PACIFIC RIDGE
exploration ltd.

(An Exploration-Stage Company)

Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

Pacific Ridge exploration ltd.

Management's Responsibility for Financial Reporting

The preparation and presentation of the accompanying consolidated financial statements are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

"*Blaine Monaghan*" *(signed)*
Blaine Monaghan
President and Chief Executive Officer

"*Salvador Miranda*" *(signed)*
Salvador Miranda
Chief Financial Officer

April 27, 2022

Independent auditor's report

To the Shareholders of Pacific Ridge Exploration Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Pacific Ridge Exploration Ltd. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Eric Talbot.

/s/PricewaterhouseCoopersLLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2022

PACIFIC RIDGE exploration ltd.

Consolidated
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**December 31, 2021**	December 31, 2020
Assets		**$**	$
Current			
Cash		**549,391**	628,720
Other receivables		**31,012**	7,980
Marketable securities and warrants	3	**54,000**	42,700
Prepaid		**83,792**	9,587
		718,195	688,987
Equipment and furniture	4	**11,347**	2,898
Resource Properties	5	**558,068**	454,619
Reclamation bonds		**21,000**	33,500
Right-of-use asset	11	**27,652**	47,767
		1,336,262	1,227,771
Liabilities			
Current			
Trade payable and accrued liabilities		**222,795**	103,905
Lease liability - current portion	11	**29,252**	27,920
		252,047	131,825
Lease liability - long-term portion	11	**-**	20,621
		252,047	152,446
Shareholders' equity			
Share capital	5(c)(ii), 6	**46,291,957**	43,784,464
Contributed surplus	6 (b & c)	**3,661,025**	3,367,186
Accumulated other comprehensive loss	3	**1,000**	(10,300)
Deficit		**(48,869,767)**	(46,066,025)
		1,084,215	1,075,325
		1,336,262	1,227,771

Subsequent events 14

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

Approved and authorized for issue on behalf of the Board of Directors on April 27, 2022

/s/ "Blaine Monaghan"
Director

/s/ "Bruce Youngman
Director

PACIFIC RIDGE exploration ltd.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Years ended December 31 2021	2020
Administration expenses		**$**	$
Amortization of right-of-use asset	11	**38,273**	27,168
Depreciation	4	**2,833**	1,370
Finance lease interest	11	**4,643**	2,254
Insurance		**20,160**	8,132
Professional and consulting		**129,419**	33,552
Management and administrative	8	**330,275**	97,828
Office operations and facilities		**46,905**	30,852
Shareholder communications		**301,740**	47,255
Share-based payments	6(c)	**233,508**	46,916
Transfer agent and regulatory fees		**54,269**	17,820
		1,162,025	313,147
Exploration-related expenses (income)			
Exploration and evaluation costs	5	**2,336,557**	604,821
Mining tax credit	7	**(157,070)**	(347)
Property option payments	5(b)(i)	**(325,000)**	(400,000)
		1,854,487	204,474
Other expenses (income)			
Interest received		**(3,366)**	(3,584)
Foreign exchange (gain) loss		**4,451**	(973)
Flow-through tax recovery	6(a)	**(213,855)**	(19,554)
		(212,770)	(24,111)
Net loss		**(2,803,742)**	(493,510)
Other comprehensive income (loss):			
Net change in fair value of marketable securities	3	**11,300**	26,000
Total comprehensive loss		**(2,792,442)**	(467,510)
Loss per share (basic and diluted)		**(0.06)**	(0.02)
Weighted average number of shares outstanding basic and diluted		**47,832,999**	32,864,364

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

PACIFIC RIDGE exploration ltd.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Note	Share capital Amount	Share capital Value	Contributed surplus	Other comprehensive income (loss)	Deficit	Total
		#	$	$	$	$	$
Balance, December 31, 2019		31,729,009	43,596,559	3,312,624	(36,300)	(45,572,515)	1,300,368
Units issued for cash in private placement		3,119,999	234,000	-	-	-	234,000
Flow-through premium	7(a)	-	(25,700)	6,146	-	-	(19,554)
Share issuance costs	7(a)	-	(18,895)	-	-	-	(18,895)
Finders' warrants issued	7(b)	-	(1,500)	1,500	-	-	-
Share based payments	6(c)	-	-	46,916	-	-	46,916
Unrealized loss marketable securities	3	-	-	-	26,000	-	26,000
Net loss for the year		-	-	-	-	(493,510)	(493,510)
Balance, December 31, 2020		34,849,008	43,784,464	3,367,186	(10,300)	(46,066,025)	1,075,325
Flow-through units issued for cash		8,000,000	1,136,000	-	-	-	1,136,000
Flow-through premium	6(a)	-	(296,000)	82,145	-	-	(213,855)
Non flow-through units issued for cash		10,000,000	1,500,000	-	-	-	1,500,000
Shares issued for property	5(c)(ii)	200,000	52,000	-	-	-	52,000
Shares issued for services	5(c)(ii)	100,000	22,000	-	-	-	22,000
Share issuance costs	6(a)	-	(42,081)	-	-	-	(42,081)
Shares issued on exercise of warrants	6(a, b)	750,500	94,130	(4,070)	-	-	90,060
Shares issued on exercise of options	6(a, c)	190,000	41,444	(17,744)	-	-	23,700
Share-based payments	6(c)	-	-	233,508	-	-	233,508
Unrealized loss in marketable securities	3	-	-	-	11,300	-	11,300
Net loss for the year		-	-	-	-	(2,803,742)	(2,803,742)
Balance, December 31, 2021		**54,089,508**	**46,291,957**	**3,661,025**	**1,000**	**(48,869,767)**	**1,084,215**

