



Perpetua Resources

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**
(Expressed in US Dollars)

Perpetua Resources Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
As at March 31, 2021 and December 31, 2020
(Expressed in US dollars)

	<u>Notes</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 14,786,055	\$ 25,037,766
Receivables		30,164	107,727
Prepaid expenses		980,699	646,996
		<u>\$ 15,796,918</u>	<u>\$ 25,792,489</u>
NON-CURRENT ASSETS			
Buildings and equipment		\$ 170,172	\$ 189,294
Right-of-use assets	3	188,494	235,965
Environmental reclamation bond	4	3,000,000	-
Exploration and evaluation assets		71,913,864	71,913,864
		<u>\$ 75,272,530</u>	<u>\$ 72,339,123</u>
TOTAL ASSETS		<u><u>\$ 91,069,448</u></u>	<u><u>\$ 98,131,612</u></u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		\$ 3,315,268	\$ 3,736,222
Current lease liabilities	3	181,275	201,825
Current environmental reclamation liabilities	4	1,038,993	-
		<u>\$ 4,535,536</u>	<u>\$ 3,938,047</u>
NON-CURRENT LIABILITIES			
Convertible notes	5	\$ 9,934,395	\$ 9,562,293
Convertible note derivatives	6	14,705,724	26,060,446
Warrant derivative	7	388,465	874,864
Non-current lease liabilities	3	37,881	65,136
Non-current environmental reclamation liabilities	4	6,412,694	-
		<u>\$ 31,479,159</u>	<u>\$ 36,562,739</u>
TOTAL LIABILITIES		<u><u>\$ 36,014,695</u></u>	<u><u>\$ 40,500,786</u></u>
EQUITY			
Share capital	8	\$ 529,392,591	\$ 528,715,788
Equity reserve	8	27,729,855	26,176,265
Deficit		(502,067,693)	(497,261,227)
TOTAL EQUITY		<u>\$ 55,054,753</u>	<u>\$ 57,630,826</u>
TOTAL LIABILITIES AND EQUITY		<u><u>\$ 91,069,448</u></u>	<u><u>\$ 98,131,612</u></u>

Commitments – Notes 3, 4 and 13

Perpetua Resources Corp.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31, 2021 and 2020

(Expressed in US dollars except for number of shares)

	<u>Notes</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
EXPENSES			
Consulting		\$ 100,877	\$ 7,523
Corporate salaries and benefits		463,314	182,706
Depreciation		66,593	75,423
Accretion	4	9,159	-
Directors' fees		-	43,309
Exploration and evaluation	9	12,936,706	5,492,048
Office and administrative		418,975	27,166
Professional fees		167,336	7,085
Share based compensation	8	1,933,518	551,245
Shareholder and regulatory		251,625	96,529
Travel and related costs		126	26,449
OPERATING LOSS		<u>\$ 16,348,229</u>	<u>\$ 6,509,483</u>
OTHER (INCOME) EXPENSES			
Change in fair value of warrant derivative	7	\$ (486,399)	\$ (154,844)
Change in fair value of convertible note derivatives	6	(11,596,790)	(859,945)
Finance costs	10	262,820	1,089,592
Foreign exchange loss/(gain)		302,477	(5,906,514)
Interest income		(23,871)	(82,366)
Total other (income)/expenses		<u>\$ (11,541,763)</u>	<u>\$ (5,914,077)</u>
NET LOSS AND COMPREHENSIVE LOSS		<u>\$ 4,806,466</u>	<u>\$ 595,406</u>
NET LOSS PER SHARE, BASIC AND DILUTED		<u>\$ 0.10</u>	<u>\$ 0.00</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED		<u>47,550,311</u>	<u>27,153,391</u>

Perpetua Resources Corp.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2021 and 2020

(Expressed in US dollars except for number of shares)

