



PACIFIC BAY MINERALS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

Six Months Ended June 30, 2024

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of Pacific Bay Minerals Ltd. (the "Company") has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

PACIFIC BAY MINERALS LTD.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 115,174	\$ 6,063
Goods and services taxes recoverable		19,859	17,689
Prepaid expenses		18,257	443
		153,290	24,195
Non-current assets			
Equipment	4	910	1,011
Exploration and evaluation assets	5	246,246	240,861
Reclamation deposits	5	52,800	52,800
		299,956	294,672
Total assets		\$ 453,246	\$ 318,867
LIABILITIES AND EQUITY (DEFICIENCY)			
Current liabilities			
Trade and other payables	6	\$ 245,438	\$ 254,649
Amounts due to related parties	8	387,681	377,681
Loans payable to related parties	8	5,829	29,851
Loan payable	7	40,000	40,000
Flow-through share premium liability	7	23,563	-
Total liabilities		702,511	702,181
Equity (deficiency)			
Share capital	9	14,846,499	14,720,332
Equity reserves	10	3,421,193	3,308,647
Deficit		(18,516,957)	(18,412,293)
Total equity (deficiency)		(249,265)	(383,314)
Total liabilities and equity (deficiency)		\$ 453,246	\$ 318,867

Going concern of operations (Note 2)

The financial statements were authorized for issue by the board of directors on August 29, 2024 and were signed on its behalf by:

“Reagan Glazier” Director *“David Brett”* Director

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

PACIFIC BAY MINERALS LTD.
INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	Note	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
EXPENSES					
Accounting and audit		\$ 7,200	\$ 8,000	\$ 10,200	\$ 12,100
Consulting	8	8,200	7,500	15,700	15,000
Depreciation		50	63	101	126
Filing and transfer agent fees		5,492	5,156	8,153	8,009
Interest	7&8	-	1,303	-	2,606
Legal fees		-	12,468	15,000	14,238
News and media		1,109	980	2,886	2,748
Office and miscellaneous		1,325	1,278	2,436	3,511
Share-based payments		-	-	50,506	-
		(23,376)	(36,748)	(104,982)	(58,338)
OTHER ITEMS					
Interest income		318	171	318	171
Gain on debt settlement		-	5,185	-	5,185
Write-off of exploration and evaluation assets		-	(562,540)	-	(562,540)
Net and comprehensive loss for the period		\$ (23,058)	\$ (593,932)	\$ (104,664)	\$ (615,522)
Basic and diluted loss per common share	9	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding		32,964,451	27,664,331	31,968,018	26,544,181

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

PACIFIC BAY MINERALS LTD.
INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Unaudited – Prepared by Management)

	Note	Number of shares	Share capital	Equity reserves	Deficit	Total equity (deficiency)
Balance, December 31, 2023		30,971,584	\$ 14,720,332	\$ 3,308,647	\$ (18,412,293)	\$ (383,314)
Net loss and comprehensive loss for the period		-	-	-	(104,664)	(104,664)
Transactions with shareholders						
Private placement	9	2,600,000	104,000	26,000	-	130,000
Flow-through private placement	9	1,178,144	47,126	35,344	-	82,470
Premium on flow-through shares	9	-	(23,563)	-	-	(23,563)
Share issuance costs	9	-	(1,396)	696	-	(700)
Share-based payments	10	-	-	50,506	-	50,506
		-	126,167	112,546	-	238,713
Balance, June 30, 2024		34,749,728	\$ 14,846,499	\$ 3,421,193	\$ (18,516,957)	\$ (249,265)

	Note	Number of shares	Share capital	Equity reserves	Share subscriptions received	Deficit	Total equity (deficiency)
Balance, December 31, 2022		25,411,584	\$ 14,381,519	\$ 3,291,847	\$ -	\$ (17,360,039)	\$ 313,327
Net and comprehensive loss for the period		-	-	-	-	(615,522)	(615,522)
Transactions with shareholders							
Acquisition of Atlin Goldfields property	9	1,000,000	70,000	-	-	-	70,000
Shares issued for debt settlement	9	4,000,000	200,000	-	-	-	200,000
Private placement subscription proceeds		-	-	-	28,000	-	28,000
		5,000,000	270,000	-	28,000	-	298,000
Balance, June 30, 2023		30,411,584	\$ 14,651,519	\$ 3,291,847	\$ 28,000	\$ (17,975,561)	\$ (4,195)

