

**RIDGESTONE MINING INC.**

Interim Consolidated Financial Statements

Nine Months Ended September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

**The accompanying unaudited interim consolidated financial statements have been prepared by Management of Ridgestone Mining Inc. and have not been reviewed by the Company's auditors.**

**RIDGESTONE MINING INC.**Interim consolidated statements of financial position  
(Expressed in Canadian dollars)

	September 30, 2022 \$	December 31, 2021 \$
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash	95,534	361,852
Prepays and deposits	5,479	26,477
Taxes recoverable	9,184	54,565
Total current assets	110,197	442,894
Non-current assets		
Exploration and evaluation assets (Note 3)	2,545,651	2,174,296
Total assets	2,655,848	2,617,190
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	189,859	159,896
Due to related parties (Note 5)	124,961	83,711
Loans payable (Note 6)	75,000	—
Total liabilities	389,820	243,607
Shareholders' equity		
Share capital (Note 7)	9,418,757	9,197,011
Equity reserve	911,737	911,737
Deficit	(8,064,466)	(7,735,165)
Total shareholders' equity	2,266,028	2,373,583
Total liabilities and shareholders' equity	2,655,848	2,617,190

Nature of operations and continuance of business (Note 1)  
Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on November 24, 2022:

/s/ "Brian Goss"

Brian Goss, Director

/s/ "Erwin Wong"

Erwin Wong, Director

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

**RIDGESTONE MINING INC.**

Interim consolidated statements of comprehensive loss  
(Expressed in Canadian dollars)  
(Unaudited)

	For the three months ended September 30, 2022 \$	For the three months ended September 30, 2021 \$	For the nine months ended September 30, 2022 \$	For the nine months ended September 30, 2021 \$
Expenses				
Consulting fees (Note 5)	35,562	56,898	114,231	896,441
Foreign exchange (gain) loss	795	(1,302)	3,906	26,375
General and administrative	5,687	15,102	12,770	40,018
Mineral exploration costs (Notes 3 and 5)	3,432	134,596	82,966	334,087
Professional fees	14,817	20,431	115,212	148,030
Total expenses	60,293	225,725	329,085	1,444,951
Net loss before other items	(60,293)	(225,725)	(329,085)	(1,444,951)
Other income or expense				
Interest expense	(216)	(2)	(216)	(2,422)
Net and comprehensive loss	(60,509)	(225,727)	(329,301)	(1,447,373)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.02)
Weighted average shares outstanding, basic and diluted	106,024,696	91,610,176	102,802,751	87,381,742

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

**RIDGESTONE MINING INC.**

Interim consolidated statement of changes in equity  
(Expressed in Canadian dollars)  
(Unaudited)

	Share capital		Equity reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, December 31, 2020	45,110,174	6,489,869	790,880	(5,936,051)	1,344,698
Units issued for cash	44,000,000	2,320,000	–	–	2,320,000
Share issuance costs	–	(278,886)	140,919	–	(137,967)
Shares issued pursuant to mineral property option agreement	479,127	64,682	–	–	64,682
Units issued for finders' fee for mineral property option agreement	509,375	66,219	28,053	–	94,272
Shares issued for cash upon exercise of warrants	1,211,500	101,812	(10,950)	–	90,862
Shares issued for cash upon exercise of stock options	300,000	82,165	(37,165)	–	45,000
Net loss for the period	–	–	–	(1,447,373)	(1,447,373)
<b>Balance, September 30, 2021</b>	<b>91,610,176</b>	<b>8,845,861</b>	<b>911,737</b>	<b>(7,383,424)</b>	<b>2,374,174</b>
Balance December 31, 2021	98,633,176	9,197,011	911,737	(7,735,165)	2,373,583
Shares issued pursuant to mineral property option agreement	7,391,520	221,746	–	–	221,746
Net loss for the period	–	–	–	(329,301)	(329,301)
<b>Balance, September 30, 2022</b>	<b>106,024,696</b>	<b>9,418,757</b>	<b>911,737</b>	<b>(8,064,466)</b>	<b>2,266,028</b>