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

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended December 31	
	2021	2020
	$	$
Operating activities		
Loss for the year	**(2,803,742)**	(493,510)
Items not affecting cash:		
Right-of-use asset amortization	**38,273**	27,168
Depreciation of plant and equipment	**2,833**	1,370
Finance lease interest	**4,643**	2,254
Share-based payments	**233,508**	46,916
Shares issued for services	**22,000**	-
Unrealized foreign exchange	**3,161**	(993)
Property option recovery	**(325,000)**	(400,000)
Interest received	**(3,366)**	(3,584)
Flow-through tax recovery	**(213,855)**	(19,554)
	(3,041,545)	(839,933)
Changes in non-cash working capital items:		
Other receivables	**(23,032)**	(5,633)
Prepaid	**(74,205)**	(3,559)
Trade payable and accrued liabilities	**118,890**	32,018
Cash used in operating activities	**(3,019,892)**	(817,107)
Investing activities		
Resource property acquisition costs	**(51,450)**	(25,000)
Acquisition of plant and equipment	**(11,282)**	(1,725)
Proceeds from property option payments	**325,000**	400,000
Interest received	**3,366**	3,584
Reclamation bonds	**12,500**	(16,000)
Cash provided by investing activities	**278,134**	360,859
Financing activities		
Proceeds from flow-through private placement	**1,136,000**	234,000
Proceeds from non flow-through private placement	**1,500,000**	-
Proceeds from warrant exercises	**90,060**	-
Proceeds from exercise of stock options	**23,700**	-
Share issue costs	**(42,081)**	(18,895)
Finance lease -principal payments	**(37,447)**	(24,196)
Finance lease -interest payments	**(4,643)**	(2,254)
Cash provided by financing activities	**2,665,589**	188,655
Effect of foreign exchange translation on cash	**(3,160)**	993
Decrease in cash	**(79,329)**	(266,600)
Cash, beginning of the year	**628,720**	895,320
Cash, end of the year	**549,391**	628,720
Supplementary cash flow information:		
Non-cash investing activities:		
Shares issued for resource properties	**(52,000)**	-
Non-cash financing activities:		
Finders' fees paid through issuance of warrants	**-**	(1,500)

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

1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the "Company" or "Pacific Ridge") are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company's mineral properties does not reflect current or future value.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2021, the Company had a working capital (current assets less current liabilities) of $466,148 (2020 - $557,162). Subsequently, on April 22, 2022 (Note 14(d)), the Company closed a brokered private placement raising gross cash proceeds of $7,431,200. With these funds, the Company believes that it can sustain its operations and maintain its minimum obligations for the next year.

COVID-19 Pandemic:

The COVID-19 pandemic had an initial negative impact on global financial markets, followed by a recovery, but significant volatility could still be expected. The economic viability of the Company's business plan could be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company will monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Except for available for sale investments, which are recorded at fair value, these consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, the Company's functional currency.

The consolidated financial statements were approved by the Board of Directors on April 27, 2022.

The summary of significant accounting policies used in the preparation of these consolidated financial statements is described below:

2. Summary of significant accounting policies (continued)

a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. Subsidiaries are entities over which the Company has control. The Company controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The Company's subsidiary is:

Name of subsidiary	Jurisdiction of incorporation	Percent ownership	Principal activity
Pacific Ridge Exploration (US) Inc.	U.S.A.	100%	Mineral exploration

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short term highly liquid investments with original maturities of three months or less.

c) Foreign currency translation

The presentation currency and the functional currency of the Company is the Canadian dollar ("$"). The Company's foreign currency transactions are translated into the Canadian dollar at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of operating results.

d) Resource property acquisition costs

Resource properties consist of payments to acquire exploration and mining claims, including staking costs, and property option payments. Acquisition costs are capitalized and deferred until such a time as the property is put into production or the property is disposed of either through sale or abandonment, or the property becomes impaired. If a property is put into production the costs of the acquisition will be amortized over the life of the property on a unit-of-production basis based on the estimated proven and probable reserves. Proceeds received from the sale or option of an interest in a property will be credited against the carrying value of the property, with any difference recorded as a gain or loss on sale. Option payments received in excess of the carrying value of a property are recorded as property option payments in the statement of comprehensive income (loss). If a property is abandoned or has become impaired, the acquisition costs will be written off or written down to operations.