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

PACIFIC BAY MINERALS LTD.
INTERIM STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30
(Unaudited – Prepared by Management)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (104,664)	\$ (615,522)
Items not affecting cash:		
Interest	-	2,606
Depreciation	101	126
Gain on debt settlement	-	(5,185)
Write-off of exploration and evaluation assets	-	562,540
Share-based payments	50,506	-
Changes in non-cash working capital items:		
Goods and services taxes recoverable	(2,170)	4,960
Prepaid expenses	(17,814)	463
Trade and other payables	(8,053)	161,033
Amounts due to related parties	10,000	15,000
Net cash used in operating activities	(72,094)	126,021
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(6,543)	(166,167)
Net cash used in investing activities	(6,543)	(166,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	212,470	-
Share issuance costs	(700)	-
Proceeds from private placement subscriptions	-	28,000
Repayment of related party loans	(24,022)	(1,155)
Net cash provided by financing activities	187,748	26,845
Change in cash during the period	109,111	(13,301)
Cash, beginning of the period	6,063	39,267
Cash, end of the period	\$ 115,174	\$ 25,966

Supplemental cash flow information (Note 11)

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

1. NATURE OF BUSINESS

Pacific Bay Minerals Ltd. (the “Company”) was incorporated under the laws of British Columbia, Canada and maintains its head and registered office at Suite 1507, 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol “PBM” as a Tier 2 mining issuer.

2. BASIS OF PREPARATION

Statement of compliance

These condensed unaudited interim financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB

Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern of operations

These financial statements are prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company is an exploration stage company and has incurred losses since inception. The Company had a working capital deficiency of \$549,221 and an accumulated deficit of \$18,516,957 as at June 30, 2024. The Company does not generate sufficient cash flow from operations to adequately fund its future activities and has relied principally upon the issuance of securities to fund its exploration and administrative expenditures. The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION (cont'd...)

Functional and presentation currency

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

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of share-based payments, including stock options and finders' warrants, using stock option pricing models, require the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgements

The preparation of these financial statements requires management to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements in applying the Company's financial statements include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgement. 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.
- ii) The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

PACIFIC BAY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024
(Unaudited – Prepared by Management)

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual financial statements for the year ended December 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

New or revised accounting standards

The following new standards and amendments to existing standards have been issued by the IASB and are effective January 1, 2024.

- (i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective for annual periods beginning on or after January 1, 2024.
- (ii) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) effective for annual periods beginning on or after January 1, 2024.

None of these pronouncements are expected to have a material impact on the Company's financial statements upon adoption.

4. EQUIPMENT

	Field equipment
Cost	
Balance as at December 31, 2023 and June 30, 2024	\$ 42,413
Accumulated depreciation	
Balance as at December 31, 2023	41,402
Depreciation	101
Balance as at June 30, 2024	41,503
Net book value as at June 30, 2024	\$ 910
	Field equipment
Cost	
Balance as at December 31, 2022 and 2023	\$ 42,413
Accumulated depreciation	
Balance as at December 31, 2022	41,150
Depreciation	252
Balance as at December 31, 2023	41,402
Net book value as at December 31, 2023	\$ 1,011

PACIFIC BAY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024
(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS

	Haskins Reed	Sphinx Mountain	Total
Balance, December 31, 2023	\$ 240,861	\$ -	\$ 240,861
Acquisition costs			
Claim staking	-	5,385	5,385
Balance, June 30, 2024	\$ 240,861	\$ 5,385	\$ 246,246

	Atlin Goldfields	Haskins Reed	Wheaton Creek	Total
Balance, December 31, 2022	\$ 479,832	\$ 321,079	\$ 195,000	\$ 995,911
Acquisition costs				
Option payment	70,000	-	-	70,000
Claim staking	-	-	4,455	4,455
	70,000	-	4,455	74,455
Deferred exploration expenditures				
Geo-consulting	20,079	-	-	20,079
Miscellaneous	618	70	70	758
	20,697	70	70	20,837
Impairment	(570,529)	(80,288)	(199,525)	(850,342)
Balance, December 31, 2023	\$ -	\$ 240,861	\$ -	\$ 240,861

Haskins-Reed Property, British Columbia

The Company holds a 100% interest in certain mineral claims located in the Cassiar Mining Division of British Columbia, subject to a 2% NSR. At June 30, 2024, the Company has a reclamation deposit of \$17,000 (2023 - \$17,000) pertaining to the Haskins-Reed property.

