

PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(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 an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2022 and December 31, 2021

Expressed in Canadian Dollars

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash		\$ 24,692	\$ 247,754
GST receivable		44,578	-
Prepaid expenses	10	150,000	175,000
Marketable securities	5	3,250	5,000
		223,520	427,754
Long-term Assets			
Exploration and evaluation assets	6	224,350	199,350
Total Assets		\$ 446,870	\$ 627,104
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable	7,10	\$ 923,606	\$ 692,860
Accrued liabilities	10	128,650	88,000
Flow-through premium liability	9	25,000	25,000
Short-term loans	8	1,074,287	925,740
		2,151,543	1,731,600
Long-term portion of payables	7	137,786	317,786
		2,289,329	2,049,386
Shareholders' deficit			
Share capital	11	11,374,838	10,898,313
Contributed surplus	12	3,022,115	2,732,115
Accumulated other comprehensive loss		(378,352)	(378,352)
Deficit		(15,861,060)	(14,674,358)
		(1,842,459)	(1,422,282)
Total Liabilities and Shareholders' Deficit		\$ 446,870	\$ 627,104

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board of Directors on November 25, 2022

"Brian Leenars"

Director

"Gregory Pearson"

Director

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

PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Nine Months Ended September 30, 2022 and 2021

Expressed in Canadian Dollars

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Expenses					
Consulting and management fees	7	\$ 100,500	\$ 90,500	\$ 301,500	\$ 235,000
Exploration and evaluation expenditures	6	19,688	22,500	67,500	67,500
Foreign exchange (gain) loss		65,473	20,962	80,946	(9,585)
Interest expense		23,893	15,391	70,457	108,161
Rent and administrative services	7	31,140	31,116	95,216	92,908
Marketing and advertising		-	-	175,000	50,000
Professional fees	7	9,210	6,300	46,766	38,350
Stock-based compensation		273,000	30,000	273,000	471,000
Transfer agent and filing fees		3,947	3,725	74,567	39,014
Operating expenses		(526,851)	(220,494)	(1,184,952)	(1,092,348)
Other income (loss)					
Unrealized gain (loss) on marketable securities	5	-	(1,500)	(1,750)	(2,500)
Total other income (loss)		-	(1,500)	(1,750)	(2,500)
Net loss for the period		(526,851)	(221,994)	(1,186,702)	(1,094,848)
Other comprehensive loss					
Translation of subsidiary to presentation currency		-	(3)	-	(91,004)
Comprehensive loss for the period		\$ (526,851)	\$ (221,997)	\$ (1,186,702)	\$ (1,185,852)
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		72,012,626	60,136,726	71,779,355	50,792,087

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PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30, 2022 and 2021
Expressed in Canadian Dollars

	For the nine months ended September 30,	
	2022	2021
Cash provided by (used in):		
Operating activities		
Net (loss) income for the period	\$ (1,186,702)	\$ (1,094,848)
Items not affecting cash:		
Foreign exchange impact on loan payable	78,090	(114,922)
Stock-based compensation	273,000	471,000
Unrealized loss on marketable securities	1,750	2,500
Interest expenses	70,457	108,161
Changes in non-cash working capital items:		
Accounts payable	50,746	(113,975)
Accrued liabilities	40,650	14,000
GST receivable	(44,578)	(59,722)
Prepaid expenses	25,000	(300,000)
Net cash used in operating activities	(691,587)	(1,087,806)
Investing activities		
Exploration and exploration assets	-	(23,200)
Financing activities		
Loan repayment	-	(18,250)
Share issuance for cash	340,000	1,169,473
Share issuance – warrants exercise	150,125	-
Share issuance cost	(21,600)	(40,800)
Net cash provided by financing activities	468,525	1,110,423
Change in cash	(223,062)	(583)
Cash, beginning	247,754	2,414
Cash, ending	\$ 24,692	\$ 1,831
Non-cash activities:		
Shares issued for acquisition of mineral interest	\$ 25,000	\$ -
Share issuance cost - Broker warrants issued	17,000	-

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PRIME MERIDIAN RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Deficit
For the Nine Months Ended September 30, 2022 and 2021
Expressed in Canadian Dollars