Recorded costs of resource properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty, and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

2. Summary of significant accounting policies (continued)

e) Exploration and evaluation costs

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. Once rights to resource properties are obtained, all direct acquisition-related costs are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

f) Government grants and mining tax credits

Government grants and mining tax credits are assistance in cash based on eligible mineral exploration expenditures incurred. Government grants are recorded in profit and loss in the same period as the relevant exploration expenditures when reasonable assurance of their receipt has been obtained.

g) Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon qualifying expenditures being incurred, the premium liability is de-recognized to other income.

h) Share-based payments

The Company has a stock option plan that is described in note 6. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

i) Income taxes

Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets or liabilities are calculated using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be settled or realized. Deferred tax assets are recognized only to the extent that it is probable that they will be realized.

2. Summary of significant accounting policies (continued)

j) Earnings/(loss) per common share

Basic earnings (loss) per share are computed by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

k) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. The Company’s accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company’s financial assets:

Financial asset	Classification
Cash	Amortized cost
Other receivables	Amortized cost
Marketable securities (excluding warrants)	FVTOCI
Warrants	FVTPL
Trade payable and accrued liabilities	Amortized cost

The Company has elected to classify its marketable securities as FVTOCI as they are not considered to be held for trading, and this presentation will prevent the statement of income (loss) from being impacted by fair value changes of these non-operating assets.

2. Summary of significant accounting policies (continued)

l) Impairment

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

m) Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the areas of estimate and judgment applied by management that most significantly affects the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

n) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and whether it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative sand-alone prices.

As a lessee, the Company recognized a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, by the Company's incremental borrowing rate.

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

o) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred. Depreciation is provided using the straight-line method at the following annual rates:

Computing equipment - 3 years

Furniture - 5 years

3. Marketable securities

The fair value of the shares and warrants of third parties owned by the Company is as follows:

	Four Nines Gold Inc.		Trifecta Gold Ltd.		Total
	Common shares		Common shares		
	Number	Fair value	Number	Fair value	Fair value
	#	$	#	$	$
Balance, December 31, 2019	60,000	8,700	200,000	8,000	16,700
Gain in fair value of securities	-	18,000	-	8,000	26,000
Balance, December 31, 2020	60,000	26,700	200,000	16,000	42,700
Gain in fair value of securities	-	9,300	-	2,000	11,300
Balance, December 31, 2021	**60,000**	**36,000**	**200,000**	**18,000**	**54,000**

(Expressed in Canadian dollars)

4. Equipment

The Company has the following assets classified as computing equipment:

	Computing equipment	Furniture	TOTAL
	$	$	$
Balance, December 31, 2019	2,543	-	2,543
Additions	1,725	-	1,725
Depreciation	(1,370)	-	(1,370)
Balance, December 31, 2020	2,898	-	2,898
Additions	5,843	5,439	11,282
Depreciation	(2,416)	(417)	(2,833)
Balance, December 31, 2021	**6,325**	**5,022**	**11,347**

As at December 31, 2021	$	$	$
Cost	10,380	5,439	15,819
Accumulated depreciation	(4,055)	(417)	(4,472)
Net book value	**6,325**	**5,022**	**11,347**

(Expressed in Canadian dollars)

5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada. A summary of capitalized acquisition costs is as follows:

	Company-owned properties	On option from third parties			Total
	Mariposa YT	Kliyul BC	Redton BC	RDP BC	
	$	$	$	$	$
Balance, December 31, 2019	429,619	-	-	-	429,619
Option payments in cash	-	12,500	12,500	-	25,000
Balance, December 31, 2020	429,619	12,500	12,500	-	454,619
Option payments in cash	-	10,000	10,000	15,000	35,000
Option payments in shares	-	-	-	52,000	52,000
Staking costs	-	-	-	16,449	16,449
Balance, December 31, 2021	**429,619**	**22,500**	**22,500**	**83,449**	**558,068**

In addition to capitalized acquisition costs, the Company has incurred the following exploration and evaluation expenses:

Property	Province / Territory	Years ended December 31 **2021**	2020
		$	$
Kliyul	BC	**2,034,974**	381,180
RDP	BC	**135,074**	-
Redton	BC	**33,306**	182,157
Spius	BC	**20,432**	27,520
Mariposa	YT	**3,797**	526
Fyre Lake		**514**	-
General exploration not allocated to a specific property		**108,460**	13,438
		2,336,557	604,821

A description of the relevant projects follows:

5. Resource properties (continued)

a) Company-owned properties:

i) Mariposa property, Yukon

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. Between September 2016 and March 2019, the property was optioned to Four Nines Gold Inc. ("Four Nines"). The securities referred to in note 3 from Four Nines were received by the Company as part of the option payments. Upon termination of the option agreement, Four Nines advanced $50,000 to the Company, which committed to carry out any possible reclamation work on behalf of Four Nines, of which $600 was carried out during 2021. The remaining amount of $49,400 is recorded as an accrued liability. The Company continued exploration and reclamation activities on Mariposa during 2021.