During the year ended December 31, 2023, the Company recognized impairment charges of \$80,288 due to the lack of financing available to fund an exploration program on the property.

Sphinx Mountain Property, British Columbia

In February 2024, the Company acquired a 100% interest in the Sphinx Mountain Rare Earth Property located in Northern British Columbia by staking.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Atlin Goldfields Property, British Columbia

On May 4, 2022, the Company entered into an option and joint venture agreement with Brixton Metals Corp. (“Brixton”) whereby Brixton granted the Company an option to purchase up to a 100% interest in the Atlin Goldfields property located in Northwest British Columbia. Under the terms of the option agreement and subsequent amendments, to acquire an initial 51% interest in the property, the Company was required to make cash payments totaling \$1,725,000, issue 5,250,000 common shares, and fulfill work commitments of \$3,500,000 over a four year period.

On August 10, 2023, Brixton terminated the option agreement with the Company due to the Company failing to make the cash payment of \$200,000 by the due date. As a result, the Company recognized an impairment of \$570,529 on the Atlin Goldfields property during the year ended December 31, 2023.

Wheaton Creek Property, British Columbia

The Company held a 100% interest in the Wheaton Creek property. The property was subject to a 3% NSR and the Company had the option to purchase up to 2% NSR at a price of \$1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NSR. At June 30, 2024, the Company has a reclamation deposit of \$35,800 (2023 - \$35,800) pertaining to the Wheaton Creek property.

During the year ended December 31, 2023, the Company allowed the claims to lapse due to lack of financing available to fund an exploration program on the Wheaton Creek property, and recognized an impairment charge of \$199,525.

Weaver Lake Property, British Columbia

The Company holds a 100% interest in the Weaver Lake property. The property is subject to a 3% NSR and the Company has the option to purchase up to 2% NSR at a price of \$1,500,000 for each 1% NSR. The Company was also granted a right of first refusal to purchase the remaining 1% NSR. During the year end December 31, 2022, the Company recognized full impairment charges of \$63,499 due to the lack of financing available to fund an exploration program on the property.

Del Santo Claim, British Columbia

During the year ended December 31, 2022, the Company sold a 100% interest in the Del Santo claim, which was originally expensed when acquired, for \$10,000. As a result, the Company recognized a gain on sale of \$10,000. The Company retains a 1% NSR in the claim which the purchaser has the option to purchase for \$1,500,000.

PACIFIC BAY MINERALS LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED JUNE 30, 2024****(Unaudited – Prepared by Management)****6. TRADE AND OTHER PAYABLES**

		June 30, 2024	December 31, 2023
Trade payables	\$	215,968	\$ 221,007
Accrued liabilities		29,642	33,642
	\$	245,610	\$ 254,649

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. Included in trade payables at June 30, 2024 is \$22,927 (December 31, 2023 - \$22,927) owing to companies controlled by a significant shareholder of the Company.

During the year ended December 31, 2023, the Company recognized an extinguishment of trade payables of \$17,372 related to trade payables which have extended beyond the 2-year basic statute of limitations on debt under British Columbia legislation. Management determined that the debt was no longer owing and that an extinguishment of the trade payables was appropriate.

7. LOAN PAYABLE

In June 2020, the Company opened a Canada Emergency Business Account (“CEBA”) and received a loan of \$40,000 funded by the Government of Canada. On January 12, 2022, the repayment deadline was extended such that the loan was interest-free and may be repaid any time before December 31, 2023. As of December 31, 2023, the Company had not repaid the loan. Subsequent to the year ended December 31, 2023, the Company was in negotiations with the bank in regards to the terms of the loan.

The Company initially measured the loan at a fair value of \$28,049 resulting in an adjustment of \$11,951 recognized in net loss as government assistance during the year ended December 31, 2020. During the year ended December 31, 2021, the Company recognized accretion of the loan of \$4,512, increasing the carrying value of the loan payable to \$34,815. On January 12, 2022, upon extension of the maturity date, the Company remeasured the loan at a fair value of \$30,385 resulting in an adjustment of \$4,602 recognized in net loss as government assistance during the year ended December 31, 2022. During the year ended December 31, 2022, the Company recognized accretion of the loan of \$4,575 increasing the carrying value of the loan payable to \$34,788. During the year ended December 31, 2023, the Company recognized accretion of the loan of \$5,212 increasing the carrying value of the loan payable to \$40,000.