	Note	Share Capital ⁽ⁱ⁾		Equity Reserve	Deficit	Total
		Shares	Amount			
BALANCE, January 1, 2020		27,112,550	\$ 283,489,579	\$ 25,882,517	\$ (276,629,120)	\$ 32,742,976
Share based compensation	8	-	-	551,245	-	551,245
Exercise of options	8	41,650	213,470	(83,227)	-	130,243
Net loss and comprehensive loss for the period		-	-	-	(595,406)	(595,406)
BALANCE, March 31, 2020		<u>27,154,200</u>	<u>\$ 283,703,049</u>	<u>\$ 26,350,535</u>	<u>\$ (277,224,526)</u>	<u>\$ 32,829,058</u>
BALANCE, January 1, 2021		47,481,134	\$ 528,715,788	\$ 26,176,265	\$ (497,261,227)	\$ 57,630,826
Share based compensation	8	-	-	1,929,352	-	1,929,352
Shares issued through Stock Appreciation Rights	8	30,819	230,396	(226,229)	-	4,167
Exercise of options	8	82,038	446,407	(149,533)	-	296,874
Net loss and comprehensive loss for the period		-	-	-	(4,806,466)	(4,806,466)
BALANCE, March 31, 2021		<u>47,593,991</u>	<u>\$ 529,392,591</u>	<u>\$ 27,729,855</u>	<u>\$ (502,067,693)</u>	<u>\$ 55,054,753</u>

Footnotes:

- (i) Common share amounts have been retrospectively restated for all prior periods to reflect the Share Consolidation effected on January 27, 2021. Refer to Note 2(b) – Basis of Presentation for more information.

Perpetua Resources Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

	<u>Notes</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
OPERATING ACTIVITIES:			
Net loss		\$ (4,806,466)	\$ (595,406)
Adjustments for:			
Share based compensation	8	1,929,352	551,245
Depreciation		66,593	75,423
Accretion and interest expense	3,5,10	262,820	865,382
Accretion on environmental reclamation liability	4	9,159	-
Change in fair value of warrant derivative	7	(486,399)	(154,844)
Change in fair value of convertible note derivatives	6	(11,596,790)	(859,945)
Change in environmental reclamation liabilities	4	7,442,528	-
Unrealized foreign exchange (gain)/loss		358,174	(5,813,994)
Interest income		(23,871)	(82,366)
Changes in:			
Trade and other receivables		1,622	(6,559)
Prepaid expenses		(333,703)	187,996
Trade and other payables		(420,953)	(1,292,267)
Net cash used in operating activities		<u>\$ (7,597,934)</u>	<u>\$ (6,901,125)</u>
INVESTING ACTIVITIES:			
Purchase of environmental reclamation liabilities surety bond	4	(3,000,000)	-
Interest received		99,811	94,807
Net cash (used)/provided by investing activities		<u>\$ (2,900,189)</u>	<u>\$ 94,807</u>
FINANCING ACTIVITIES:			
Proceeds from issuance of convertible notes	5	\$ -	35,000,000
Payment of transaction costs on issuance of convertible notes		-	(237,170)
Finance cost deducted as share issue cost		-	224,210
Proceeds from issuance of common shares through exercise of options		\$ 301,040	\$ 130,243
Interest paid on Convertible Notes	5	(6,098)	(18,353)
Payment of lease liabilities	3	(53,627)	(61,353)
Net cash provided by financing activities		<u>\$ 241,315</u>	<u>\$ 34,813,367</u>
Effect of foreign exchange on cash and cash equivalents		5,097	(96,537)
Net increase/(decrease) in cash and cash equivalents		(10,251,711)	27,910,512
Cash and cash equivalents, beginning of period		25,037,766	17,504,622
Cash and cash equivalents, end of period		<u><u>\$ 14,786,055</u></u>	<u><u>\$ 45,415,134</u></u>
Cash		\$ 2,024,470	\$ 3,617,637
Investment savings		5,595,106	13,663,257
GIC and term deposits		7,166,479	28,134,240
Total cash and cash equivalents		<u><u>\$ 14,786,055</u></u>	<u><u>\$ 45,415,134</u></u>

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

1. Nature of Operations

Perpetua Resources Corp. (the “Corporation” or “Perpetua Resources”, formerly Midas Gold Corp.) was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to hold shares in wholly owned subsidiaries that locate, acquire, develop and restore mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho, USA. The Corporation’s principal asset is 100% ownership in subsidiaries that control the Stibnite Gold Project (“Stibnite Gold Project” or the “Project”). The Corporation currently operates in one segment, mineral exploration in the United States. The registered office of the Perpetua Resources is 400-725 Granville St, Vancouver, BC, V7Y 1G5, Canada and the corporate office is located at 201-405 S 8th St, Boise ID 83702, USA.

2. Basis of Preparation

a. Statement of Compliance

The generally accepted accounting principles that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) and Canadian generally accepted accounting principles. Our condensed interim consolidated financial statements comply with International Accounting Standard 34, Interim Financial Reporting necessary for a fair statement of the results for the interim periods presented.

b. Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the historic cost basis except for certain financial instruments, which are measured at fair value.

