PROSPECT RIDGE RESOURCES CORP.

INTERIM FINANCIAL STATEMENTS
(Presented in Canadian Dollars)
(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2021

PROSPECT RIDGE RESOURCES CORP.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars - Unaudited)

As at		May 31, 2021		August 31, 2020
ASSETS				
Current				
Cash	$	1,068,081	$	711,654
Receivables		4,500		2,563
Prepaid expenses		3,100		3,100
		1,075,681		717,317
Right-of-use asset (Note 4)		5,932		-
Exploration and evaluation assets (Note 6)		105,000		25,000
Total Assets	$	1,186,613	$	742,317
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	115,166	$	39,414
Lease liability (Note 5)		6,121		-
Total Liabilities		121,287		39,414
Shareholders' Equity				
Share capital (Note 7)		1,260,973		1
Special warrants (Note 7)		-		456,061
Subscriptions received in advance (Note 7)		-		283,561
Contributed surplus		5,909		-
Deficit		(201,556)		(36,720)
Total Shareholders’ Equity		1,065,326		702,903
Total Liabilities and Shareholders’ Equity	$	1,186,613	$	742,317

Nature and continuance of operations (Note 1)

Approved and authorized by the Board of Directors on July 26, 2021:

“Liam Corcoran” Director *“Nick Luksha”* Director

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

PROSPECT RIDGE RESOURCES CORP.
INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars - Unaudited)

	For the three months period ended May 31, 2021	For the nine months period ended May 31, 2021
EXPENSES		
Depreciation (Note 4)	$ 4,448	$ 11,863
Investor relations	-	34,625
Management fees (Note 8)	12,000	39,500
Professional fees	29,738	59,643
Transfer agent and filing fees	10,200	15,905
Foreign exchange	3	19
Office and miscellaneous	798	2,468
	(57,187)	(164,023)
Other items		
Lease accretion (Note 5)	(218)	(813)
Loss and comprehensive loss for the period	$ (57,405)	$ (164,836)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	14,840,327	13,369,250

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

PROSPECT RIDGE RESOURCES CORP.
INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars - Unaudited)

For the nine months period ended		**May 31, 2021**
CASH FROM OPERATING ACTIVITIES		
Loss for the period	$	(164,836)
Items not affecting cash		
Depreciation		11,863
Lease accretion		813
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities		75,752
Prepaid expenses		(1,400)
Receivables		(537)
Net cash used in operating activities		(78,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets		(50,000)
Net cash used in investing activities		(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements		67,814
Proceeds from IPO		500,000
Share issuance costs		(70,555)
Lease payments		(12,487)
Net cash provided in financing activities		484,772
Change in cash during the period		356,427
Cash, beginning of period		711,654
Cash, end of period	$	1,068,081

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

PROSPECT RIDGE RESOURCES CORP.
INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Presented in Canadian Dollars - Unaudited)

	Share capital						
	Number	**Amount**	**Special warrants**	**Subscriptions received in advance**	**Contributed surplus**	**Deficit**	**Total**
Balance, Inception on April 6, 2020	1	$ 1	$ -	$ -	$ -	$ -	$ 1
Special warrants	-	-	456,061	-	-		456,061
Subscriptions received in advance	-	-	-	283,561	-	-	283,561
Loss for the period	-	-	-	-	-	(36,720)	(36,720)
Balance, August 31, 2020	1	1	456,061	283,561	-	(36,720)	702,903
Shares issued for private placements	23,305,000	813,875	(462,500)	(283,561)	-	-	67,814
Shares issued for IPO	5,000,000	500,000	-	-	-	-	500,000
Shares issued for E&E assets	150,000	30,000	-	-	-	-	30,000
Share issuance costs – common shares	200,000	20,000	-	-	-	-	20,000
Share issuance costs – common shares		(20,000)		-	-	-	(20,000)
Share issuance costs – warrants	-	(5,909)	-	-	5,909	-	-
Share issuance costs – cash	-	(76,994)	6,439	-	-	-	(70,555)
Loss for the period	-	-	-	-	-	(164,836)	(164,836)
Balance, May 31, 2021	28,655,001	$ 1,260,973	$ -	$ -	$ 5,909	$ (201,556)	$ 1,065,326

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

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 Suite 488-1090 West Georgia St, Vancouver, BC V6E 3V7, and its registered and records office is located at 10^{th} Floor – 595 Howe Street, Vancouver, BC V6C 2T5. The Company has elected to have August 31 as its year end.

The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. During the year ended August 31, 2020, the Company entered into an agreement to acquire an interest in a property in Baie-James, Quebec. (Note 6)

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. 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.

These interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be 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. 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 ability to raise funds.

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Presentation

These interim financial statements of the Company are presented in Canadian dollars, which is the functional currency.

Significant accounting judgments, estimates and assumptions

The 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 financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting judgments, estimates and assumptions (cont'd…)

The preparation of 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 judgments in applying accounting policies

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the financial statements include:

Exploration and Evaluation Assets ("E&E")

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are consistent with those applied in the Company's financial statements for the period from April 6, 2020 (date of incorporation) to August 31, 2020 with the addition of the significant accounting policy for leases. These interim financial statements should be read in conjunction with the Company's most recent annual financial statements for the period ended August 31, 2020.