	Notes	Number of common shares outstanding	Share capital	Contributed surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2021		70,752,226	\$ 10,898,313	\$ 2,732,115	\$ (378,352)	\$ (14,674,358)	\$ (1,422,282)
Share issuance – private placement	11	6,800,000	340,000	-	-	-	340,000
Share issuance cost - cash	11		(21,600)	-	-	-	(21,600)
Share issuance cost – broker warrants	12		(17,000)	17,000	-	-	-
Shares issuance – warrants exercise	11,12	1,000,837	150,125	-	-	-	150,125
Shares issuance – acquisition of mineral interest	11	500,000	25,000	-	-	-	25,000
Share-based compensation	12	-	-	273,000	-	-	273,000
Loss for the period		-	-	-	-	(1,186,702)	(1,186,702)
Balance, September 30, 2022		79,053,063	\$ 11,374,838	\$ 3,022,115	\$ (378,352)	\$ (15,861,060)	\$ (1,842,459)
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	-	-	-	1,142,885
Shares issuance costs		322,000	(64,936)	24,136	-	-	(40,800)
Shares issuance 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)
Loss for the period		-	-	-	-	(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)

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

PRIME MERIDIAN RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended September 30, 2022 and 2021
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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 14th Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8.

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, 2022, the Company had no source of revenue and reported loss for the nine months period of \$1,186,702 (2021 – \$1,185,852), working capital deficit of \$1,929,023 (December 31, 2021 - \$1,303,846), and has an accumulated deficit of \$15,861,060 (December 31, 2021- \$14,674,358). 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

Statement of compliance

These unaudited condensed consolidated 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 consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 25, 2022.

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”).

PRIME MERIDIAN RESOURCES CORP.
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2. Basis of preparation (continued)

Critical accounting estimates and judgments

The preparation of condensed consolidated interim 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

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.

Adoption and future changes in Accounting Standards

The Company has reviewed the other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. 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 Condensed Consolidated Interim Financial Statements
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4. 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 September 30, 2022, 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 \$626,200 in US dollars at September 30, 2022. The Company's foreign currency risk is assessed as medium.

(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, 2022, 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, 2022, 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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5. 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, 2022, the fair value of the Bitterroot shares were \$3,250 (December 31, 2021 – \$5,000). For nine months ended September 30, 2022, the unrealized loss of \$1,750 (2021 - \$2,500) on fair value of marketable securities was recorded.

6. Exploration and evaluation assets

	Bruce and Camping Lake	Bluffy Lake	Dixie Lake	Kelly Palladium	Pakwash, Red Lake	Total
Balance, December 31, 2020	39,500	-	-	30,000	10,650	80,150
Acquisition costs (shares)	16,000	-	65,000	-	-	81,000
Acquisition costs (cash)	16,000	7,200	15,000	-	-	38,200
Balance, December 31, 2021	\$ 71,500	\$ 7,200	\$ 80,000	\$ 30,000	\$ 10,650	\$ 199,350
Acquisition costs (shares) (Note 11)	-	-	25,000	-	-	25,000
Balance, September 30, 2022	\$ 71,500	\$ 7,200	\$ 105,000	\$ 30,000	\$ 10,650	\$ 224,350

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 issued 400,000 shares and made 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. The option agreement was approved by TSX-V on October 11, 2019.

Payment schedule as follows:

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

*During the year ended December 31, 2020, an arm’s length shareholder contributed 200,000 of the Company’s shares it owned to the optionor. During the year ended December 31, 2021, the Company issued 200,000 common shares to the shareholder to replace the contributed shares.

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.

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6. Exploration and evaluation assets (continued)

Dixie Lake, Ontario

On September 8, 2021, the Company entered into an agreement to acquire 100% interest in mineral claims 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. As of December 31, 2021, the Company issued 500,000 shares at a fair value of \$65,000. During nine months ended September 30, 2022, the Company issued 500,000 shares with a fair value of \$25,000 (Note 11). As of September 30, 2022, the Company issued a total of 1,000,000 common shares under the agreement.

Payment schedule as follows:

		Cash	Shares
Upon TSX-V acceptance (paid / issued)	\$	15,000	500,000
1 st anniversary (paid / issued)		-	500,000
	\$	15,000	1,000,000

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 paid \$30,000 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.

Pakwash, Red Lake, Ontario

During the year ended December 31, 2020, the Company 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.

La Verde Project, Sonora, Mexico

On March 14, 2022, the Company signed an option-to-purchase agreement to purchase 100% interest in the La Verde Project in Sonora, Mexico. The agreement calls for:

- The Company to make a US\$200,000 cash payment to the optionor within 30 days of TSX-V approval and an additional payment of US\$200,000 by February 28, 2023;
- The Company to issue 25,000,000 common shares to the optionor within 30 days of TSX-V approval;
- The Company to issue the optionor a further \$3,750,000 of the Company's shares prior to the first anniversary of the TSX-V approval, based on the ten-day volume-weighted average price ("VWAP") prior to the issuance subject to a minimum price of \$0.15 per share and a maximum price of \$0.63 per share;
- -The Company will issue to the optionor a further \$2,500,000 common shares prior to the second anniversary of the TSX-V approval based on the VWAP subject to a minimum price of \$0.15 per share and a maximum price of \$1.25 per share;
- Upon exercise of the option, the optionor will retain the following net smelter return royalty on the project: (i) a 2% NSR on all production from the skarn mineralization; and (ii) a 2% net smelter return on all the products from the porphyry mineralization subject to the right of the Company to purchase 1% for US\$1,000,000;

The common shares issued to the optionor under the option will be subject to a three-year time release hold period which will begin on the date of TSX-V approval. As at September 30, 2022, the acquisition was under TSX-V review (Note 13).