ii) Eureka Dome property, Yukon

This property was under an option to Trifecta Gold Ltd. ("Trifecta") between April 2018 and April 2019, when the option was terminated. The securities referred to in note 3 from Trifecta were received by the Company as part of the option payments. No exploration is planned for 2021 on Eureka Dome.

b) Company-owned properties on option to third parties

i) Fyre Lake property, Yukon

The Company owns a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018, on April 10, 2020, and on December 12, 2021, whereby BMC has the right to acquire a 100% interest in Fyre Lake by making payments totalling $3,125,000 as follows:

A non-refundable deposit and initial option payment of $375,000 ($25,000 received in November 2016 and $350,000 received in January 2017), a second option payment of $300,000 received in December 2017, and a third option payment of $1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further $150,000. A special payment of $250,000 was made pursuant to the April 10, 2020, amending agreement., followed by three separate $75,000 payments, two of which were received during 2020 and the last one of which was paid during June of 2021. In addition, pursuant to an amending agreement dated December 22, 2021, the Company received a payment of $250,000 during December of 2021.

In order to exercise the option, BMC must make a final $850,000 payment. This payment is due within thirty days of BMC receiving the Type A Water License for the development of its proposed ABM Mine, but in any event no later than December 31, 2022. BMC will also continue payments to the Company of $75,000 every six months until the final payment has been paid.

In addition, if it exercises the option, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

As there is no carrying value for Fyre Lake on the Company's statement of financial position, these option payments are recorded as property option payments on the statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

5. Resource properties (continued)

c) Third party properties being optioned to the Company

i) Kliyul and Redton properties

On January 17, 2020, the Company entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with Aurico Metals Inc. ("Aurico"), with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company, at its sole option, can earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to Aurico of $100,000 in cash of which $25,000 has been paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To earn 51%:				
10,000	-	-	Upon execution and regulatory approval	(Paid)
15,000	-	-	December 31, 2020	(Paid)
20,000	-	1,250,000	December 31, 2021	(Paid and incurred)
25,000	-	1,000,000	December 31, 2022	
30,000	2,000,000	1,250,000	December 31, 2023	
100,000	2,000,000	3,500,000		

In addition, the Company has the right to acquire, after the exercise of the 51% earn-in right, a 75% earned interest (an additional 24% undivided interest, other than underlying royalties) in the Properties by paying Aurico an additional $60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To increase to 75%:				
30,000	-	1,500,000	December 31, 2024	
30,000	1,500,000	2,000,000	December 31, 2025	
60,000	1,500,000	3,500,000		

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for $2,000,000, and (ii) a 2% royalty.

(Expressed in Canadian dollars)

5. **Resource properties** (continued)

c) Properties under option from third parties (continued)

i) RDP Property (British Columbia)

On May 3, 2021, the Company entered into an agreement to acquire 100% of the RDP copper-gold porphyry project in central British Columbia, approximately 40km west of its flagship Kliyul copper-gold project.

Under the terms of the Agreement, the Company has the option to earn a 100% interest in RDP by making payments as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date (on or before)	Status
$	#	$		
5,000	100,000	-	Upon execution and regulatory approval	Completed
10,000	100,000	60,000	November 30, 2021	Completed
30,000	300,000	250,000	December 15, 2022	
80,000	700,000	550,000	December 15, 2023	
125,000	1,200,000	860,000		

In addition, Pacific Ridge will issue 300,000 shares to the vendor on completion of 5,000 m of drilling and an additional 500,000 shares upon defining a 1,000,000 ounces of gold equivalent resource in the inferred or greater category. The property is also subject to a 2% NSR payable to the vendor, half of which can be purchased at any time for $1.5 million.

In the year ended December 31, 2021, the Company issued an additional 100,000 common shares with a fair value of $0.22 per share ($22,000) to a consulting company that had certain data on the RDP property that the Company considered relevant for its project.

Subsequent to December 31, 2021 (see note 14(b), the Company entered into an earn-in agreement Antofagasta Minerals S.A. ("Antofagasta"), a wholly owned subsidiary of Antofagasta PLC (ANTO: LSE), on RDP.

Antofagasta can earn a 75% interest in RDP by making cash payments in an aggregate amount of $1,350,000, plus a success payment of $800,000 upon exercise of the option, and spending $10,000,000 on exploration over eight years, with a firm commitment to spend $1,000,000 in year one, and delivering a NI 43-101 compliant preliminary economic assessment report. During the option period, Antofagasta will fund all exploration and Pacific Ridge will be the initial operator. Once Antofagasta has earned its 75% interest, Pacific Ridge and Antofagasta will form a 25:75 joint venture. If either party's interest in the joint venture falls below 10%, that party's interest will be converted to a 2% NSR, half of which can be purchased by the other party for $4,500,000.

