

RIDGESTONE MINING INC.

Interim Consolidated Financial Statements

Nine Months Ended September 30, 2023

(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, 2023 \$	December 31, 2022 \$
	(Unaudited)	
ASSETS		
Current assets		
Cash	36,239	189,580
Prepays and deposits	6,703	22,995
Taxes recoverable	7,688	12,586
Total current assets	50,630	225,161
Non-current assets		
Exploration and evaluation assets (Note 3)	1,956,539	2,545,651
Total assets	2,007,169	2,770,812
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	187,772	280,165
Due to related parties (Note 5)	275,959	165,318
Loans payable (Note 6)	355,000	255,000
Total liabilities	818,731	700,483
Shareholders' equity		
Share capital (Note 7)	9,418,757	9,418,757
Equity reserve	911,737	911,737
Deficit	(9,142,056)	(8,260,165)
Total shareholders' equity	1,188,438	2,070,329
Total liabilities and shareholders' equity	2,007,169	2,770,812

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 23, 2023:

/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, 2023 \$	For the three months ended September 30, 2022 \$	For the nine months ended September 30, 2023 \$	For the nine months ended September 30, 2022 \$
Expenses				
Consulting fees (Note 5)	37,537	35,562	115,344	114,231
Foreign exchange (gain) loss	(719)	795	8,919	3,906
General and administrative	3,835	5,687	15,609	12,770
Mineral exploration (recoveries) costs (Note 3)	(13,714)	3,432	41,121	82,966
Professional fees	10,171	14,817	75,790	115,212
Total expenses	37,110	60,293	256,783	329,085
Net loss before other items	(37,110)	(60,293)	(256,783)	(329,085)
Other income or expense				
Interest expense (Note 6)	(13,422)	(216)	(35,996)	(216)
Impairment of exploration and evaluation asset (Note 3)	–	–	(589,112)	–
Net and comprehensive loss	(50,532)	(60,509)	(881,891)	(329,301)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.17)	(0.06)
Weighted average shares outstanding, basic and diluted	5,301,235	5,301,235	5,301,235	5,140,138

(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, 2021	4,931,659	9,197,011	911,737	(7,735,165)	2,373,583
Shares issued pursuant to mineral property option agreement	369,576	221,746	–	–	221,746
Net loss for the period	–	–	–	(329,301)	(329,301)
Balance, September 30, 2022	5,301,235	9,418,757	911,737	(8,064,466)	2,266,028
Balance, December 31, 2022	5,301,235	9,418,757	911,737	(8,260,165)	2,070,329
Net loss for the period	–	–	–	(881,891)	(881,891)
Balance, September 30, 2023	5,301,235	9,418,757	911,737	(9,142,056)	1,188,438

(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, 2023 \$	For the nine months ended September 30, 2022 \$
Operating activities		
Net loss	(881,891)	(329,301)
Items not involving cash:		
Impairment of exploration and evaluation asset	589,112	–
Changes in non-cash operating working capital:		
Prepays and deposits	16,292	20,998
Taxes recoverable	4,898	45,381
Accounts payable and accrued liabilities	(92,393)	29,963
Due to related parties	110,641	41,250
Net cash used in operating activities	(253,341)	(191,709)
Investing activities		
Option payment on exploration and evaluation assets	–	(149,609)
Net cash used in investing activities	–	(149,609)
Financing activities		
Proceeds from loans payable	100,000	75,000
Net cash provided by financing activities	100,000	75,000
Decrease in cash	(153,341)	(266,318)
Cash, beginning of period	189,580	361,852
Cash, end of period	36,239	95,534
Non-cash investing and financing activities:		
Shares issued pursuant to mineral property option agreement	–	221,746
Supplemental disclosures:		
Interest paid	–	–
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, 2023

(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. During the nine months ended September 30, 2023, the Company incurred a net loss of \$881,891 and had a working capital deficit of \$768,101 at September 30, 2023 (December 31, 2022 - \$475,322). As at September 30, 2023, the Company has not generated any revenue and has accumulated losses of \$9,142,056 since inception. The Company’s continuation as a going concern independent 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 be material.