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7. 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, 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. As at December 31, 2020, the Company owed Domus a total of \$803,718.

On June 15, 2021, the Company and Domus entered into an agreement where Domus and the Company agreed to the total amount owing of \$629,313 with 0.2% interest per annum and 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. The Company recorded interest expense of \$30,271 prior to entering into the agreement. The Company then recorded a gain of \$78,213 to agree to the new amount of \$629,313. The fair value of the debt was determined to be \$546,654 on June 15, 2021. The fair value was determined using a 12% discount rate. The difference between the fair value and carrying value on June 15, 2021 was recorded as a debt discount of \$82,659 in deficit. For the year ended December 31, 2021, the Company made of \$126,463 to Domus through the issuance of 2,529,240 common shares as part of a private placement, and the Company recorded accretion expense of \$31,132 (2020: \$68,895) and made cash payments of \$140,000 (2020: \$nil). As at December 31, 2021, the Company recorded total owing \$437,786 (Undiscounted: \$489,313) to Domus (2020 - \$803,718). \$120,000 of \$437,786 is included in accounts payable and remaining balance of \$317,786 is recorded as long-term payable.

For the nine months ended September 30, 2022, the Company made cash payments of \$180,000 (2021 - \$nil). As at September 30, 2022, the balance of total owing to Domus \$317,786, the short-term portion, \$120,000 (December 31, 2021 - \$120,000), is recorded under accounts payable, and the balance of long-term payable is \$137,786 (December 31, 2021 - \$317,786).

8. Loans

The continuity of loans is as follows:

December 31, 2020	\$	1,022,668
Loans repaid		(28,250)
Interest accrued		101,956
Debt settlement in shares		(166,544)
Foreign exchange		(4,090)
December 31, 2021	\$	925,740
Interest accrued		70,457
Foreign exchange impact		78,090
September 30, 2022	\$	1,074,287

As at September 30, 2022, the Company owed a total of \$1,076,020 (2021 - \$925,740) in loans, consisting of loan principal of \$858,255 (US\$615,200) (December 31, 2021 - \$794,950/US\$615,200) from non-related parties and interest payable of \$216,032 (US\$154,104) (December 31, 2021 - \$130,790 /US\$94,836). All of the loans accrue interest at a rate of 3% per quarter, except for one loan which accrues interest at 10% per annum.

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9. Flow-through premium liabilities

For the year ended December 31, 2021, the Company issued 500,000 flow-through units at a price of \$0.20 for total proceeds of \$100,000. These funds are to be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2021. A \$25,000 flow-through share premium liability was recorded representing the excess paid for the flow through shares over the fair value of the shares without the flow through feature.

As at September 30, 2022, the Company has not incurred the \$100,000 in flow-through eligible expenditures.

10. 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 September 30, 2022	Fees incurred nine months ended September 30, 2021	Balance payable at September 30, 2022	Balance payable at December 31, 2021
Nexvu Services Inc.	Owned by Nexvu Capital, of which Brian Leeners is a shareholder	Rent and corporate services	\$ 90,000	\$ 90,000	\$ 167,959	\$ 149,877
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	108,750	58,500
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	85,750	58,500
Gordorn J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation	Legal services	37,775	15,000	152,116	114,671
Tyler Thorburn Tyler Thorburn*	Director Director	Consulting Marketing	90,000 175,000	- -	- 45,200	- -
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	79,721	61,500
			\$ 604,275	\$ 316,500	\$ 639,496	\$ 443,048

Balances owing are included in accounts payable and accrued liabilities, due on demand, unsecured, non-interest bearing and have no specified terms of repayment.

* The Company made the payment of \$175,000 and \$150,000 to a company owned by a director of the Company for marketing services in 2021 and period ended September 30, 2022, respectively. These amounts were recorded in prepaid expenses. As at nine months ended September 30, 2022, the balance of prepaid expenses is \$150,000 (December 31, 2021-\$175,000).

11. Share capital

Authorized: Unlimited common voting shares, without par value.

