



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited – presented in Canadian Dollars)**

**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed interim financial statements.

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed interim financial statements by an entity's auditor.

**PROSPECT RIDGE RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – presented in Canadian Dollars)  
AS AT

	<b>November 30, 2024</b>	<b>August 31, 2024</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 547,976	\$ 57,741
Short-term investments	2,582,414	4,172,510
Receivables (Note 4)	39,171	62,780
Refundable tax credit (Note 8)	159,710	546,944
Prepaid expenses	<u>163,392</u>	<u>269,706</u>
	3,492,663	5,109,681
Reclamation deposits (Note 9)	59,500	59,500
Equipment and right-of-use assets (Note 5)	542,560	578,087
Exploration and evaluation assets (Note 8)	<u>4,459,750</u>	<u>4,459,750</u>
<b>Total Assets</b>	<b>\$ 8,554,473</b>	<b>\$ 10,207,018</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 280,860	\$ 952,650
Current portion of lease liabilities (Note 6)	56,575	67,372
Current portion of loan payable (Note 7)	<u>-</u>	<u>8,317</u>
	337,435	1,028,339
Lease liabilities – non-current (Note 6)	165,061	212,194
Loan payable – non-current (Note 7)	<u>-</u>	<u>50,873</u>
<b>Total Liabilities</b>	<b><u>502,496</u></b>	<b><u>1,291,406</u></b>
<b>Shareholders' Equity</b>		
Share capital (Note 10)	16,938,260	16,872,546
Commitment to issue finder's shares (Note 8)	131,429	197,143
Contributed surplus (Note 10)	2,314,554	2,300,417
Deficit	<u>(11,332,266)</u>	<u>(10,454,494)</u>
<b>Total Shareholders' Equity</b>	<b><u>8,051,977</u></b>	<b><u>8,915,612</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 8,554,473</b>	<b>\$ 10,207,018</b>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board of Directors on January 27, 2025:

"Michael Iverson"

Director

"Yan Ducharme"

Director

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

**PROSPECT RIDGE RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – presented in Canadian Dollars)  
FOR THE THREE MONTHS ENDED NOVEMBER 30,

	<b>2024</b>	<b>2023</b>
<b>EXPENSES</b>		
Business development	\$ -	\$ 7,425
Depreciation (Note 5)	35,527	43,828
Directors' fees (Note 11)	12,000	9,000
Exploration and evaluation expenditures (Notes 8, 11)	574,021	220,958
Finance expense	881	600
Insurance	10,279	11,071
Investor relations	115,652	26,063
Lease accretion (Note 6)	4,763	2,401
Management and consulting fees (Note 11)	85,000	92,000
Office and miscellaneous	5,770	21,962
Professional fees (Note 11)	32,386	10,187
Share-based payments (Notes 10, 11)	14,137	-
Transfer agent and filing fees	9,391	7,999
Travel expense	15,157	9,412
Recovery of tax credits (Note 8)	(5,290)	(65,537)
<b>Total operating expenses</b>	<b>(909,674)</b>	<b>(397,429)</b>
<b>Other income</b>		
Unrealized gain on short-term investments	31,902	-
	<u>31,902</u>	<u>-</u>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (877,772)</b>	<b>\$ (397,429)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>83,244,164</b>	<b>52,125,949</b>

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

**PROSPECT RIDGE RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – presented in Canadian Dollars)  
FOR THE THREE MONTHS ENDED NOVEMBER 30,

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (877,772)	\$ (397,429)
Items not affecting cash:		
Depreciation	35,527	43,828
Finance expense	881	660
Unrealized gain on short-term investments	(31,902)	-
Lease accretion	4,763	2,401
Share-based payments	14,137	-
Changes in non-cash working capital items:		
Receivables	23,609	7,564
Refundable tax credits	387,234	(65,538)
Prepaid expenses	106,314	(4,778)
Accounts payable and accrued liabilities	(671,790)	(186,404)
Net cash used in operating activities	<u>(1,008,999)</u>	<u>(599,696)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of short-term investments	1,621,998	-
Net cash used in investing activities	<u>1,621,998</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease payments	(62,693)	(21,687)
Loan payments	(60,071)	(27,451)
Net cash used in financing activities	<u>(122,764)</u>	<u>(49,138)</u>
<b>Change in cash during the period</b>	490,235	(648,834)
<b>Cash, beginning of period</b>	<u>57,741</u>	<u>1,394,027</u>
<b>Cash, end of period</b>	<u>\$ 547,976</u>	<u>\$ 745,193</u>
<b>Supplemental cash flow information:</b>		
Shares issued for exploration and evaluation assets	\$ 65,714	\$ 65,714