New standard adopted

IFRS 16, Leases

The Company leases some items of property and equipment. Under IFRS 16 Leases ("IFRS 16"), the Company assesses whether a contract to rent an item of property and equipment is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

Pursuant to IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.
The measurement of lease liabilities includes the following types of lease payments:

(Presented in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;

3) amounts expected to be payable under any residual value guarantees; and

4) exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized costs using the effective interest method.

The lease liability is remeasured in the following circumstances:

1) if there is a change in the future lease payments resulting from a change in index or rate;

2) if there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and

3) if the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company has elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets.

4. RIGHT-OF-USE ASSETS

		Right-of-Use Assets
Cost		
Balance, August 31, 2020	$	-
Right-of-use additions		17,795
Balance, May 31, 2021	$	17,795
Accumulate Depreciation		
Balance, August 31, 2020		-
Depreciation expense		11,863
Balance, May 31, 2021	$	11,863
As at August 31, 2020	$	-
As at May 31, 2021	$	5,932

(Presented in Canadian Dollars - Unaudited)

5. LEASE LIABILITIES

The Company has recognized the impact of lease obligations as of September 1, 2020:

Reconciliation of lease liabilities		
Future aggregate minimum lease payments as of September 1, 2020	$	18,731
Effect of discounting at the incremental borrowing rate		(936)
Total lease liabilities as at September 1, 2020	$	17,795

Lease liabilities		
Balance, September 1, 2020	$	17,795
Lease accretion		813
Lease payments		(12,487)
Balance, May 31, 2021	$	6,121

6. EXPLORATION AND EVALUATION ASSETS

On June 26, 2020, the Company entered into an agreement, whereby it has the right to earn a 100% interest in the Galinee Property in the Baie-James, Quebec. The Galinee Property is subject to a 1% NSR Royalty.

The terms of the option agreement call for cash payments totalling $200,000 to be paid as follows:

- $25,000 on the execution date (paid $25,000);
- $50,000 and 150,000 shares on the Effective Date[1](paid $50,000 and issued 150,000 common shares);
- $25,000 on or before 16 months after the Effective Date; and
- $100,000 on or before 24 months after the Effective Date.

The terms of the option agreement call for expenditure on the property as follows:

- $150,000 on or before 16 months after the Effective Date; and
- $150,000 on or before 24 months after the Effective Date.

[1] The date of the Final Exchange Bulletin giving notice of the approval by the Exchange of the listing of the Shares on the facilities of the Exchange and the acceptance by the Exchange of the agreement and the transactions contemplated by the agreement.

(Presented in Canadian Dollars - Unaudited)

7. 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

During the period ended May 31, 2021, the Company:

a) Completed a non-brokered private placement by issuing 13,600,000 common shares at $0.025 per common share for gross proceeds of $340,000, less issuance costs of $6,439, with net proceeds of $333,561.

b) Issued 455,000 common shares from exercising seed special warrants at $0.025 per warrant for gross proceeds of $11,375.

c) Issued 9,250,000 common shares from exercising pre-IPO special warrants at $0.025 per warrant for gross proceeds of $462,500, less issuance costs of $6,439, with net proceeds of $456,061.

d) Completed an initial public offering by issuing 5,000,000 common shares at $0.10 per common share for gross proceeds of $500,000, less issuance costs of $57,677 in cash, with net proceeds of $442,323. The Company issued 200,000 finder's shares valued at $20,000 and 113,200 finder's warrants with an exercise price of $0.10 per common share, valued at $5,909.

e) Issued 150,000 common shares valued at $30,000 per Galinee Property option agreement (Note 6).

Warrants

The following is a summary of warrants as at May 31, 2021 and changes during the periods ended:

	Number of Warrants		Weighted Average Exercise Price
Balance, August 31, 2020	-	$	-
Granted	113,200		0.10
Balance, May 31, 2021	113,200	$	0.10

Aa at May 31, 2021 the following warrants were outstanding:

Number Outstanding	Number Outstanding and Exercisable	Exercise Price		Expiry Date
113,200	113,200	$	0.10	May 23, 2023
113,200	113,200	$	0.10	May 23, 2023

(Presented in Canadian Dollars - Unaudited)

8. RELATED PARTIES TRANSCATIONS

Related parties and related party transactions impacting the accompanying 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 executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer.

	Management fees	Share-based payments	Total
Chief Executive Officer	$ 12,000	$ -	$ 12,000
Chief Financial Officer	27,500	-	27,500
	$ 39,500	$ -	$ 39,500

As at May 31, 2021, $3,037 (August 31, 2020 - $Nil) was included in trade payables and accrued liabilities for fees owed to related parties.

9. 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.

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

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 counterparty's inability to fulfill its payment obligations. The Company's receivables consist mainly of goods and services tax receivables due from the government of Canada. As at May 31, 2021, 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 May 31, 2021, the Company had a cash balance of $1,068,081 to settle current liabilities of $121,287 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 intends to meet its liabilities by actively pursuing investors.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

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 May 31, 2021, the Company was not subject to or exposed to any interest rate risk as it had no variable interest debt or investments.

b) Foreign currency risk

As at May 31, 2021, the Company is not exposed to foreign currency risk.

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 May 31, 2021, the Company was not exposed to any equity or commodity price risks.

10. 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' deficiency 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 nine months period ended May 31, 2021. The Company is not subject to externally imposed capital requirements.