On January 27, 2021, the Corporation completed a one-for-ten (1:10) reverse share split of all of its issued and outstanding common shares (“Share Consolidation”), resulting in a reduction of the issued and outstanding shares from 474,811,340 to 47,481,134. Shares reserved under the Corporation’s equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Corporation’s condensed consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

The preparation of these condensed consolidated interim financial statements is based on the accounting policies consistent with those applied to the consolidated financial statements of Perpetua Resources for the year ended December 31, 2020.

These condensed consolidated interim financial statements do not include all information required for full financial statements and should be read in conjunction with the consolidated financial statements of Perpetua Resources for the year ended December 31, 2020.

These condensed consolidated interim financial statements for the three-month periods ended March 31, 2021 and 2020 were approved and authorized for issue by the board of directors on May 12, 2021.

c. COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Corporation’s operations during the year.

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

2. Basis of Preparation (continued)

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. The Corporation is closely monitoring the impact of the pandemic on all aspects of its business.

3. Leases

The Corporation leases building space in Vancouver, BC, Donnelly, ID and Boise, ID. The Corporation is utilizing an incremental borrowing rate of 10% for calculating the related lease liabilities and ROU assets.

ROU Assets

		Property
Balance, January 1, 2021	\$	235,965
Additions		-
Depreciation charge for the period		(47,471)
Balance, March 31, 2021	\$	188,494

Lease Liabilities

		March 31, 2021
Maturity analysis – contractual undiscounted cash flows		
Less than one year	\$	192,468
One to five years		38,354
Total undiscounted lease liabilities at March 31, 2021	\$	230,822
Lease liabilities included in the statement of financial position at March 31, 2021		
Current		181,275
Non-Current		37,881

Amounts recognized in the statement of cash flows

		March 31, 2021
Total payments on lease liability	\$	(59,449)
Principal on leases		(53,627)
Interest expense		(5,822)

The Corporation has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases that have a lease term of less than 12 months and where extension clauses within the original contract have been fully utilized. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognized in profit and loss

		March 31, 2021
Depreciation expense of ROU assets	\$	(47,471)
Expenses relating to short-term leases		(11,321)
Expenses relating to leases of low-value assets		(2,886)
Interest on lease liabilities		(5,822)

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

4. Environmental Reclamation Liability

On January 15, 2021, the company agreed to an Administrative Settlement and Order on Consent (“ASAOC” or the “Agreement”). The company has accounted for their obligation under the ASAOC as an environmental reclamation liability. Upon the signing of the ASAOC, the Company recorded an immediate expense of \$7.6 million and a corresponding environmental reclamation liability. The provision for the liability associated with the terms of the ASAOC is based on cost estimates developed with the use of engineering consultants, independent contractor quotes and the Company’s internal Development team, and is recognized at the present value of such costs. The timing of cash flows is based on the current schedule for early action items. The inflation rate of 1.9% used for the current quarter is calculated as the ten-year average Consumer Price Index for U.S. cities as reported by the Bureau of Labor Statistics. The present value of the environmental reclamation liability may be subject to change based on changes to cost estimates and the timing of cash flows, is adjusted each quarter for accretion and actual work performed, and may also be subject to change based on changes in the applicable discount rate. Movements in the environmental reclamation liability during the quarter ended March 31, 2021 are as follows:

	Environmental Reclamation Liability	
Balance, December 31, 2020	\$	-
Additions		7,554,535
Work performed on early action items		(112,007)
Accretion		9,159
Balance, March 31, 2021	\$	7,451,687

The company paid \$3 million in cash collateral for a surety bond related to the ASAOC statement of work during the quarter.

5. Convertible Notes

On March 17, 2016, the Corporation issued unsecured convertible notes (the “2016 Notes”) for gross proceeds of \$38.5 (C\$50.0) million and a maturity date of March 17, 2023. On March 17, 2020, the Corporation issued a second round of unsecured convertible notes (the “2020 Notes”) for gross proceeds of \$35.0 (C\$47.6) million and a maturity date of March 17, 2027. Both sets of notes, collectively the “Convertible Notes”, have identical features and bear interest at a rate of 0.05% per annum, payable annually in cash or common shares (at the Corporation’s election) or added to the principal and payable on maturity. Upon maturity, and for each set of notes, the outstanding principal amount is due and payable in cash unless converted in advance of that date. The holders of the Convertible Notes may convert any portion of their Convertible Notes at any time prior to the maturity date into common shares of the Corporation, at a price of C\$3.541 per share for the 2016 Notes and a price of C\$4.655 for the 2020 Notes. If there is an equity financing completed at 95% of the conversion price, or below, the conversion price is adjusted downward. The Convertible Notes can be redeemed by the Corporation after four years with not more than 60-days written notice and not less than 30-days written notice when the Corporation’s common shares reach a volume weighted average trading price for 20 consecutive trading days of C\$7.082 or higher for the 2016 Notes and C\$9.31 or higher for the 2020 Notes. Following the notice of redemption, but prior to the redemption date, the holders may convert their Convertible Notes to be redeemed into common shares at the then-current conversion price.