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

**PROSPECT RIDGE RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited – presented in Canadian Dollars)

	<u>Share capital</u>		Commitment to issue finder's shares	Contributed surplus	Deficit	Total
	Number	Amount				
<b>Balance, August 31, 2023</b>	52,027,048	\$ 11,945,415	\$ 262,857	\$ 2,051,404	\$ (7,818,371)	\$ 6,441,305
Shares issued for exploration and evaluation assets	142,857	65,714	(65,714)	-	-	-
Loss for the period	-	-	-	-	(397,429)	(397,429)
<b>Balance, November 30, 2023</b>	52,169,905	12,011,129	197,143	2,051,404	(8,215,800)	6,043,876
<b>Balance, August 31, 2024</b>	83,149,973	\$ 16,872,546	\$ 197,143	\$ 2,300,417	\$ (10,454,494)	\$ 8,915,612
Shares issued for exploration and evaluation assets	142,857	65,714	(65,714)	-	-	-
Share-based payments	-	-	-	14,137	-	14,137
Loss for the period	-	-	-	-	(877,772)	(877,772)
<b>Balance, November 30, 2024</b>	83,292,830	\$ 16,938,260	\$ 131,429	\$ 2,314,554	\$ (11,332,266)	\$ 8,051,977

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

## **PROSPECT RIDGE RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023  
(Unaudited – presented in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Prospect Ridge Resources Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on April 6, 2020. The Company is principally engaged in the acquisition and exploration of resource properties. The Company's head office is located at 701 West Georgia St, Suite 1500, Vancouver, BC V7Y 1C6, and its registered and records office is located at 605 Robson Street, Suite 430, Vancouver, BC V6B 5J3. The Company's shares are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol PRR.

The Company is in the process of exploring and evaluating its resource properties and investing in potential new acquisitions and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long term. During the year ended August 31, 2024, the Company completed financings for aggregate gross proceeds of \$5,218,847 (Note 10). While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

Recent global issues, including the ongoing COVID-19 pandemic and geopolitical conflict have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations at this time.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are compliant with IAS 34 "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required for full annual financial statements.

#### **Basis of Presentation**

These condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency. The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## PROSPECT RIDGE RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### 2. BASIS OF PREPARATION (cont'd...)

#### Use of Estimate and Judgments

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

#### *Critical accounting estimates*

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

#### *Critical accounting judgments*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company's accounting policies are consistent with those applied in the Company's financial statements for the year ended August 31, 2024. These condensed interim financial statements should be read in conjunction with the Company's most recent annual financial statements for the year ended August 31, 2024.

### 4. RECEIVABLES

	November 30, 2024	August 31, 2024
GST receivable	\$ 35,853	\$ 56,462
Other receivables	3,318	6,318
Total	\$ 39,171	\$ 62,780



## PROSPECT RIDGE RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### 5. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of- Use Assets – Office	Right-of- Use Assets – Vehicles	Field Equipment	Vehicles	Drills	Office Equipment	Total
<b>Cost</b>							
Balance, August 31, 2023	\$ 108,823	\$ 143,009	\$ 73,206	\$ 265,443	\$ 114,153	\$ 31,827	\$ 736,461
Additions	155,932	-	-	6,960	-	-	162,892
Derecognized / disposal	-	-	(2,500)	-	-	-	(2,500)
Balance, August 31, 2024 and November 30, 2024	\$ 264,755	\$ 143,009	\$ 70,706	\$ 272,403	\$ 114,153	\$ 31,827	\$ 896,853
<b>Accumulated Depreciation</b>							
Balance, August 31, 2023	\$ 22,672	\$ 32,083	\$ 20,343	\$ 34,409	\$ 42,997	\$ 12,345	\$ 164,849
Depreciation	54,411	23,835	10,573	46,323	14,231	5,844	155,217
Disposals	-	-	(1,300)	-	-	-	(1,300)
Balance, August 31, 2024	\$ 77,083	\$ 55,918	\$ 29,616	\$ 80,732	\$ 57,228	\$ 18,189	\$ 318,766
Depreciation	13,603	6,417	2,055	9,584	2,846	1,022	35,527
Balance, November 30, 2024	\$ 90,686	\$ 62,335	\$ 31,671	\$ 90,316	\$ 60,074	\$ 19,211	\$ 354,293
<b>As at August 31, 2024</b>	\$ 187,672	\$ 87,091	\$ 41,090	\$ 191,671	\$ 56,925	\$ 13,638	\$ 578,087
<b>As at November 30, 2024</b>	\$ 174,069	\$ 80,674	\$ 39,035	\$ 182,087	\$ 54,079	\$ 12,616	\$ 542,560

