expenses | | 308,803 | 8,803 |
| GST Receivable | | 59,722 | - |
| Marketable securities | 6 | 5,000 | 7,500 |
| | | 375,356 | 18,717 |
| Long-term Assets | | | |
| Exploration and evaluation assets | 9 | 103,350 | 80,150 |
| | | | |
| Total Assets | | \$ 478,706 | \$ 98,867 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | | |
| Current Liabilities | | | |
| Accounts payable | 10,11 | \$ 754,952 | \$ 1,190,742 |
| Accrued liabilities | 11 | 223,742 | 201,766 |
| Other payables | 7 | - | 1,654,524 |
| Short-term loans | 8 | 912,660 | 1,022,668 |
| Share subscription received | 12 | - | 273,412 |
| | | 1,891,354 | 4,343,112 |
| | | | |
| Long-term portion of payables | | 369,313 | - |
| | | 2,260,667 | 4,343,112 |
| | | | |
| Shareholders' deficit | | | |
| Share capital | 12 | 11,097,041 | 7,944,041 |
| Contributed surplus | 13 | 2,608,251 | 2,113,115 |
| Accumulated other comprehensive loss | | (469,356) | (378,352) |
| Deficit | | (15,017,897) | (13,923,049) |
| | | (1,781,961) | (4,244,245) |
| | | | |
| Total Liabilities and Shareholders' Deficit | | \$ 478,706 | \$ 98,867 |

Nature of operations and going concern (Note 1)

Subsequent events (Note 1)

"Brian Leeners"

Director

"Gregory Pearson"

Director

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Interim Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

| | Notes | For the three months ended September 30, | | For the Nine months ended September 30, | |
|--|-------|---|--------------|--|------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | | |
| Consulting and management fees | 6 | \$ 90,500 | \$ 85,500 | \$ 235,000 | \$ 295,500 |
| Exchange loss (gain) | | 20,962 | (37,286) | (9,585) | 18,891 |
| Exploration expenditures | | 22,500 | 22,500 | 67,500 | 55,000 |
| Interest expense | | 15,391 | 50,482 | 108,161 | 300,593 |
| Marketing | | - | - | 50,000 | 34,512 |
| Rent and office | 6 | 31,116 | 30,043 | 92,908 | 91,128 |
| Professional fees | 6 | 6,300 | 4,201 | 38,350 | 33,456 |
| Stock-based compensation | | 30,000 | - | 471,000 | - |
| Transfer agent and filing fees | | 3,725 | 2,054 | 39,014 | 22,216 |
| Operating expenses | | 220,494 | 157,494 | 1,092,348 | 851,296 |
| Loss before other items | | (220,494) | (157,494) | (1,092,348) | (851,296) |
| Other income (expense) | | | | | |
| Debt forgiveness | | - | - | - | 1,581,246 |
| Change in value of marketable securities | | (1,500) | 1,000 | (2,500) | 2,000 |
| | | (1,500) | 1,000 | (2,500) | 1,583,246 |
| Income (loss) of the period | | (221,994) | (156,494) | (1,094,848) | 731,950 |
| Translation of subsidiary to presentation currency | | (3) | 14,765 | (91,004) | (12,000) |
| Comprehensive income (loss) for the period | | \$ (221,997) | \$ (141,729) | \$ (1,185,852) | \$ 719,950 |
| Basic and diluted comprehensive loss per share | | \$ (0.00) | \$ (0.01) | \$ (0.02) | \$ 0.03 |
| Weighted average number of common shares outstanding | | 60,136,726 | 28,910,718 | 50,441,448 | 28,871,730 |

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Interim Statements of Cash Flows