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

**RIDGESTONE MINING INC.**

Interim consolidated statements of cash flows  
(Expressed in Canadian dollars)  
(Unaudited)

	For the nine months ended September 30, 2022 \$	For the nine months ended September 30, 2021 \$
Operating activities		
Net loss	(329,301)	(1,447,373)
Changes in non-cash operating working capital:		
Prepaid expenses	20,998	15,612
Taxes recoverable	45,381	(14,195)
Accounts payable and accrued liabilities	29,963	(278,166)
Due to related parties	41,250	(49,794)
Net cash used in operating activities	(191,709)	(1,773,916)
Investing activities		
Option payment on exploration and evaluation assets	(149,609)	(58,803)
Net cash used in investing activities	(149,609)	(58,803)
Financing activities		
Proceeds from issuance of units, net of issuance costs	–	2,182,033
Proceeds from issuance of shares upon exercise of warrants	–	90,862
Proceeds from issuance of shares upon exercise of stock options	–	45,000
Proceeds from loans payable	75,000	(160,000)
Net cash provided by financing activities	75,000	2,157,895
(Decrease) increase in cash	(266,318)	325,176
Cash, beginning of period	361,852	46,046
Cash, end of period	95,534	371,222
Non-cash investing and financing activities:		
Fair value of finders' warrants issued pursuant to private placements	–	140,919
Reclassification of fair value of warrants upon exercise	–	10,950
Reclassification of fair value of stock options upon exercise	–	37,165
Shares issued pursuant to mineral property option agreement	221,746	64,682
Units issued for finders' fee for mineral property option agreement	–	94,272
Supplemental disclosures:		
Interest paid	–	7,098
Income taxes paid	–	–

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

# RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

## 1. Nature of Operations and Continuance of Business

Ridgestone Mining Inc., (the “Company”), was incorporated in British Columbia, Canada on March 30, 2017 under the name 1113414 B.C. Ltd. On March 30, 2017, the Company changed its name to Ridgestone Mining Inc. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. On February 16, 2018, the Company’s common shares became listed and commenced trading on the TSX Venture Exchange (“Exchange”) under the symbol “RMI”. The Company’s registered and records office is Suite 501, 3292 Production Way, Burnaby, British Columbia, V5A 4R4.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2022, the Company has not generated any revenue and has accumulated losses of \$8,064,466 since inception. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could material.

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 Company is closely monitoring the impact of the pandemic on all aspects of its business. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

## 2. Summary of Significant Accounting Policies

### (a) Statement of Compliance and Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of financial statements, including IAS 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements.

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cerro de Oro Minerales, S.A. de C.V., a company incorporated on September 21, 2018, in Mexico, and 1330498 B.C. Ltd., a company incorporated on October 27, 2021, in British Columbia, Canada. All inter-company balances and transactions have been eliminated on consolidation.

The interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which is also the Company and its subsidiaries’ functional currency.

## RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### (b) Use of Estimates and Judgments

The preparation of these interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include fair value of share-based payments, recoverability of exploration and evaluation assets, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### (c) Recently Adopted Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. Exploration and Evaluation Assets

*Mineral property acquisition costs:*

	Rebeico Property \$	Alaska Property \$	Guadalupe y Calvo Property \$	Total \$
Balance, December 31, 2021	715,814	1,240,725	217,757	2,174,296
Additions	–	–	371,355	371,355
Balance, September 30, 2022	715,814	1,240,725	589,112	2,545,651

*Mineral exploration costs:*

	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<u>Rebeico Property, Sonora, Mexico</u> Geological and geophysics		76,478
<u>Alaska Property, Sonora, Mexico</u> General exploration	1,112	10,282
<u>Guadalupe y Calvo Property, Chihuahua State, Mexico</u> General exploration	74,354	247,327
	82,966	334,087

## RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements  
September 30, 2022  
(Expressed in Canadian dollars)  
(Unaudited)

### 3. Exploration and Evaluation Assets (continued)

#### Rebeico Property

In 2019, the Company acquired 100% of the right, title and interest in and to the Rebeico property from YQ Gold de Mexico, S. de R.L. de C.V. ("YQ Gold"). The Company has incurred requisite property payments and exploration expenditures for this acquisition and will pay 50% of the profit derived from commercial production of the property, to a maximum of US\$1,450,000, to YQ Gold. YQ Gold holds a 2% NSR (subject to an optional repurchase of 1% of the NSR by the Company for US\$1,000,000) in respect of all products produced from the property and an area of common interest within five kilometers of the center point of the Rebeico property.