(Expressed in Canadian dollars)

5. **Resource properties** (continued)

d) Other properties

i) Spius, British Columbia

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia. The terms of the option agreement as amended on December 10, 2019 are as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
10,000	200,000	-	Upon execution and regulatory approval	Completed
40,000	200,000	50,000	December 15, 2018	Completed
-	-	250,000	December 15, 2019	Completed
-	-	25,000	December 15, 2020	Completed
15,000	200,000	-	May 31, 2021	See below
15,000	200,000	-	December 15, 2021	
30,000	600,000	500,000	December 15, 2022	
110,000	1,400,000	825,000		

During the year ended December 31, 2021, the Company's expenses for Spius amounted to $20,432 (2020 - $27,520).

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for $1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for $1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest. During the year ended December 31, 2018, the Company posted a bond for $12,500 for future reclamation costs with the Government of British Columbia, which was still outstanding as at December 31, 2020.
Due to weak geological results during 2019, well below the requirements for economic concentrations, the Company decided to impair its $71,000 carrying value while it carries out further assessment during 2019.

On October 20, 2020, the Company entered into an Option Agreement with Arctic Fox Interactive Ltd. ("Arctic Fox") and with the underlying owner of Spius, whereby the Company granted Arctic Fox an option to acquire a 60% interest in the Company's Spius Option by making payments to the Company of $50,000, issuing 1,000,000 shares and spending $550,000 on exploration by December 31, 2022. With this agreement, Arctic Fox effectively assumes the Company's obligations pursuant to the Spius option.

6. Share capital

a) Common Shares

The Company is authorized to issue an unlimited authorized number of common shares without par value.

i) Private placement closed on June 1, 2021

On June 1, 2021, the Company closed a non-brokered private placement, raising gross cash proceeds of $1,500,000 through the issuance of 10,000,000 units at a price of $0.15 per unit ("Unit"). Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional common share at an exercise price of $0.23 for a period of 24 months expiring on June 3, 2023. No finders' fees were paid in connection to the private placement, and share issuance costs amounted to $30,283.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed no fair value to the warrant portion of the units,

ii) Flow-through private placement closed on March 8, 2021.

On March 8, 2021, the Company raised gross proceeds of $1,136,000 on closing of a non-brokered flow-through private placement, issuing 8,000,000 units at a price of $0.142 per unit ("2021 FT Unit"). Each 2021 FT Unit was comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "2021 FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.15 for a period of two years. No finder's fees were paid. Share issuance costs in connection with legal advice, filing fees and transfer agent fees amounted to $10,178. Final TSX Venture Exchange approval was received on March 9, 2021.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow-through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investor, respectively. The parameters used in the Black Scholes calculations were as follows: expected volatility: 117.2%, risk-free interest rate: 0.24%, dividend yield: 0%, and expected life of two years.

The residual value of the unit offering after deducting the fair value of the common shares was $296,000 or $0.037 per share, of which $82,145 and $213,855 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability was derecognized as deferred flow-through tax recovery in the Company's consolidated statement of loss and comprehensive as the Company incurred the $1,136,000 raised through the 2021 FT units in qualifying expenses.

6. **Share capital** (continued)

a) Common Shares (continued)

iii) Other shares issued during 2021.

On May 5, 2021, the Company issued 100,000 common shares with a fair value of $0.31 per share as part of the option agreement for the acquisition of the RDP project.

On July 7, 2021, the Company issued a further 100,000 common shares at a fair value of $0.22 per share to acquire some geological data relevant to the RDP project; the related $22,000 was expensed as exploration cost.

On December 2, 2021, the Company issued 100,000 common shares with a fair value of $0.21 per share as part of the option agreement for the acquisition of the RDP project.

During the year ended December 31, 2021, the Company issued an aggregate of 750,500 common share on exercise of share purchase warrants and agent's warrants with an exercise price of $0.12 per share, for cash proceeds of $90,060.

During the year ended December 31, 2021, an aggregate of 190,000 stock options were exercised for gross proceeds of $23,700.

Share issuance costs in connection with the above issuances (in addition to the ones incurred in the two aforementioned private placements), amounted to $1,621.

iv) Flow-through private placement during 2020:

Between August 11, 2020 and September 30, 2020, the Company closed a flow-through private placement at a price of $0.075 per unit ("FT Unit"). Each FT Unit was comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.12 for a period of 18 months, subject to the following acceleration provision: if at any time after 4 months from the date of issue of the warrants the closing market price of the Company's common shares on the TSX Venture Exchange is greater than $0.35 per share for 20 consecutive trading days (the "Triggering Event"), the Company may, within 5 days of the Triggering Event, accelerate the expiry date of the warrants by giving notice thereof to the holders of the warrants, by way of press release, in which event the warrants will expire on the 30th day after the date on which such notice is given.

The private placement closed in two tranches: the first closing on August 11, 2020, by issuing 2,569,999 units for gross cash proceeds of $192,750, and the second and final closing on September 30, 2020, issuing an additional 550,000 units for additional gross cash proceeds of $41,250.