For the Nine Months Ended September 30, 2021 and 2020

Expressed in Canadian Dollars

| | For the Nine months ended September 30, | |
|--|--|-----------------|
| | 2021 | 2020 |
| Cash provided by (used in): | | |
| Operating activities | | |
| Net income (loss) for the year | \$ (1,094,848) | \$ 888,444 |
| Items not affecting cash: | | |
| Foreign exchange | (114,922) | 28,418 |
| Unrealized loss (gain) on marketable securities | 2,500 | (1,000) |
| Gain on debt settlement | - | (1,581,246) |
| Stock-based compensation | 471,000 | - |
| Interest expenses | 108,161 | 250,111 |
| Changes in non-cash working capital items: | | |
| Accounts payable | (113,975) | 100,984 |
| Accrued liabilities | 14,000 | 199,000 |
| GST receivable | (59,722) | (12,602) |
| Prepaid expenses | (300,000) | 34,000 |
| Net cash used in operating activities | (1,087,806) | (93,891) |
| Investing activities | | |
| Exploration and evaluation assets | (23,200) | (33,000) |
| Net cash used in investing activities | (23,200) | (33,000) |
| Financing activities | | |
| Loan repayment | (18,250) | (20,000) |
| Share issuance | 1,169,473 | - |
| Finders' fees | (40,800) | - |
| Share subscriptions received | - | 166,303 |
| Net cash provided by financing activities | 1,110,423 | 146,303 |
| Change in cash | (583) | 19,412 |
| Cash, beginning | 2,414 | 279 |
| Cash, ending | \$ 1,831 | \$ 19,691 |

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

PRIME MERIDIAN RESOURCES CORP.

Consolidated Interim Statements of Changes in Deficit
For the Nine Months Ended September 31, 2021 and 2020
Expressed in Canadian Dollars

| | Notes | Number of common shares outstanding | Share capital | Obligation to issue shares | Contributed surplus | Accumulated Other Comprehensive Loss | Deficit | Total Shareholders' Deficiency |
|---|-------|---|----------------------|-------------------------------|------------------------|--|------------------------|--------------------------------------|
| Balance, December 31, 2020 | | 29,052,022 | \$ 7,944,041 | \$ - | \$ 2,113,115 | \$ (378,352) | \$ (13,923,049) | \$ (4,244,245) |
| Shares issued for cash | | 21,418,065 | 1,442,885 | - | - | - | - | 1,442,885 |
| Share issuance costs | | 322,000 | (64,936) | - | 24,136 | - | - | (40,800) |
| Shares issued for debt | | 13,432,919 | 1,775,051 | - | - | - | - | 1,775,051 |
| Stock-based compensation | | - | - | - | 471,000 | - | - | 471,000 |
| Translation of subsidiary to presentation currency | | - | - | - | - | (91,004) | - | (91,004) |
| Income for the year | | - | - | - | - | - | (1,094,848) | (1,094,848) |
| Balance, September 30, 2021 | | 64,225,006 | \$ 11,097,041 | \$ - | \$ 2,608,251 | \$ (469,356) | \$ (15,017,897) | \$ (1,781,961) |
| Balance, December 31, 2019 | | 28,852,022 | \$ 7,930,041 | \$ 10,500 | \$ 2,096,425 | \$ (397,362) | \$ (14,607,992) | \$ (4,968,388) |
| Property acquisition | | 200,000 | 14,000 | - | - | - | - | 14,000 |
| Debt settlement* | | - | - | 1,806,174 | - | - | - | 1,806,174 |
| Financing of loan | | - | - | - | 40,690 | - | - | 40,690 |
| Translation of subsidiary to presentation currency | | - | - | - | - | (12,000) | - | (12,000) |
| Gain for the period | | - | - | - | - | - | 731,950 | 731,950 |
| Balance, September 30, 2020 | | 29,052,022 | \$ 7,944,041 | \$ 1,816,674 | \$ 2,137,115 | \$ (409,362) | \$ (13,876,042) | \$ (2,387,574) |

*subject to regulatory approvals

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

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Expressed in Canadian Dollars

1. Nature of operations and going concern

Prime Meridian Resources Corp. (“the Company” or “PMR”) was federally incorporated on February 22, 2007 and is a public company listed on the TSX Venture Exchange (“TSX-V”). The corporate head office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

The Company is in the process of exploring and evaluating resource properties. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, successfully permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each resource property.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at September 30, 2021, the Company had no source of revenue and reported a net loss for the nine month period of \$1,094,848 (2020 – gain of \$731,950), working capital deficit of \$1,515,998 (December 31, 2020 - \$4,324,395), and has an accumulated deficit of \$15,017,897 (December 31, 2020 - \$13,923,049). These factors indicate a material uncertainty that may cast significant doubt over the Company’s ability to continue as a going concern. Management has determined that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity financings and secure project debt financing. It is not possible to predict whether financing efforts will be successful. These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Basis of preparation

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Prime Meridian Resources Inc. The Board of Directors approved these consolidated financial statements on November 26, 2021.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of Prime Meridian Resources Inc., the Company’s US subsidiary, is the United States dollar (“USD”).