The Company's right-of-use assets relate to the leases on its office premises and vehicles (Note 6).

During the year ended August 31, 2024, the Company acquired vehicles at a cost of \$6,960, and wrote off equipment with an aggregate net book value of \$1,200 and recognized a corresponding loss of \$1,200 in profit or loss.

### 6. LEASE LIABILITIES

During the year ended August 31, 2024, the Company extended its office lease, recognizing a \$155,932 additional right-of-use asset and a corresponding increase to lease liabilities. During the three months ended November 30, 2024, the Company completed a payment of \$41,962 towards a vehicle lease. Subsequent to the three months ended November 30, 2024, the Company completed a payment of \$40,417 towards the remaining vehicle lease.

In calculating present values, the Company used an annual discount rate of 10% for office leases and a monthly discount rate of 1.4% for vehicle leases.

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at November 30, 2024:

Fiscal year	Payments
2025	\$ 54,080
2026	72,425
2027	72,425
2028	43,125
Amount representing future lease accretion	(20,419)
Lease liabilities as at November 30, 2024	\$ 221,636

**PROSPECT RIDGE RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**6. LEASE LIABILITIES (cont'd...)**

The following is a reconciliation of the changes in the lease liabilities:

<b>Lease liabilities</b>	November 30, 2024	August 31, 2024
Balance, beginning of period	\$ 279,566	\$ 199,767
Additions	-	155,932
Lease accretion	4,763	8,699
Lease payments	(62,693)	(84,832)
Balance, end of period	\$ 221,636	\$ 279,566
Represented as:		
Current portion of lease liabilities	\$ 56,575	\$ 67,372
Non-current portion of lease liabilities	\$ 165,061	\$ 212,194

**7. LOAN PAYABLE**

During the year ended August 31, 2023, the Company entered into a financing agreement to acquire a vehicle for a total purchase price of \$91,900 (Note 5) at an interest rate of 5.99% per annum for a period of 84 months. During the year ended August 31, 2024, in addition to total monthly payments of \$10,677 (2023 - \$nil), the Company paid an additional \$25,500 in cash towards the loan. During the three months ended November 30, 2024, the Company paid off the loan in full.

<b>Loan liabilities</b>	November 30, 2024	August 31, 2024
Balance, beginning of period	\$ 59,190	\$ 91,900
Interest accrued	881	3,467
Payments	(60,071)	(36,177)
Balance, end of period	\$ -	\$ 59,190
Represented as:		
Current portion of loan liabilities	\$ -	\$ 8,317
Non-current portion of loan liabilities	\$ -	\$ 50,873

**8. EXPLORATION AND EVALUATION ASSETS****Mineral Property Acquisition Costs by Project**

	Holy Grail Property	Knauss Creek Property	Total
<b>Acquisition costs</b>			
Balance, August 31, 2023, August 31, 2024, and November 30, 2024	\$ 3,540,000	\$ 919,750	\$ 4,459,750

## PROSPECT RIDGE RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023  
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### 8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

#### Holy Grail Property

On August 26, 2021, the Company entered into an agreement (the “Holy Grail Option Agreement”) with Loan Wolf Exploration Ltd. (“Loan Wolf”), whereby the Company had the option to acquire a 100% interest in the Holy Grail Property, including the placer claims comprising the Property, in north of Terrace, B.C.

On January 31, 2023, the Company and Loan Wolf entered into a settlement agreement (“the Holy Grail Settlement Agreement”) to supersede the terms of the Holy Grail Option Agreement, whereby the Company finalized its acquisition of 100% of the Holy Grail property. Upon execution of the Holy Grail Settlement Agreement, there are no further payments or commitments with respect to the Holy Grail property.