6. **Share capital** (continued)

a) Common Shares (continued)

iv) Flow-through private placement during 2020 (continued):

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investors, respectively.

The residual value of the unit offering after deducting the fair value of the common shares was $25,700 or $0.01 per share for the first tranche, of which $6,146 and $19,554 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability was derecognized as deferred flow-through tax recovery in the Company's consolidated statement of loss and comprehensive loss on December 31, 2020, as the Company incurred the $234,000 raised through the FT units in qualifying expenses.

The flow-through feature of the flow-through shares corresponding to the second tranche was valued at $nil. The corresponding warrants were also valued at $nil.

The Company paid finder's fees of 6% cash and 6% finder's warrants on a portion of the private placement. The cash finder's fees, and other cash costs related to the offering, such as legal and filing fees, were charged to share issuance costs for a total of $18,895. In addition, the fair value of the finders' warrants was calculated at $1,500 (note 5(b), below) and charged to share issuance costs.

The Company received final TSX Venture Exchange approval on October 7, 2020.

(Expressed in Canadian dollars)

6. Share capital (continued)

b) Share Purchase Warrants

A summary of the warrants outstanding is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	$	#	$
Starting balance	1,617,000	0.12	-	-
Issued to investors	9,000,002	0.19	1,560,000	0.12
Issued to agents	-	-	57,000	0.12
Exercised by investors	(710,000)	0.12	-	-
Exercised by agents	(40,500)	0.12	-	-
Ending balance	9,866,502	0.19	1,617,000	0.12

As at December 31, 2021 the following share purchase warrants were outstanding:

Issue date	Type of warrants	Expiry date	Exercise price	Warrants outstanding
			$	#
August 11, 2020	Investor warrants	February 11, 2022	0.12	650,000
August 11, 2020	Agent warrants	February 11, 2022	0.12	4,500
September 30, 2020	Investor warrants	March 31, 2022	0.12	200,000
September 30, 2020	Agent warrants	March 31, 2022	0.12	12,000
March 8, 2021	Investor warrants	March 8, 2023	0.15	4,000,000
June 3, 2021	Investor warrants	June 3, 2023	0.23	5,000,002
			0.19	9,866,502

There was no fair value attributed to the warrants issued to investors, as discussed above in note 6(a) as part of the units for each of the respective private placements.

The fair value of the warrants issued to agents during 2020 was calculated at $1,500 using the Black Scholes option pricing model with the following parameters: for the 33,000 agent warrants issued on August 11, 2020, expected volatility of 113.02%, risk-free interest rate of 0.26%. For the 24,000 agent warrants issued on September 30, 2020, expected volatility of 113.82%, risk-free interest rate of 0.31%.

6. Share capital (continued)

c) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. The following options were granted pursuant to the Company's stock option plan:

- On March 17, 2020, the Company granted an aggregate of 750,000 fully vested stock options to certain directors and a consultant. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years.
- On July 21, 2020, the Company granted 200,000 incentive stock options to an investor relations consultant pursuant to an agreement entered into on July 1, 2020 and expiring on November 30, 2020. The stock options will be exercisable for two years at an exercise price per share of $0.05. The Options will vest in stages over 12 months with 25% vesting each quarter following the date of granting.
- On October 22, 2020, the Company granted 350,000 fully vested incentive stock options to certain officers of the Company, exercisable into one common share of the Company at a price of $0.075 per share for a period of five years.
- On March 9, 2021, the Company granted 850,000 stock options to two directors and to an investor relations consultant, exercisable into one common share of the Company at a price of $0.105 per share for a period of five years. Of the total amount, 650,000 were granted to two directors fully vested; the remaining 200,000 options granted to the investor relations consultant will vest 25% every quarter over a period of one year.
- On July 15, 2021, the Company granted an aggregate of 1,100,000 stock options to directors, officers, employees and certain consultants, pursuant to the Company's stock option plan and the policies of the TSX Venture Exchange. Each option is exercisable into one common share of the Company at a price of $0.25 per share for a period of five years from this date. An aggregate of 200,000 of those stock options will vest 25% each quarter during a 12-month period, while the remaining options were granted fully vested

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(Expressed in Canadian dollars)

6. Share capital (continued)

c) Stock Options (continued)

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

Date of grant	Year ended December 31, 2021	Year ended December 31, 2020
Number of options granted	1,950,000	1,300,000
Weighed average risk-free interest rate	0.85%	0.68%
Weighted average expected volatility	109.34%	118.17%
Weighted average expected option life in years	5	5
Calculated total fair value	$254,543	$46,916
Expected dividend yield	Nil	Nil

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Year ended:	December 31, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	#	$	#	$
Balance, beginning of year	3,355,000	0.06	3,060,000	0.06
Granted	1,950,000	0.19	1,300,000	0.05
Exercised	(190,000)	0.08	-	-
Expired unexercised	(275,000)	0.08	(1,005,000)	0.05
Balance, end of year	4,840,000	0.10	3,355,000	0.06
Exercisable, end of year	4,640,000	0.10	3,205,000	0.06