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key critical judgment in applying accounting policies:

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Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

2. Basis of preparation (continued)

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. Refer to Note 1 for more details.

Key sources of estimation uncertainty:

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

The functional currency of the parent company is the Canadian dollar, and the functional currency of the subsidiary is the United States dollar.

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive loss.

Assets and liabilities of the subsidiary with US dollar functional currency is translated at the period end rates of exchange, and the results of its operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income as a separate component shareholders' equity.

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Exploration and Evaluation Assets

Exploration and evaluation expenses are charged to earnings as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable, and an economic analysis has

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

3. Significant accounting policies (continued)

d) Exploration and Evaluation Assets (continued)

been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be depreciated against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded.

Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge titles to all of its properties are in good standing.

e) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable.

When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its' carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

f) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes Option Pricing Model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Expressed in Canadian Dollars

3. Significant accounting policies (continued)

g) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS.

g) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities. Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

h) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Expressed in Canadian Dollars

h) Financial instruments (continued)

(i) Classification (continued)

if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and liabilities:

| Financial assets/liabilities | New Classification |
|---------------------------------|--------------------|
| Cash | FVTPL |
| Marketable securities | FVTPL |
| Accounts payable/other payables | Amortized cost |
| Short term loans | Amortized cost |
| Share subscription received | Amortized cost |

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

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Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

h) Financial instruments (continued)

(iv) Derecognition (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

i) Adoption and future changes in Accounting Standards

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2020 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded. The following standard is likely to apply to the Company, has not yet been adopted and is being evaluated to determine its impact.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment addresses whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. This amendment is effective for annual years beginning on or after January 1, 2022. Earlier adoption is permitted. The Company is evaluating the impact of the adoption of this amendment on its financial statements.

Adoption of Accounting Standards

The Company has adopted IAS 1 that has been revised to incorporate a new definition of "material" and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been revised to refer to this new definition in IAS 1. The amendments were effective for annual years beginning on or after January 1, 2020. This adoption did not have a material effect on the Company.

4. Capital management

The Company's objectives when managing capital are to:

- Ensure there are adequate capital resources to manage the Company's ability to continue as a going concern;
- Maintain adequate levels of funding to sustain the required current investments and any new capital investments;
- Maintain investor, creditor and market confidence to sustain future development of the business; and
- Provide returns to shareholders and benefits for other stakeholders.

The Company classifies its share capital and contributed surplus as capital. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new investments and seek to acquire an interest in investments if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

PRIME MERIDIAN RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Expressed in Canadian Dollars

5. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1 and 2 during the year. The Company's financial instruments carried at amortized cost with the exception of cash and marketable securities. These instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

c) Financial risks

(i) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at June 30, 2021, the Company is not exposed to interest rate risk as its loans bear interest at fixed rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in US dollars. The Company had net monetary liabilities totaling \$692,980 in US dollars at September 30, 2021. The Company's sensitivity analysis indicates that a change in the absolute rate of exchange in the US dollar by 2% would increase or decrease net income (loss) by \$17,659 for the nine months ended September 30, 2021.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from its receivables. As of September 30, 2021, the Company is not exposed to credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. At September 30, 2021, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

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Notes to the Consolidated Financial Statements

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6. Marketable securities

In September 2014, the Company received 500,000 units of Bitterroot Resources Ltd., (“Bitterroot”) with a fair value of \$10,000 as partial proceeds on the sale of certain mineral property interests in Baraga Basin, Michigan. Each unit consists of one Bitterroot common share and one warrant, exercisable for two years at \$0.10 per share. During the year ended December 31, 2015, the shares of Bitterroot were consolidated to 10:1, thus the number of shares the Company owns were adjusted to 50,000. Warrants expired unexercised on September 17, 2016.

The common shares are classified as FVTPL. As at September 30, 2021, the fair value of the shares was \$5,000 (December 31, 2020 – \$7,500).

7. Other payables

During the nine-month period ended September 30, 2021, certain debtor and loan holders converted their debt into shares. A total of \$1,654,524 were reclassified from accounts payable, accrued liabilities and short-term loans to other payables during the year ended December 31, 2020.