Concurrently, on January 31, 2023, the Company also entered into a net smelter returns royalty agreement (the “NSR Royalty Agreement”), whereby the original terms of the NSR pursuant to the Holy Grail Option Agreement were amended. Pursuant to the NSR Royalty Agreement, the Holy Grail property is subject to a 3% NSR, comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased by the Company, for \$1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for \$1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

#### *Holy Grail Finder’s Fees*

In connection with the Holy Grail Option Agreement, the Company entered into a finder’s fees agreement with Triple K Ventures Ltd., a company related to the Chief Executive Officer, pursuant to which the Company will pay finder’s fees of 1,000,000 common shares in the capital of the Company (the “Finder’s Shares”), upon the successful closing of the transaction in accordance with the following schedule:

- (a) 285,715 Finder’s Shares on the date that the Option Agreement is signed;  
(issued with a fair value of \$131,429)
- (b) 142,857 Finder’s Shares on the first anniversary of the Option Agreement;  
(issued with a fair value of \$65,714)
- (c) 142,857 Finder’s Shares on the second anniversary of the Option Agreement;  
(issued with a fair value of \$65,714)
- (d) 142,857 Finder’s Shares on the third anniversary of the Option Agreement;  
(issued during the three months ended November 30, 2024, with a fair value of \$65,714)
- (e) 142,857 Finder’s Shares on the fourth anniversary of the Option Agreement; and
- (f) 142,857 Finder’s Shares on the fifth anniversary of the Option Agreement;

On entering into the finder’s fee agreement, the Company recorded a commitment to issue finder’s shares of \$460,000. As at November 30, 2024, the commitment to issue finder’s shares has been reduced to \$131,429.

#### Knauss Creek Property

On November 3, 2021, the Company entered an agreement (the “Knauss Creek Agreement”) with Loan Wolf and Knauss Creek Mines Ltd. (“Knauss”) to acquire a 100% interest in the Knauss Creek Property, for a cash payment of \$10,000 (paid), the issuance of 1,200,000 common shares (issued at a total value of \$808,000) and incurring total exploration expenditures of \$1,000,000 (incurred) on or before October 31, 2023. The Company completed the requirements during the year ended August 31, 2023, accordingly, has acquired 100% of the Knauss Creek Property.

## PROSPECT RIDGE RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023  
(Unaudited – presented in Canadian Dollars)

### 8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

#### Knauss Creek Property (cont'd...)

On January 31, 2023, the Company entered into the NSR Royalty Agreement, pursuant to which the terms of the NSR on the Knauss Creek Property were amended to the same 3% NSR terms as the Holy Grail Property (as above). The NSR is comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased for \$1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for \$1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

The Company has issued an aggregate of 100,000 common shares to Loan Wolf as finder's fees under the Knauss Creek Agreement. No further shares are issuable.

#### Exploration and evaluation expenditures

Exploration and evaluation expenditures for the three months ended November 30, 2024 are detailed below:

	Holy Grail	Knauss Creek	Total
Claims	\$ 4,150	\$ 250	\$ 4,400
Geology	-	9,714	9,714
Prospection/Geochemistry	19,151	3,879	23,030
Drilling	-	536,877	536,877
	<u>\$ 23,301</u>	<u>\$ 550,720</u>	<u>\$ 574,021</u>

Exploration and evaluation expenditures for the three months ended November 30, 2023 are detailed below:

	Holy Grail	Knauss Creek	Project Evaluation	Total
Geology	\$ 6,238	\$ 12,644	\$ -	\$ 18,882
Prospection/Geochemistry	43,459	152,548	2,500	198,507
Drilling	-	2,305	-	2,305
Technical studies	-	1,264	-	1,264
	<u>\$ 49,697</u>	<u>\$ 168,761</u>	<u>\$ 2,500</u>	<u>\$ 220,958</u>

As at November 30, 2024, the Company has recorded a BC mineral exploration tax credit ("BC METC") receivable of \$159,710 (August 31, 2024 - \$546,944) for expenditures incurred in the three months ended November 30, 2024, and the years ended August 31, 2024 and 2023. The Company received \$392,524 in BC METC refunds during the three months ended November 30, 2024, in relation to expenditures incurred in the year ended August 31, 2023.