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, 2022. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements.

These 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. 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 subsidiary’s functional currency.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2023

(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, 2022	715,814	1,240,725	589,112	2,545,651
Impairment	–	–	(589,112)	(589,112)
Balance, September 30, 2023	715,814	1,240,725	–	1,956,539

Mineral exploration costs:

	Nine months ended September 30, 2023 \$	Nine months ended September 30, 2022 \$
<u>Rebeico Property, Sonora, Mexico</u>		
Geological and geophysics	–	7,500
<u>Alaska Property, Sonora, Mexico</u>		
General exploration	–	1,112
<u>Guadalupe y Calvo Property, Chihuahua State, Mexico</u>		
General exploration	6,707	74,354
Mining duties	34,414	–
	41,121	82,966

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements
September 30, 2023
(Expressed in Canadian dollars)
(Unaudited)

3. Exploration and Evaluation Assets (continued)

Rebeico Property

In 2018, the Company closed an Assignment Agreement to assume interest in Option Agreement with YQ Gold de Mexico, S. de R.L. de C.V. ("YQ Gold") to acquire Rebeico property, located in Sonora, Mexico. In 2019, the Company had incurred requisite property payments and exploration expenditures per Option Agreement, Amendment Agreement and Second Amending Agreement, 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. Once the above payment has been made, the Company can exercise the option and acquire 100% of the right, title and interest in and to the Rebeico property. Upon execution of the option, YQ Gold principals will be granted 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 the area of common interest which was included within five kilometers of the center point of the Rebeico property as at the date of execution of the Option Agreement.

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 250,000 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 25,469 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 \$3.80 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);
- 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\$850,000 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, 2023

(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.

During the nine months ended September 30, 2023, the Company determined that it will not proceed with the Guadalupe y Calvo Option Agreement and recognized an impairment of \$589,112. On August 1, 2023, the Company executed a termination agreement with the optionor to terminate the Option Agreement. In connection with the termination of the Option Agreement, the Company agreed to settle outstanding mining duties totaling MXN 454,008 (USD \$27,138), which was paid on August 3, 2023.

4. Accounts Payable and Accrued Liabilities

	September 30, 2023	December 31, 2022
	\$	\$
Accounts payable	64,203	85,136
Accrued liabilities	123,569	195,029
	187,772	280,165

5. Related Party Transactions

The remuneration of directors and other members of key management for the nine months ended September 30, 2023, and 2022, are as follows:

	September 30, 2023	September 30, 2022
	\$	\$
Consulting fees	112,500	95,000

- As at September 30, 2023, the Company owed \$44,610 (December 31, 2022 – \$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, 2023, the Company incurred \$45,000 (2022 – \$45,000) in consulting fees to the Chief Financial Officer ("CFO") of the Company. As at September 30, 2023, the Company owed \$74,369 (December 31, 2022 – \$33,478) 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.
- As at September 30, 2023, the Company owed \$2,500 (December 31, 2022 – \$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, 2023, the Company incurred \$45,000 (2022 – \$45,000) of consulting fees to a private company controlled by a director of the Company. As at September 30, 2023, the Company owed a total of \$106,980 (December 31, 2022 – \$59,730) 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, 2023, the Company incurred \$22,500 (2022 – \$5,000) of consulting fees to the President and Chief Executive Officer of the Company. As at September 30, 2023, the Company owed \$47,500 (December 31, 2022 – \$25,000) 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, 2023

(Expressed in Canadian dollars)

(Unaudited)