Stock options exercisable are as follows:

Expiry date	Exercise price	December 31, 2021	December 31, 2020
	$	#	#
July 21, 2021	0.080	-	100,000
August 12, 2021	0.080	-	40,000
November 30, 2021	0.080	-	275,000
June 16, 2022	0.060	340,000	340,000
July 21, 2022	0.050	200,000	50,000
January 12, 2023	0.060	200,000	200,000
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	900,000	900,000
March 16, 2025	0.050	750,000	750,000
October 22, 2025	0.075	350,000	350,000
March 9, 2026	0.105	800,000	-
July 15, 2026	0.250	900,000	-
	0.102	4,640,000	3,205,000

(Expressed in Canadian dollars)

7. Government grants and tax credits

During the year ended December 31, 2021, the Company received $157,070 corresponding to the British Columbia Mining Exploration Tax Credit ("BCMETC") (2020 - $347). Of the total amount received during the year ended December 31, 2021, $76,269 corresponded to expenditures made during fiscal year 2019, and the rest during fiscal year 2020, in the Company's projects located in British Columbia.

No government grants were received by the Company during 2021 or 2020.

8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers.

Compensation awarded to key management is listed below:

	Years ended December 31	
	2021	2020
	$	$
Management fees paid to a Company controlled by the Executive Chairman of the Company, and salary paid to him *	**108,000**	96,000
Salary paid to the CEO of the Company	**181,725**	-
Management fees paid to a company controlled by the CFO of the Company	**63,500**	39,000
Share-based payments recorded for stock options granted to directors and officers of the Company (non-cash expense)	**154,402**	16,484
	507,627	151,484

* A percentage of the Executive Chairman's compensation is charged to exploration and evaluation costs

No amounts were payable to related parties as at December 31, 2021 or 2020.

In addition, with respect to the option agreement for the purchase of the Spius property (Note 5(d)(ii)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

9. Capital management

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore the various properties for the benefits of its shareholders. The Company's operations have been and will continue to be funded by the sale of equity to investors.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests and associated administration expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company monitors actual expenses relative to the approved budget on all exploration projects and overheads to manage costs, commitments and exploration activities. There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

10. Financial instruments

Fair values

As at December 31, 2021, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

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 manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At December 31, 2021, the Company had cash of $549,391 (2020- $628,720), trade payable and accrued liabilities of $222,795 (2020 - $103,905), and a lease liability of $29,252 (2020 - $48,541) (note 11). Subsequent to December 31, 2021, the Company closed a brokered private placement and raised total gross cash proceeds of $7,431,200 (note 14(d)).

10. Financial instruments (continued)

Currency risk

The Company keeps approximately 5% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $1,000 (2020 - $3,000).

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At December 31, 2021, the Company held marketable securities with a fair value of $54,000 (2020 - $42,700). These investments are subject to market price fluctuations that can be significant.

11. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. These liabilities are measured at the present value of the remaining lease payments starting on January 1, 2019, discounted by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. The associated lease liability recognized as at January 1, 2019 was $44,041.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The original lease expired on August 31, 2020. On September 1, 2020, the Company entered into a new sublease agreement, using the same methodology. The weighted average incremental borrowing rate applied to the lease liabilities on September 1, 2020 was 10%. The associated lease liability discounted with the incremental borrowing rate recognized as at September 1, 2020 was $52,967.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the condensed consolidated interim statement of financial position at the date of initial application:

(Expressed in Canadian dollars)

11. Right-of-use asset and lease liability (continued)

Lease liability		$
Lease liability as at December 31, 2019		15,417
Lease payments		(15,870)
Lease interest		453
Lease liability as at June 30, 2020		-
Setup of new lease agreement on September 1, 2020	63,480	
Discount using the incremental borrowing rate at September 1, 2020	(6,161)	
Value of lease as at September 1, 2020	57,319	**57,319**
Lease payments		(10,580)
Lease interest		1,802
Lease liability as at December 31, 2020		48,541
Setup of new lease agreement on April 1, 2021	19,550	
Lease interest	(1,392)	
Value of lease as at April 1, 2021	18,158	**18,158**
Lease payments		(42,090)
Lease interest		4,643
Lease liability as at December 31, 2021		**29,252**
Current portion		29,252
Long-term portion		-
		29,252

Right-of-use asset	$
Value of right-of-use asset as December 31, 2019	17,616
Setup of new right-of-use asset on September 1, 2020	57,319
Amortization	(27,168)
Value of right-of-use asset as at December 31, 2020	47,767
Setup of new right-of-use asset on April 1, 2021	18,158
Amortization	(38,273)
Value of right-of-use asset as at December 31, 2021	**27,652**

The remaining payment commitments pursuant to the above lease are $26,595, to be incurred between January and August of 2022.