8. Loans

The continuity of loans is as follows:

| | | |
|------------------------------------|----|-----------|
| December 31, 2019 | | 1,583,838 |
| Additional loans | | 6,000 |
| Loans repaid | | (35,000) |
| Interest accrued | | 317,556 |
| Interest forgiven (Note 14) | | (73,430) |
| Debt settlement in shares (Note 7) | | (705,005) |
| Interest paid by related party | | (16,690) |
| Foreign exchange | | (54,601) |
| December 31, 2020 | \$ | 1,022,668 |
| Loans repaid | | (18,250) |
| Interest accrued | | 77,890 |
| Debt settlement in shares (Note 7) | | (166,544) |
| Foreign exchange | | (3,104) |
| September 30, 2021 | \$ | 912,660 |

As at September 30, 2021, the Company owed total \$912,660 (2020 - \$1,022,668), consisting of loan principal of \$808,827 (US\$615,200) (December 31, 2020 - \$826,522/US\$649,170) from non-related parties and interest payable of \$102,100 (US\$77,780) (December 31, 2020 - \$196,146 /US\$154,057). All of the loans accrue interest at a rate of 3% per quarter, except for one loan which accrues interest at 9% per quarter. During the nine month period ended September 30, 2021, a loan holder agreed to convert their interest payable into shares.

During the year ended December 31, 2020, the Company and certain debt holders agreed to settle interest payable of \$705,005 (US\$553,727) through issuance of 7,050,051 common shares at a deemed price of \$0.10 per share, and entered into new loan agreements which accrue interest at a rate of 12% per annum on a 24-month term (Note 7). The common shares have not been issued and have been recorded as other payables and are subject to regulatory approval.

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Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

9. Exploration and Evaluation Assets

| | Bruce and Camping Lake | Bluffy Lake | Dixie Lake | Kelly Palladium | Pakwash, Red Lake | Total |
|--------------------------------------|---------------------------|----------------|---------------|--------------------|----------------------|-----------|
| Balance, December 31, 2019 | \$ 13,500 | \$ - | \$ - | \$ - | \$ - | \$ 13,500 |
| Acquisition costs (shares) (Note 12) | 14,000 | - | - | - | - | 14,000 |
| Acquisition costs (cash) | 12,000 | - | 30,000 | 30,000 | 10,650 | 52,650 |
| Balance, December 31, 2020 | \$ 39,500 | | \$ 30,000 | \$ 30,000 | \$ 10,650 | \$ 80,150 |
| Acquisition costs (cash) | 16,000 | 7,200 | - | - | - | - |
| Balance, September 30, 2021 | \$55,500 | \$ 7,200 | \$ 30,000 | \$ 30,000 | \$ 10,650 | \$103,350 |

Bruce and Camping Lake, Ontario

On September 23, 2019, the Company entered into an option agreement with 15444230 Ontario Inc., pursuant to which the Company has an option to acquire two sets of mineral claims in the Bruce Lake area and the Camping Lake area, both in the Red Lake mining district in Ontario. In consideration, the Company will issue 400,000 shares and make payments totalling \$25,500 in the first year. Additional payments totalling \$61,000 are due over the following three years. The acquisition is subject to a 1.5% net smelter royalty, of which 0.75% can be purchased by the Company for \$500,000.

Payment schedule as follows:

| | Cash | Shares |
|---|-----------|---------|
| Upon signing (paid) | \$ 13,500 | - |
| Upon TSX-V acceptance (issued*) | - | 200,000 |
| 1 st anniversary (paid and issued) (Note 12) | 12,000 | 200,000 |
| 2 nd anniversary | 16,000 | - |
| 3 rd anniversary | 20,000 | - |
| 4 th anniversary | 25,000 | - |
| | \$ 86,500 | 400,000 |

*A non-arm's length shareholder contributed 200,000 of the Company's shares it owned to the optionor.

Bluffy Lake, Ontario

In September 2021, the Company acquired, through staking, an additional 2,920 hectares east of its Camping Lake Project in the Red Lake District of Ontario.

Dixie Lake, Ontario

On September 8, 2021, the Company entered into an agreement to acquire 100% interest in 282 mineral claims covering 5,830 hectares in the Dixie Lake area of Red Lake mining district of Ontario. In consideration, the Company will issue 1,000,000 shares and pay \$15,000 to the vendor.