Share issuance – pursue exploration and evaluation asset interest

For the nine months ended September 30, 2022, 500,000 shares were issued at a price of \$0.05 for the acquisition of mineral interests in Dixie Lake project (Note 6).

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11. Share capital - continued

Share issuance – private placement

On September 7, 2022, the Company closed the private placement for total gross proceeds of \$340,000 by issuing 6,800,000 unites at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.10 per share for 3 years. The warrants are subject to the right of the company to accelerate the exercise period of the warrant if shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days.

The Company paid cash finder’s fee of \$21,600 and issued 532,000 broker warrants, exercisable at \$0.10 for 3 years commencing the date of issuance. The Company recognized the fair value of broker warrants of \$17,000, using Black-Scholes Option Pricing Model based on the following assumptions:

	2022
Risk-free interest rate	3.42%
Expected life	3 years
Volatility	287.62%
Expected dividend yield	Nil

Share issuance – warrants exercise

For the nine months ended September 30, 2022, 1,008,837 warrants were exercised at a price of \$0.15, for total proceeds of \$150,125.

12. Options and warrants

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 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.

On July 22, 2022, the Company granted 6,500,000 stock options to its directors, officers and consultants of the Company. The exercise price of \$0.15 per share with expiry of 5 years commencing the date of grant. The Company recognized the fair value of broker warrants of \$273,000, using Black-Scholes Option Pricing Model based on the following assumptions:

	2022
Risk-free interest rate	3.10%
Expected life	5 years
Volatility	327.13%
Expected dividend yield	Nil

As at September 30, 2022, the following stock options were outstanding and exercisable:

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12. Options and warrants - Continued

Expiry Date	Exercise Price (\$)	Number of options	Remaining Years
January 29, 2026	0.10	3,800,000	3.33
August 13, 2026	0.10	2,000,000	3.87
July 22, 2026	0.15	6,500,000	4.81
		12,300,000	4.2

b) Warrants

For the nine months ended September 30, 2022, 1,000,837 warrants were exercised, and 12,420,011 warrants expired.

For the nine months ended September 30, 2022, 6,800,000 warrants were issued due to the private placement (Note 11 a).

As at September 30, 2022, warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2021	17,006,068	0.18	0.37
Issued	6,800,000	0.10	2.94
Exercised	(1,008,837)	0.15	
Expired - warrants	(12,420,011)	0.15	
Balance, September 30, 2022	10,377,220	0.15	1.98

As at September 30, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of broker warrants	Remaining Years
November 26, 2022	0.15	3,327,220	0.16
December 8, 2022	0.10	250,000	0.19
September 7, 2025	0.10	6,800,000	2.94
		10,377,220	2.16

c) Broker warrants

For the nine months ended September 30, 2022, 532,000 broker warrants were issued due to the private placement (Note 11 a).

As at September 30, 2022, broker warrant transactions are summarized as follows:

	Number of broker warrants	Weighted average exercise price (\$)	Weighted average life remaining (years)
Balance, December 31, 2021	376,000	0.18	0.37
Issued	532,000	0.10	2.94
Expired	(168,000)	0.15	
Balance, September 30, 2022	740,000	0.15	2.16

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12. Options and warrants - Continued

As at September 30, 2022, the following broker warrants were outstanding:

Expiry Date	Exercise Price (\$)	Number of broker warrants	Remaining Years
November 26, 2022	0.15	208,000	0.16
December 8, 2022	0.10	532,000	2.94
		740,000	2.16

c) Contributed Surplus

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

13. Subsequent events

- a. The Company and the Vendor have elected to modify the La Verde Project Purchase Option Agreement by changing the requirement for two US\$200,000 option payments due under the current Agreement to US\$20,000 minimum monthly payments. The Company and the Vendor have made these changes to reduce the up-front obligations under the agreement and expedite the transaction process. The Company has also extended all financial obligations related to its Red Lake and Kelly claims for up to one year to focus the proceeds of the current financing on the La Verde Project.
- b. On November 26, 2022, 3,327,220 warrants and 208,000 broker warrants at exercise price of \$0.15 expired.
 - c. On November 25, 2022, the Company announce a non-brokered private placement financing for aggregate gross proceeds of up to \$1,000,000. The financing will consist of up to twenty million units at \$0.05, each unit consisting of one common share of the company and one common share purchase warrant with each warrant being exercisable for an additional common share at an exercise price of \$0.10 cents for 36 months. The warrants will be subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above \$0.50 cents for a period of 10 consecutive trading days. Finders' fees in accordance with TSX Venture Exchange policies may apply to the financing. Proceeds raised from the financing will be used for the project payments, exploration and working capital expenditures. The Company will be relying on NI 45-106 s. 5A.2 and a Form 45-106F19 offering document.