#### Alaska Property

On June 25, 2019, the Company entered into a Mineral Property Purchase Agreement (the "Agreement") to purchase a 100% interest in 10 mining concessions adjacent to its Rebeico Property. The Agreement received Exchange approval on September 11, 2019. In consideration for the mining concessions, the Company paid a total of \$110,724 (US\$83,000) and issued a total of 5,000,000 common shares with a fair value of \$1,130,000.

#### Guadalupe y Calvo Property

On January 27, 2021, the Company entered into an Option Agreement with Endeavour Silver Corp. ("Endeavour") to acquire a 100% interest in the Guadalupe y Calvo project, located in Chihuahua State, Mexico. The Company received Exchange approval of the agreement on February 19, 2021. In connection with the option agreement the Company issued 509,375 units with a fair value of \$66,219 as a finder's fee. Each unit consisted of one common share and one warrant, with each warrant exercisable at \$0.19 per share for a period of 24 months.

Pursuant to the Option Agreement, as amended on August 2, 2022, the Company can earn a 100% interest in the property by making the following payments:

- Pay US\$40,000 plus value-added tax ("VAT") (paid) and issue common shares with an equivalent value of US\$50,000 (issued) upon Exchange approval of the agreement;
- Pay US\$100,000 plus VAT on or before August 5, 2022 (paid) and issue common shares with an equivalent value of US\$350,000 on or before the 12 months following the effective date (issued (Note 6));
- Pay US\$200,000 plus VAT and issue common share with an equivalent value of US\$450,000 on or before March 1, 2024;
- Pay US\$300,000 plus VAT and issue common shares with an equivalent value of US\$550,000 on or before March 1, 2025; and
- Pay US\$860,000 plus VAT and issue common shares with an equivalent value of US\$350,000 on or before March 1, 2026; and
- Pay US\$10,000 plus VAT on or before the 48 months following the effective date.

The equivalent common shares shall be based on the volume weighted average price of the most recent 20 trading days prior to the due date and converted to US dollars in accordance with the exchange rate in effect on the effective date.

The Company must also incur the following exploration expenditures:

- US\$250,000 within 12 months following the effective date;
- An additional US\$265,000 on or before March 1, 2024; and
- An additional US\$250,000 on or before March 1, 2025.

Any remaining shortfall in the US\$250,000 expenditure requirement which was due within 12 months of the original agreement shall be added to the expenditure requirement due on March 1, 2024.

## RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### 3. Exploration and Evaluation Assets (continued)

Upon completion of the acquisition of a 100% interest in the property, the Company will grant a 2% Net Smelter Return Royalty (the "NSR") to Endeavour. The Company will have the option to buy back the 2% NSR for US\$2,000,000 prior to the commencement of commercial production.

### 4. Accounts Payable and Accrued Liabilities

	September 30, 2022	December 31, 2021
	\$	\$
Accounts payable	99,905	93,496
Accrued liabilities	89,954	66,400
	189,859	159,896

### 5. Related Party Transactions

The remuneration of directors and other members of key management for the nine months ended September 30, 2022, and 2021, are as follows:

	September 30, 2022	September 30, 2021
	\$	\$
Consulting fees	95,000	102,500
Geological and geophysical fees	–	22,500
	95,000	125,000