PACIFIC BAY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024
(Unaudited – Prepared by Management)

8. RELATED PARTY TRANSACTIONS

	June 30, 2024	December 31, 2023
Amounts due to related parties		
Reagan Glazier, President and Chief Executive Officer (“CEO”)	\$ -	\$ 5,000
David H. Brett, Director and former President and CEO	91,325	91,325
Estate of Guilford H. Brett, former Director and Chairman	90,632	90,632
Leanora Brett, Chief Financial Officer (“CFO”)	180,224	165,224
Antonio Vespa, former Director and Vice President of Operations	15,500	15,500
Sebastien Ah Fat, former Vice President of Exploration	10,000	10,000
	\$ 387,681	\$ 377,681
Loans payable to related parties		
Reagan Glazier, President and CEO	\$ -	\$ 20,776
David H. Brett, Director and former President and CEO	950	950
Leanora Brett, CFO	879	4,125
Alan Qiao, a significant shareholder	4,000	4,000
	\$ 5,829	\$ 29,851

Amounts due to related parties are for accrued management fees and loan interest and are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended December 31, 2022, the Company entered into a settlement agreement with Sebastien Ah Fat upon his resignation to settle the outstanding amount due to him of \$127,313 in consideration for a promissory note of \$10,000, resulting in a gain on settlement of \$117,313. The promissory note is non-interest bearing, unsecured and was due upon the earlier of: (i) the date on which the company completes any issuance of debt or equity instruments of at least \$500,000; or (ii) March 31, 2023. At June 30, 2024, the balance is non-interest bearing, unsecured and due on demand.

During the year ended December 31, 2022, the Company entered into a settlement agreement with Antonio Vespa to settle the outstanding amount due to him of \$144,800 in consideration for a total of \$46,000, resulting in a gain on settlement of \$98,800. The consideration totaling \$46,000 is payable upon certain milestones, of which \$30,500 was paid during the year ended December 31, 2022.

During the year ended December 31, 2023, the Company entered into a settlement agreement with Estate of Guilford H. Brett to issue 4,000,000 shares with a fair value of \$280,000 to settle the outstanding amounts of \$107,455 included in amounts due to related parties and \$102,935 included in loans payable to related parties, resulting in a loss on settlement of amounts due to related parties of \$69,610.

At June 30, 2024, a total of \$22,927 (2023 - \$22,927) owing to companies controlled by a significant shareholder of the Company is included in trade and other payables.

PACIFIC BAY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Unaudited – Prepared by Management)

8. RELATED PARTY TRANSACTIONS (cont'd...)

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or accrued to key management personnel during the six month periods ended June 30 is as follows:

	2024		2023	
Consulting fees	\$	15,000	\$	15,000
Total	\$	15,000	\$	15,000

The Company entered into the following related party transactions during the six month period ended June 30, 2024:

- a) Incurred consulting fees of \$15,000 (2023 - \$15,000) to the CFO of the Company for corporate consulting services.

9. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At June 30, 2024, the Company had 34,749,728 common shares outstanding (2023 - 30,971,584).

Share issuances

During the six months ended June 30, 2024, the Company completed a private placement of 1,178,144 flow-through units at a price of \$0.07 per flow-through unit and 2,600,000 non-flow-through units at a price of \$0.05 per non-flow-through unit for gross proceeds of \$212,470. Each flow-through unit is comprised of one flow-through common share and one share purchase warrant; each warrant entitles the holder to acquire one additional non-flow-through share at a price of \$0.08 until May 13, 2026. Each non-flow-through unit is comprised of one non-flow-through common share and one share purchase warrant; each share purchase warrant entitles the holder to acquire one additional non-flow-through share at a price of \$0.08 until May 13, 2026. \$61,344 of the proceeds was allocated to the warrants based on the residual method and recorded to the equity reserves. A premium of \$23,563 on the flow-through shares issued was recorded as a flow-through share liability resulting in a corresponding share capital reduction. The Company paid \$700 and issued 10,000 finder's warrants as a finders' fee; each finder's warrant entitles the holder to acquire one common share at a price of \$0.08 until May 13, 2026. The finder's warrants were valued at \$696 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 4.29%, an expected life of 2 years, annualized volatility of 182.47% and a dividend rate of 0%).