### 9. RECLAMATION DEPOSITS

As at November 30, 2024, the Company held \$59,500 (August 31, 2024 - \$59,500) in deposits with a financial institution as security for reclamation requirements in relation to the Holy Grail and Knauss Creek properties.

## PROSPECT RIDGE RESOURCES CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### 10. SHARE CAPITAL

#### Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

#### Issued Share Capital

##### *Fiscal 2025 share issuances*

During the three months ended November 30, 2024, the Company issued 142,857 Finder's Shares with a fair value of \$65,714 on the third anniversary of the Holy Grail Option Agreement (Note 8).

##### *Fiscal 2024 non-flow-through private placement*

During the year ended August 31, 2024, the Company closed its non-brokered non-flow-through ("NFT") private placement of \$0.16 units announced May 29, 2024, for aggregate proceeds of \$2,860,520 (the "NFT Placement") in three tranches:

- a) The first tranche consisted of an aggregate of 13,284,500 NFT units for gross proceeds of \$2,125,520, each NFT unit comprising one common share and one half of one common share purchase warrant; each whole warrant is exercisable for two years at a price of \$0.25 per share. The Company paid cash commissions of \$28,515 and issued 189,157 broker warrants exercisable for two years at a price of \$0.25 per share, valued at \$17,129.
- b) The second tranche consisted of an aggregate of 1,681,259 units for gross proceeds of \$269,000. The Company paid cash commissions of \$560 and issued 3,500 broker warrants at the same terms as the previous tranche, valued at \$376.
- c) The third and final tranche consisted of an aggregate of 2,912,500 units for gross proceeds of \$466,000. The Company paid cash commissions of \$11,690 and issued 73,062 broker warrants at the same terms as the previous tranches, valued at \$8,894.

##### *Fiscal 2024 flow-through private placement*

During the year ended August 31, 2024, the Company closed its non-brokered flow-through ("FT") private placement of \$0.18 units announced June 14, 2024, for aggregate proceeds of \$2,358,327 (the "FT Placement") in two tranches:

- a) The first tranche consisted of an aggregate of 5,384,377 FT units for gross proceeds of \$969,188, each FT unit comprising one FT common share and one half of one common share purchase warrant; each whole warrant is exercisable for two years at a price of \$0.30 per share. The Company paid cash commissions of \$49,000 and issued 282,021 broker warrants exercisable for two years at a price of \$0.30 per share, valued at \$28,314.
- b) The second and final tranche consisted of an aggregate of 7,717,441 FT units for gross proceeds of \$1,389,139. The Company paid cash commissions of \$89,111 and issued 495,063 broker warrants exercisable for two years at a price of \$0.30 per share, valued at \$56,372.

Of the aggregate FT proceeds of \$2,358,327, \$2,358,314 in expenditures and available income tax benefits will be renounced to the FT shareholders effective December 31, 2024. As of November 30, 2024, \$1,360,139 of the funds had been spent and \$998,175 remains to be spent.

**PROSPECT RIDGE RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**10. SHARE CAPITAL (cont'd...)****Issued Share Capital (cont'd...)***Other fiscal 2024 share issuances*

During the year ended August 31, 2024, the Company issued 142,857 Finder's Shares with a fair value of \$65,714 on the second anniversary of the Holy Grail Option Agreement (Note 8).

**Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception of any options extended due to a Blackout Period. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2023	3,000,000	\$ 0.20
Granted	1,475,000	0.21
Cancelled	(525,000)	0.20
Balance, August 31, 2024 and November 30, 2024	3,950,000	\$ 0.20
Balance, November 30, 2024, exercisable	3,570,000	\$ 0.20

The Company did not grant any stock options during the three months ended November 30, 2024, and 2023. Total share-based payments recognized in the statement of loss and comprehensive loss for the three months ended November 30, 2024, was \$14,137 (2023 - \$nil) for incentive options vested in the period.