- As at September 30, 2022, the Company owed \$44,610 (December 31, 2021 – \$44,610) to a director and former President of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2022, the Company incurred \$45,000 (2021 – \$45,000) in consulting fees to the Chief Financial Officer ("CFO") of the Company. As at September 30, 2022, the Company owed \$16,620 (December 31, 2021 – \$6,621) to the CFO of the Company for accrued consulting fees and expenses paid on behalf of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2022, the Company incurred \$nil (2021 – \$22,500) in geological and geophysical fees to the former President of the Company. As at September 30, 2022, the Company owed \$2,500 (December 31, 2021 – \$2,500) to the former President of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2022, the Company incurred \$45,000 (2021 – \$57,500) of consulting fees to a private company controlled by a director of the Company. As at September 30, 2022, the Company owed a total of \$43,730 (December 31, 2021 – \$17,480) to the director of the Company and the private company controlled by a director of the Company. The balance is unsecured, non-interest bearing and due on demand.
- During the nine months ended September 30, 2022, the Company incurred \$5,000 (2021 – \$nil) of consulting fees to the President and Chief Executive Officer ("CEO") of the Company. As at September 30, 2022, the Company owed \$17,500 (December 31, 2021 – \$12,500) to a director of the Company. The balance is unsecured, non-interest bearing and due on demand.

## RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### 6. Loans Payable

- (a) On September 20, 2022, the Company entered into a loan agreement of \$50,000 with an arm's length party, which bears interest at 15% per annum, is unsecured and matures on September 20, 2023. As at September 30, 2022, the Company has accrued interest of \$205, which is included in accounts payable and accrued liabilities.
- (b) On September 29, 2022, the Company entered into a loan agreement of \$25,000 with an arm's length party, which bears interest at 15% per annum, is unsecured and matures on September 29, 2023. As at September 30, 2022, the Company has accrued interest of \$10, which is included in accounts payable and accrued liabilities.

### 7. Share Capital

On April 29, 2022, the Company issued 7,391,520 common shares with a fair value of \$221,746 pursuant to an Option Agreement with Endeavour Silver Corp. for the Guadalupe y Calvo property (Note 3).

### 8. Stock Options

The Company's Board of Directors approved a stock incentive plan dated November 15, 2017. The Board of directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price will not be less than the discounted market price defined in the policies of the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding ten years. Provided the Company is listed on the Exchange, the option holders can elect to exercise options on a cashless basis.

The following table summarizes information about the options at September 30, 2022, and the changes for the period then ended:

	Number of options	Weighted average exercise price \$
Options outstanding – December 31, 2021, and September 30, 2022	3,150,000	0.17
Options exercisable – September 30, 2022	3,150,000	0.17

The following table summarizes information about stock options outstanding and exercisable at September 30, 2022:

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contracted life (years)
0.15	2,300,000	2,300,000	1.76
0.21	850,000	850,000	1.11

#### *Equity reserve*

The equity reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

## RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### 9. Warrants

The following table summarizes information about the warrants at September 30, 2022, and the changes for the period then ended:

	Number of warrants	Weighted average exercise price \$
Warrants outstanding – December 31, 2021	16,076,289	0.08
Expired	(15,566,914)	0.08
Warrants outstanding – September 30, 2022	509,375	0.19

The Company's warrants are exercisable only for common shares. The following table summarizes information about warrants outstanding and exercisable at September 30, 2022:

Exercise Price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.19	February 24, 2023	509,375	0.4

### 10. Financial Instruments

#### (a) Categories of Financial Instruments and Fair Value Measurements

The Company classifies cash at FVTPL, and accounts payable, and due to related parties at amortized cost.

The fair values of cash, accounts payable, due to related parties, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. The carrying amount of financial assets represents the maximum credit exposure.

#### (c) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in the currencies that differ from the respective functional currency. The Company operates in Canada and Mexico. Future exploration programs and option payments may be denominated in U.S. dollars and Mexican pesos. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

## **RIDGESTONE MINING INC.**

Notes to the interim consolidated financial statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### **10. Financial Instruments**

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Liquidity risk is assessed as high.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **11. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged during the nine months ended September 30, 2022.

### **12. Subsequent Event**

On October 4, 2022, the Company entered into a loan agreement of \$25,000 with an arm's length party, which bears interest at 15% per annum, is unsecured and matures on October 4, 2023.