(Expressed in Canadian dollars)

12. Income taxes

Reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax (recovery) expense for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	$	$
Loss for the year	(2,803,742)	(493,510)
Statutory tax rate	27%	27%
Expected income tax expense	(757,010)	(133,248)
Change in statutory rate	-	-
Non-deductible expenses	74,734	20,657
Change in unrecognized deferred income tax benefits	682,276	112,591
Income tax expense	-	-

A potential deferred income tax asset of approximately $7,327,003 arises from the following:

	2021	2020
	$	$
Non-capital loss carryforwards	982,174	750,810
Capital loss carryforwards	5,740	5,740
Mineral property	6,326,696	6,356,399
Deferred financing costs	12,393	4,405
Total unrecognized deferred income tax assets	7,327,003	7,117,354

The Company has not recorded potential deferred income tax assets as it is more likely than not that the deferred tax assets will not be recognized.

At December 31, 2021, included in the computation of the deferred tax assets noted above, the Company had approximately $3,637,682 of losses available for carry-forward from $26,381,832 of resource pools.

The loss carry-forward can be offset against income for Canadian income tax purposes in future years and will expire between 2029 and 2041 as below:

2029	$	153,737
2030		239,449
2031		183,166
2032		76,150
2033		100,133
2034		785,069
2035		227,119
2036		251,004
2037		233,502
2038		241,016
2039		224,646
2040		237,734
2041		684,957
	$	3,637,682

13. Segmented information

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. As at December 31, 2021 and 2020, all of the Company's non-current assets were held in Canada.

14. Subsequent events

a) On January 27, 2022, the Company entered into a property purchase agreement to acquire a 100% interest in the Onjo copper-gold porphyry project ("Onjo) in north-central British Columbia. The Company paid $50,000 in cash and issued 750,000 common shares with a fair value of $0.35 per share or $262,500. The vendor of Onjo retains a 2% NSR, with the Company having an option to purchase one quarter of the NSR at any time for USD $1,500,000.

b) On February 10, 2022, the Company entered into an earn-in agreement (the "Agreement") with Antofagasta Minerals S.A. ("Antofagasta"), a wholly owned subsidiary of Antofagasta PLC (ANTO: LSE), on the RDP copper-gold project ("RDP" or the "Project"), located in north-central British Columbia.

   Antofagasta can earn a 75% interest in RDP by making cash payments in an aggregate amount of $1,350,000, plus a success payment of $800,000 upon exercise of the option, and spending $10,000,000 on exploration over eight years, with a firm commitment to spend $1,000,000 in year one, and delivering a NI 43-101 compliant preliminary economic assessment report. During the option period, Antofagasta will fund all exploration and Pacific Ridge will be the initial operator. Once Antofagasta has earned its 75% interest, Pacific Ridge and Antofagasta will form a 25:75 joint venture. If either party's interest in the joint venture falls below 10%, that party's interest will be converted to a 2% NSR, half of which can be purchased by the other party for $4,500,000.

   At the date of publication of these consolidated financial statements, the Company has received $430,000 from Antofagasta in exploration advances for RDP.

c) On February 22, 2022, the Company entered into a sale and purchase agreement to acquire a 100% interest in four internal claims at the recently acquired Onjo copper-gold porphyry project (Note 14(a)) by paying $25,000 cash and issuing 250,000 common shares with a fair value of $0.265 per share or $66,250 to the vendor. With the acquisition of these claims, Pacific Ridge now owns 100% of the claims within the Project boundary.

14. **Subsequent events** (continued)

d) On April 22, 2022, the Company closed a "best efforts" brokered private placement (the "Financing") with M Partners Inc. and Red Cloud Securities Inc., co-lead agents and joint book runners ("Agents"), and raised total gross cash proceeds of $7,431,200 through the issuance of 19,150,000 charity flow-through units ("CFT Units") at a price of $0.328 per CFT Unit and 5,000,000 common share units ("CS Units") at a price of $0.23 per CS Unit, including exercise in full of the Agent's 15% over-allotment option.

   The CFT Units issued in connection with the Financing consist of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). The CS Units issued in connection with the Financing consist of one non-flow-through common share of Pacific Ridge and one-half of one Warrant. Each Warrant will be exercisable to purchase one additional non-flow-through common share at an exercise price of $0.35 for a period of 24 months.

   In connection with the Financing, the Company paid the Agents an aggregate cash commission of $289,770 and issued the Agents an aggregate of 1,299,999 compensation warrants. Each compensation warrant is exercisable to purchase one common share of the Company at a price of $0.23 for a period of 24 months. All securities issued in connection with the Financing carry a legend restricting trading of the securities until August 22, 2022. The Financing and payment of Agents' fees are subject to TSX Venture Exchange final acceptance.

   Proceeds from this Offering will be used principally for the planned 6,000-metre diamond drill program at the Company's flagship Kliyul copper-gold project, and for general working capital.

e) Subsequent to December 31, 2021, the Company raised $228,540 on exercise of 654,500 share purchase warrants with an exercise price of $0.12 per share, 500,000 share purchase warrants with an exercise price of $0.23 per share, and 300,000 stock options with a weighted average exercise price of $0.12.

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