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**10. SHARE CAPITAL (cont'd...)****Stock options (cont'd...)**

As at November 30, 2024, the following stock options were outstanding:

Number Outstanding	Number and Exercisable	Exercise Price	Expiry Date	Remaining Life (years)
2,000,000	2,000,000	\$ 0.20	March 1, 2028	3.25
600,000	600,000	\$ 0.20	March 3, 2028	3.26
75,000	75,000	\$ 0.20	March 16, 2028	3.29
500,000	500,000	\$ 0.20	January 5, 2029	4.10
300,000	50,000	\$ 0.205	May 2, 2026	1.42
300,000	75,000	\$ 0.20	May 28, 2026	1.49
175,000	175,000	\$ 0.235	July 30, 2029	4.67
3,950,000	3,475,000	\$ 0.20		

**Warrants**

Warrant transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2023	-	\$ -
Granted	16,532,833	0.27
Balance, August 31, 2024 and November 30, 2024	16,532,833	\$ 0.27

The Company did not issue any warrants during the three months ended November 30, 2024.

During the year ended August 31, 2024, the Company issued:

- An aggregate of 8,939,125 warrants exercisable at a price of \$0.25 for a period of two years pursuant to the NFT Placement; and
- An aggregate of 265,719 broker warrants exercisable at a price of \$0.25 for a period of two years pursuant to the NFT Placement, which were valued at an aggregate fair value of \$26,399 using the following weighted-average Black-Scholes assumptions: volatility of 118.42%, expected life of two years, risk-free interest rate of 3.80% and dividend rate of 0%.
- An aggregate of 6,550,905 warrants exercisable at a price of \$0.30 for a period of two years pursuant to the FT Placement; and
- An aggregate of 777,084 broker warrants exercisable at a price of \$0.30 for a period of two years pursuant to the FT Placement, which were valued at an aggregate fair value of \$84,686 using the following weighted-average Black-Scholes assumptions: volatility of 119.55%, expected life of two years, risk-free interest rate of 3.74% and dividend rate of 0%.

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### 10. SHARE CAPITAL (cont'd...)

#### Warrants (cont'd...)

As at November 30, 2024, the following warrants were outstanding:

Number Outstanding	Exercise Price	Expiry Date	Remaining Life (years)
6,831,407	\$ 0.25	June 13, 2026	1.53
844,125	\$ 0.25	July 5, 2026	1.59
2,974,208	\$ 0.30	July 5, 2026	1.59
1,529,312	\$ 0.25	July 24, 2026	1.65
4,353,781	\$ 0.30	July 24, 2026	1.65
16,532,833			

### 11. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying condensed interim financial statements are summarized below and include transactions with the following individuals or entities:

#### *Key management personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Corporate Secretary, and President. Key management personnel payments for the three months ended November 30, 2024 and 2023, included:

	2024	2023
Directors' fees	\$ 12,000	\$ 9,000
Management and consulting fees	50,000	50,000
Exploration related and geological consulting fees	50,000	50,000
Professional fees	30,000	15,000
Share-based payments	-	-
	\$ 142,000	\$ 124,000

As at November 30, 2024, \$167,233 (August 31, 2024 – \$127,362) was included in accounts payables and accrued liabilities for amounts owed to related parties.

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.



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### **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

The carrying values of cash, refundable tax credits, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The carrying value of the reclamation deposit approximates its carrying value due to the restricted nature of the financial instrument. The carrying values of lease liabilities and loan payable approximate their fair values due to being discounted with rates of interest that approximate market rates.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's receivables consist mainly of tax credit receivables due from the Government of Canada. As at November 30, 2024, the Company's exposure to credit risk is minimal.

#### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2024, the Company had a cash balance of \$547,976 and a short-term investment balance of \$2,582,414 to settle current liabilities of \$337,435. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

#### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### **a) Interest rate risk**

As at November 30, 2024, the Company was not subject to or exposed to significant interest rate risk.

##### **b) Foreign currency risk**

The Company's operating costs are primarily in Canadian dollars. As at November 30, 2024, management believes the Company's exposure to foreign currency risk is not significant.

##### **c) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As at November 30, 2024, the Company was not exposed to any equity or commodity price risks.

## **PROSPECT RIDGE RESOURCES CORP.**

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### **13. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns and/or benefits for shareholders. The Company considers its shareholders' equity to be its capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the administration of its corporate affairs and to provide funds for the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company has no revenue-generating operations and as such is dependent upon external financing to fund activities. In order to develop its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the size of the Company.

There were no changes in the Company's approach to capital management during the three months ended November 30, 2024. The Company is not subject to externally imposed capital requirements.