The terms for the 2020 Notes were announced on March 10, 2020, for gross proceeds of \$35.0 million at a USD:CAD exchange rate of 1:1.36 (C\$47.6 million due and payable upon maturity). The 2020 Notes were issued on March 17, 2020, with a USD:CAD exchange rate of 1:1.42; this movement resulted in a foreign exchange gain on the date of issuance.

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

5. Convertible Notes (continued)

Each set of Convertible Notes are deemed to contain an embedded derivative (collectively, the “Convertible Note Derivatives”) relating to the conversion option. The Convertible Note Derivatives were valued upon initial recognition at fair value using partial differential equation methods. At inception, for each set of notes, the face value of the notes was reduced by the estimated fair value of the related convertible note derivative and the transaction costs. See below for additional detail of initial value upon issuance of each set of notes:

		2020 Notes	2016 Notes
Gross proceeds upon issuance	\$	35,000,000	\$ 38,508,431
Foreign exchange gain		(1,419,753)	-
Face value of convertible note	\$	33,580,247	\$ 38,508,431
Estimated fair value of embedded derivative		(17,197,994)	(19,771,572)
Transaction costs		(213,575)	(429,723)
Convertible note liability, net	\$	16,168,678	\$ 18,307,136

On August 26, 2020, convertible notes in the aggregate principal amount of C\$82,102,500 (C\$34,502,500 of the 2016 Notes and C\$47,600,000 for all 2020 Notes), were converted for 19,969,280 common shares of Perpetua Resources. The remaining 2016 Notes are measured at amortized cost and will be accreted to maturity over the term using the effective interest method. The expected value of the remaining 2016 Notes at maturity is \$12.3 million (C\$15.4 million) based on the exchange rate at March 31, 2021 (2020 - \$37.2 million (C\$49.9 million)).

During March 2021, the fifth annual interest payment was made to the remaining 2016 Note holders in cash, in the amount of \$6,098 (2020 - \$18,353).

The components of the Convertible Notes are summarized as follows:

	Convertible Notes
Balance, December 31, 2020	\$ 9,562,293
Accretion and Interest Expense	256,997
Interest Payments	(6,098)
Foreign exchange adjustments	121,203
Balance, March 31, 2021	\$ 9,934,395

6. Convertible Note Derivatives

Convertible Note Derivatives related to the Convertible Notes (Note 5) were valued upon initial recognition at fair value using partial differential equation methods and are subsequently re-measured at fair value at each period end through the consolidated statement of net loss and comprehensive loss. The components of the Convertible Note Derivatives are summarized as follows:

	Convertible Note Derivatives
Balance, December 31, 2020	\$ 26,060,446
Fair value adjustment	(11,596,790)
Foreign exchange adjustments	242,068
Balance, March 31, 2021	\$ 14,705,724

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

6. Convertible Note Derivatives (continued)

Upon conversion of the remaining Convertible Notes, the fair value of the Convertible Note Derivatives and the carrying value of the Convertible Notes, on that date, will be reclassified to share capital. There are no circumstances in which the Corporation would be required to pay any cash upon conversion of the Convertible Notes.

The fair value of the Convertible Note Derivatives was calculated using partial differential equation methods. The assumptions used in the valuation model include the following, with a change in share price having the most significant impact on the valuation:

	March 31, 2021	December 31, 2020
Risk-free interest rate	0.2%	0.2%
Expected term (in years)	1.9	2.2
Share Price	C\$7.64	C\$12.20
Credit Spread	10%	10%
Implied discount on share price	15% - 5%	21% - 9%
Expected share price volatility	81%	77%

7. Warrant Derivative

In May 2013, the Corporation issued to Franco Nevada Corporation ("Franco") 200,000 share purchase warrants ("Franco Warrants"). The Franco Warrants are exercisable into 200,000 common shares of the Corporation at C\$12.30 per warrant. The Franco Warrants contain a mandatory conversion feature which requires Franco to exercise 100% of the outstanding warrants if, at any time, the volume weighted average trading price of Perpetua Resources' common shares is equal to or greater than C\$32.30 for a period of 30 consecutive trading days. The Franco Warrants expire on May 9, 2023.