6. Loans Payable

- (a) On September 20, 2022, the Company entered into a loan agreement for \$50,000, which is unsecured, bears interest at 15% per annum and matured on September 20, 2023. As at September 30, 2023, the Company has accrued interest of \$7,705 (December 31, 2022 – \$2,096), which is included in accounts payable and accrued liabilities.
- (b) On September 29, 2022, the Company entered into a loan agreement for \$25,000, which is unsecured, bears interest at 15% per annum and matured on September 29, 2023. As at September 30, 2023, the Company has accrued interest of \$3,760 (December 31, 2022 – \$955), which is included in accounts payable and accrued liabilities.
- (c) On October 4, 2022, the Company entered into a loan agreement for \$25,000, which is unsecured, bears interest at 15% per annum and matures on October 4, 2023. As at September 30, 2023, the Company has accrued interest of \$3,709 (December 31, 2022 – \$904), which is included in accounts payable and accrued liabilities.
- (d) On October 24, 2022, the Company entered into a loan agreement for \$50,000, which is unsecured, bears interest at 15% per annum and matures on October 24, 2023. As at September 30, 2023, the Company has accrued interest of \$7,007 (December 31, 2022 – \$1,397), which is included in accounts payable and accrued liabilities.
- (e) On October 25, 2022, the Company entered into a loan agreement for \$30,000, which is unsecured, bears interest at 15% per annum and matures on October 25, 2023. As at September 30, 2023, the Company has accrued interest of \$4,192 (December 31, 2022 – \$826), which is included in accounts payable and accrued liabilities.
- (f) On November 3, 2022, the Company entered into a loan agreement for \$50,000, which is unsecured, bears interest at 15% per annum and matures on November 3, 2023. As at September 30, 2023, the Company has accrued interest of \$6,801 (December 31, 2022 – \$1,192), which is included in accounts payable and accrued liabilities.
- (g) On November 18, 2022, the Company entered into a loan agreement for \$25,000, which is unsecured, bears interest at 15% per annum and matures on November 18, 2023. As at September 30, 2023, the Company has accrued interest of \$3,247 (December 31, 2022 – \$442), which is included in accounts payable and accrued liabilities.
- (h) On February 22, 2023, the Company entered into a loan agreement for \$40,000, which is unsecured, bears interest at 15% per annum and matures on February 22, 2024. As at September 30, 2023, the Company has accrued interest of \$3,616, which is included in accounts payable and accrued liabilities.
- (i) On April 17, 2023, the Company entered into a loan agreement for \$25,000, which is unsecured, bears interest at 15% per annum and matures on April 17, 2024. As at September 30, 2023, the Company has accrued interest of \$1,613, which is included in accounts payable and accrued liabilities.
- (j) On May 3, 2023, the Company entered into a loan agreement for \$35,000, which is unsecured, bears interest at 15% per annum and matures on May 3, 2024. As at September 30, 2023, the Company has accrued interest of \$2,158, which is included in accounts payable and accrued liabilities.

7. Share Capital

On April 29, 2022, the Company issued 369,576 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).

On January 9, 2023, the Company completed a 20-for-1 share consolidation of its issued and outstanding common shares. All common share and per share amounts in these interim consolidated financial statements have been retroactively restated for all periods presented.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

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, 2023, and the changes for the period then ended:

	Number of options	Weighted average exercise price \$
Options outstanding and exercisable – December 31, 2022 and September 30, 2023	157,500	3.32

The following table summarizes information about stock options outstanding and exercisable at September 30, 2023:

Exercise price \$	Options outstanding	Options exercisable	Weighted average remaining contracted life (years)
3.00	115,000	115,000	0.76
4.20	42,500	42,500	0.11

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.

9. Warrants

The following table summarizes information about the warrants at September 30, 2023, and the changes for the period then ended:

	Number of warrants	Weighted average exercise price \$
Warrants outstanding – December 31, 2022	25,469	3.80
Expired	(25,469)	3.80
Warrants outstanding – September 30, 2023	–	–

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

10. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

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

(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, 2023.

RIDGESTONE MINING INC.

Notes to the interim consolidated financial statements

September 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

12. Subsequent Event

On October 20, 2023, the Company closed a non-brokered private placement of 10,000,000 units at \$0.08 per unit for gross proceeds of \$800,000. Each unit consists of one common share and one share purchase warrant. The holder of each warrant is entitled to acquire an additional common share of the Company at \$0.10 per share for a period of five years following the closing date.