PACIFIC BAY MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024
(Unaudited – Prepared by Management)

9. SHARE CAPITAL (cont'd...)

During the year ended December 31, 2023, the Company:

- i) Completed a non-brokered private placement of 560,000 units at a price of \$0.05 per unit for gross proceeds of \$28,000. Each unit is comprised of one common share and one share purchase warrant; each share purchase warrant entitles the holder to acquire one additional share at a price of \$0.10 until August 30, 2026. The Company allocated \$16,800 to the value of the warrants, which was recorded to the equity reserves. The Company also incurred filing and other expenses of \$22,387 in connection with the private placement.
- ii) Issued 1,000,000 common shares with a fair value of \$70,000 pursuant to the Atlin Goldfields option and joint venture agreement (Note 5).
- iii) Issued 4,000,000 common shares with a fair value of \$280,000 to settle \$107,455 of amounts due to related parties and \$102,935 of loans payable to related parties (Note 9). The settlement resulted in a loss on settlement of amounts due to related parties of \$69,610.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2024, was based on the loss attributable to common shareholders of \$104,664 (2023 - \$615,522) and a weighted average number of common shares outstanding of 31,968,018 (2023 - 26,544,181).

10. EQUITY RESERVES

Stock options

The Company has a Stock Option Plan (“the Plan”) for directors, officers and employees. The maximum number of common shares to be issued under the Plan is restricted such that it cannot at any given time be more than 10% of the Company’s issued and outstanding shares. The number of shares reserved for issuance at any one time to any one person shall not exceed 5% of the outstanding shares issued. Options granted must be exercised no later than two years after the date of the grant or such lesser periods as regulations require.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2022	900,000	\$ 0.15
Expired	(900,000)	0.15
Balance, December 31, 2023	-	\$ -
Granted	2,050,000	0.05
Balance, June 30, 2024	2,050,000	\$ 0.05

The options outstanding at June 30, 2024 have a weighted average remaining contractual life of 2.61 years.

PACIFIC BAY MINERALS LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****SIX MONTHS ENDED JUNE 30, 2024****(Unaudited – Prepared by Management)****10. EQUITY RESERVES (cont'd...)**

For the six months ended June 30, 2024, the Company recorded \$50,506 (2023 - \$nil) in share-based payment expense to operations. The fair value of the options granted during the period was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2024	2023
Risk-free interest rate	3.85%	-
Expected life of options	3 Years	-
Annualized volatility	167.24%	-
Dividend rate	Nil	-

Share purchase warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2022	7,607,423	\$	0.10
Issued	560,000		0.10
Balance, December 31, 2023	8,167,423	\$	0.10
Issued	3,788,144		0.08
Balance, June 30, 2024	11,955,567	\$	0.09

As at June 30, 2024, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
7,607,423	\$ 0.10	July 20, 2025
3,778,144	\$ 0.08	May 13, 2026
560,000	\$ 0.10	August 30, 2026
11,955,567		

11. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash transactions during the six months ended June 30, 2024 included:

- a) The Company issued 10,000 agent's warrants with a fair value of \$696 as finder's fee in connection with a private placement.
- b) Included in trade and other payables are \$159,898 related to exploration and evaluation assets.

Significant non-cash transactions during the six months ended June 30, 2023 included:

- a) The Company issued 1,000,000 common shares pursuant to the Atlin Goldfields option and joint venture agreement with a total value of \$70,000.
- b) The Company issued 4,000,000 common shares to settle \$102,250 of amounts due to related parties and \$102,935 of loans payable to related parties.
- c) Included in trade and other payables are \$6,600 related to exploration and evaluation assets.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash, trade and other payables, loan payable, amounts due to related parties and loans payable to related parties are measured at amortized cost.

The carrying amount of cash, trade and other payables, loan payable, amounts due to related parties, and loans payable to related parties carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at June 30, 2024, the Company had a cash balance of \$115,174 and current liabilities of \$702,511. The Company's financial liabilities include accrued expenses and trade and other payables which have contractual maturities of 30 days or are due on demand. Amounts due to related parties and loans payable to related parties are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and related party loans. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The interest rate risk on cash is not considered significant due to their short-term nature and maturity. At June 30, 2024, the Company's liabilities were non-interest bearing.

14. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

There have been no changes in these levels and no changes in classifications during the six months ended June 30, 2024.