Payment schedule as follows:

| | Cash | Shares |
|-----------------------------|-----------|-----------|
| Upon TSX-V acceptance | \$ 15,000 | 500,000 |
| 1 st anniversary | - | 500,000 |
| | \$ 15,000 | 1,000,000 |

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Notes to the Consolidated Financial Statements

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9. Exploration and Evaluation Assets

Kelly Palladium, Ontario

During the year ended December 31, 2020, the Company entered into an agreement to acquire a 100% ownership in the Kelly Palladium Project in Ontario. The Company will make a cash payment of \$30,000 (paid) to the vendor to complete the purchase, which is subject to a 1% net smelter royalty in favour of the vendor. The Company has the exclusive right to buy the royalty from the vendor for \$500,000. In September 2021, the Company acquired, through staking, an additional block of claims bringing the total land position to 2,418 hectares.

Pakwash, Red Lake, Ontario

During the year ended December 31, 2020, the Company entered into acquired a 100% ownership in three mineral interest claims on the western shore of Pakwash Lake in the Red Lake Mining District of Ontario. The Company paid a one-time payment of \$10,650 subject to a 1% royalty in favour the vendor that can be purchased by the company for \$500,000.

10. Payable to Domus Management Ltd.

Included in accounts payable is an amount payable to Domus Management Ltd (“Domus”), a non-related company. During the year ended December 31, 2018, the Company was notified by Domus and Primrose Drilling Ltd. (“Primrose”), that the debt owed to Primrose was assigned to Domus. Domus and the Company agreed to the following terms for repayment of the debt:

The Company shall pay US\$200,000 on or before September 30, 2018 with the balance (US\$310,880) being paid without interest by way of installments of US\$50,000 on October 31 of each year starting on October 31, 2018 until the full debt is retired. As long as the installments are paid in full and on time, no interest will be charged on the debt.

In the event the debt is not repaid in terms of the above at October 31, 2018, the debt becomes due on demand and bears interest at 10% compounded annually. On February 20, 2020, the Company agreed to a consent judgment in the Court of Queen’s Bench of Alberta in the amount of \$741,453 plus interest. During the Nine-month period ended June 30, 2021, the Company made of \$126,463 to Domus.

On June 15, 2021, the Company and Domus entered into an agreement where the Company is obligated to pay \$20,000 per month, by the 15th of each month, until the debt and interest have been repaid in full.

As at September 30, 2021, the Company owed \$549,313 to Domus.

11. Related party transactions

The Company entered into transactions, including compensation of key management, with the following related parties:

| Name | Relationship | Nature of Transaction | Fees incurred Nine Months ended Sep. 30, 2021 | Fees incurred Nine Months ended Sep. 30, 2020 | Balance payable at Sep. 30, 2021 | Balance payable at December 31, 2020 |
|---------------------|---|-----------------------------|--|--|--|---|
| Nexvu Services Inc. | Owned by Nexvu Capital, of which Brian Leeners is a shareholder | Rent and corporate services | \$ 90,000 | \$ 90,000 | \$ 96,985 | \$ 193,375 |
| Brian Leeners | Chief executive officer and director | Management services | 90,000 | 90,000 | 72,500 | 310,000 |
| Global Link Capital | Greg Pearson, director of the | Management services | 90,000 | 90,000 | 49,500 | 287,000 |

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Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2021 and 2020 Expressed in Canadian Dollars

| | Company, is a shareholder | | | | | |
|-------------------------------------|---|---------------------|------------|------------|------------|--------------|
| Gordon J. Fretwell, Law Corporation | Gordon Fretwell is a shareholder of Nexvu Capital Corporation | Legal services | 15,000 | 9,000 | 121,396 | 134,844 |
| AE Financial Management Ltd. | Edward Low, chief financial officer, is a shareholder | Accounting services | 31,500 | 31,500 | 61,850 | 204,952 |
| CBDS Health Inc. | Director | Corporate services | - | - | - | 4,000 |
| | | | \$ 316,500 | \$ 310,500 | \$ 402,231 | \$ 1,134,171 |

During the nine months ended September 30, 2021, the Company issued 13,432,919 shares to settle outstanding accounts payable and loan obligations of \$1,775,051.

During the year ended December 31, 2020, certain directors, officers and companies owned by directors and/or officers, agreed to forgive \$991,984 in debt (Note 14).

12. Share capital

Authorized: Unlimited common voting shares, without par value.

During the nine-month period ended September 30, 2021, the Company completed:

- a) a non-brokered private placement for gross proceeds of \$998,992. The Company issued 19,978,435 units, each unit consisting of one common share and one-half of a common share purchase warrant, each full warrant being exercisable at \$0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days. The Company issued 308,000 broker units and paid cash finder fees totalling \$40,800.
- b) aa non-brokered private placement for gross proceeds of \$143,963. The Company issued 1,439,630 units, each unit consisting of one common share and one common share purchase warrant, each warrant being exercisable at \$0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days. The Company issued 14,000 broker units as a finders' fee.

During the year ended December 31, 2020, the Company received \$234,353 (2019 - \$39,059) towards future private placements. As at December 31, 2020, the Company had received subscription funds in the amount of \$273,412 (December 31, 2019 - \$39,059) to be applied towards a future private placement (Note 16). The Company classified these funds as loans based on the terms of the subscription agreements.

During the year ended December 31, 2020, the Company issued 200,000 common shares with a fair value of \$14,000 pursuant to the Bruce and Camping Lake property (Note 9).

13. Options, warrants, and broker units

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market

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13. Options, warrants, and broker units (cont'd)

a) Stock options (cont'd)

price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes Option-Pricing Model on the date of the grant.

During the nine months ended September 30, 2021, the Company granted:

- 3,800,000 (originally 5,500,000 options, 1,700,000 were cancelled) incentive stock options to various directors, officers and consultants of the Company (2020 – nil). The stock options have an exercise price of \$0.10 per share and expiry no later than January 29, 2026. The company recognized stock-based compensation of \$305,000 determined by the Black-Scholes option pricing model using the following assumptions: risk-free interest rate 0.16%, volatility 148%, annual rate of dividend of 0% and a an expected life of the option of 5 years.

- 2,000,000 000 incentive stock options to various advisors and consultants of the Company (2020 – nil). The stock options have an exercise price of \$0.10 per share and expiry no later than January 29, 2026. The company recognized stock-based compensation of \$166,000 determined by the Black-Scholes option pricing model using the following assumptions: risk-free interest rate 0.40%, volatility 159% annual rate of dividend of 0% and a an expected life of the option of 5 years.

Stock option activity was as follows:

| | Number of Options | Weighted Average Exercise Price | Years to Expiry |
|------------------------------------|-------------------|------------------------------------|--------------------|
| Balance, December 31, 2020 | - | \$ - | - |
| Issued | 7,500,000 | 0.10 | 5.00 |
| Cancelled | (1,700,000) | 0.10 | 4.33 |
| Balance, September 30, 2021 | 5,800,000 | \$ 0.10 | 4.52 |

As at September 30, 2021, the following stock options were outstanding and exercisable:

| Number of Options | Exercise Price | Expiring |
|-------------------|-------------------|------------------|
| 3,800,000 | \$ 0.10 | January 29, 2026 |
| 2,000,000 | 0.10 | August 13, 2026 |
| 5,800,000 | | |

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13. Options, warrants, and broker units (cont'd)

b) Warrants

During the nine-month period ended September 30, 2021, the Company issued 11,428,847 share purchase warrants, exercisable at \$0.15 expiring one year from the close of the private placement.

Warrant activity was as follows:

| | Number of Warrants | Weighted Average Exercise Price | Years to Expiry |
|------------------------------------|--------------------|------------------------------------|--------------------|
| Balance, December 31, 2020 | - | \$ - | - |
| Issued | 11,428,847 | 0.15 | 1.00 |
| Balance, September 30, 2021 | 11,428,847 | \$ 0.15 | 0.38 |

As at September 30, 2021, the following share purchase warrants were outstanding:

| Number of Share Purchase Warrants | Exercise Price | Expiring |
|-----------------------------------|----------------|------------------|
| 9,989,217 | \$0.15 | February 8, 2022 |
| 1,439,630 | \$0.15 | April 23, 2022 |
| 11,428,847 | | |

c) Broker Warrants

During the nine-month period ended September 30, 2021, the Company issued:

- 308,000 broker units, each broker unit consists of one common share and one-half of a common share purchase warrant, each full warrant being exercisable at \$0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days.
- 14,000 broker units, each broker unit consists of one common share and one common share purchase warrant, each warrant being exercisable at \$0.15 for 12 months from closing, subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above \$0.25 for a period of 10 consecutive trading days.

Brokers' warrants activity as follows:

| | Number of Brokers' Warrants | Weighted Average Exercise Price | Years to Expiry |
|------------------------------------|--------------------------------|------------------------------------|--------------------|
| Balance, December 31, 2020 | - | \$ - | - |
| Issued | 322,000 | 0.15 | 1.00 |
| Balance, September 30, 2021 | 322,000 | \$ 0.15 | 0.15 |

As at September 30, 2021, the following share purchase warrants were outstanding:

| Number of Share Purchase Warrants | Exercise Price | Expiring |
|-----------------------------------|----------------|------------------|
| 308,000 | \$0.15 | February 8, 2022 |
| 14,000 | \$0.15 | April 23, 2022 |
| 322,000 | | |

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13. Options, warrants, and broker units (cont'd)

d) Contributed Surplus

The contributed surplus records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the nine months ended June 30, 2021:

- granted 3,800,000 (originally 5,500,000 options, 1,700,000 were cancelled) incentive stock options to various directors, officers and consultants of the Company (2020 – nil). The stock options have an exercise price of \$0.10 per share and expiry no later than January 29, 2026. The company recognized stock-based compensation of \$305,000 determined by the Black-Scholes option pricing model using the following assumptions: risk-free interest rate 0.16%, volatility 148%, annual rate of dividend of 0% and an expected life of the option of 5 years.
- issued 308,000 broker units as a finder fees in conjunction with the non-brokered private placement and recognized \$23,408 as a finder fee. The Company valued the broker units using the Black-Scholes Option Model with the following parameters: risk-free rate 0.16%, 0% dividend, volatility 170.66% and expected life of 1 year.
- issued 14,000 broker units as a finder fees in conjunction with the non-brokered private placement and recognized \$2,128 as a finder fee. The Company valued the broker units using the Black-Scholes Option Model with the following parameters: risk-free rate 0.16%, 0% dividend, volatility 170.66% and expected life of 1 year.

14. Forgiveness of debt

During the year ended December 31, 2020, the Company entered into a Termination Notice agreement dated March 20, 2020 with Minera Camargo S.A. DE C.V. (optionor) in relation to the Tango gold project in Southern Sinaloa State, Mexico (Note 9). Due to termination of the Purchase Option Agreement, the optionor forgave a total of \$603,630 in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company was forgiven a total of \$73,430 in accrued interest from a number of loan lenders during the process of renewing loan terms. (Note 8)

During the year ended December 31, 2020, the Company was forgiven a total of \$1,034,024 from its creditors in accounts payable and obligation to issue shares, out of which \$608,825 are related to balance due to shareholders.

As a result, \$1,102,259 was recorded as forgiveness of debt on consolidated statements of comprehensive income for the year ended December 31, 2020 and \$608,825 was attributed to deficit.

15. Subsequent events

a. On November 22, 2021, the Company issued 500,000 common shares for the acquisition of the Dixie Lake claims.

b. On November 26, 2021, the Company announce that it has filed documents with the TSX Venture Exchange seeking approval to close its previously announced non-brokered private placement financing (see September 28, 2021, news release) for total gross proceeds of \$499,083.

The Company also announces that it has filed documents with the TSX Venture Exchange seeking approval to close a first tranche of its previously announced non-brokered private placement flow-through financing (see September 28, 2021, news release) for total gross proceeds of \$100,000.

On receipt of TSXV approval the Company will issue 3,327,220 units, each unit consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of 25 cents per share for 12 months.

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The Company will further issue 500,000 flow-through units, each FT unit consisting of one flow-through common share of the company and one-half of a common share purchase warrant, each full FT warrant being exercisable for an additional common share of the company at an exercise price of 30 cents for 12 months.

Both the warrants and the FT warrants are subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above 50 cents for a period of 10 consecutive trading days.

Finders' fees consisting of \$31,200 cash and 208,000 B-warrants exercisable at \$0.15 for a period of 12 months after the closing are being paid to IA Capital markets in relation to the financings.

All securities issued pursuant to this financing are subject to a four-month plus 1 day hold.