The exercise price of the Franco Warrants is denominated in Canadian Dollars; however, the functional currency of the Corporation is the US Dollar. As a result of this difference in currencies, the proceeds that will be received by the Corporation are not fixed and will vary based on foreign exchange rates and the warrants are a derivative and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the consolidated statement of net loss and comprehensive loss. Upon exercise, the holders will pay the Corporation the respective exercise price for each warrant exercised in exchange for one common share of Perpetua Resources and the fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the consolidated statement of net loss and comprehensive loss. There are no circumstances in which the Corporation would be required to pay any cash upon exercise or expiry of the warrants.

A reconciliation of the change in fair values of the derivative is below:

	FV Warrant Derivative	
Balance, December 31, 2020	\$	874,864
Change in fair value of warrant derivative		(486,399)
Balance, March 31, 2021	\$	388,465

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

7. Warrant Derivative (continued)

The fair value of the warrants was calculated using the Black-Scholes valuation model. The inputs used in the Black-Scholes valuation model are:

	March 31, 2021	December 31, 2020
Share price	C\$7.64	C\$12.20
Exercise price	C\$12.30	C\$12.30
Expected term (in years)	2.1	2.4
Expected share price volatility	82%	79%
Annual rate of quarterly dividends	0%	0%
Risk-free interest rate	0.2%	0.2%

8. Share Capital

a. Authorized

Unlimited number of common shares without par value.
Unlimited number of first preferred shares without par value.
Unlimited number of second preferred shares without par value.

b. Share purchase options

Under the terms of the Corporation's Stock Option Plan, the maximum number of shares reserved for issuance under the Plan is 10% of the issued shares on a rolling basis. Options may be exercisable over periods as determined by the Board of Directors of the Corporation and the exercise price shall not be less than the five-day weighted-average share price on the day preceding the award date, subject to regulatory approval. The Stock Option Plan includes a Stock Appreciation Rights ("SAR") clause which allows individuals the option to terminate vested options and receive shares in lieu of the benefits which would have been received had the options been exercised. All stock options granted are subject to vesting, with one quarter vesting upon issuance and one quarter vesting on each anniversary from the date of grant.

A summary of share purchase option activity within the Corporation's share-based compensation plan for the year ended December 31, 2020 and three months ended March 31, 2021 is as follows:

	Number of Options	Weighted Average Exercise Price (C\$)
Balance December 31, 2019	1,972,625	\$ 7.72
Options granted	442,500	5.72
Options expired	(20,125)	5.44
Options terminated via SAR	(60,250)	6.91
Options exercised	(375,162)	6.54
Balance December 31, 2020	1,959,588	\$ 7.40
Options granted	1,003,500	11.45
Options expired	(8,600)	4.45
Options terminated via SAR	(88,100)	6.08
Options exercised	(82,038)	5.05
Balance, March 31, 2021	2,784,350	\$ 9.10

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

8. Share Capital (continued)

The number of outstanding options represents 4.1% of the issued and outstanding shares at March 31, 2021. During the three months ended March 31, 2021, the Corporation's total share-based compensation was \$1,933,518 (2020 - \$551,245). This is comprised of \$1,929,352 in periodic stock-based compensation related to options granted (2020 - \$551,245) and \$4,166 related to SAR activity (2020 – nil).

The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model. The weighted average inputs used in the Black-Scholes option pricing model are:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Fair value options granted	\$6.52	\$3.30
Risk-free interest rate	0.5%	1.6%
Expected term (in years)	5.0	5.0
Expected share price volatility	73%	65%
Expected dividend yield	-	-
Expected forfeiture	5%	5%

An analysis of outstanding share purchase options as at March 31, 2021 is as follows:

Range of Exercise Prices (C\$)	Options Outstanding			Options Exercisable		
	Number	Weighted Average Exercise Price (C\$)	Weighted Average Remaining Contractual Life (Years)	Number	Weighted Average Exercise Price (C\$)	Weighted Average Remaining Contractual Life (Years)
\$3.50 - \$4.40	82,500	\$3.91	4.0	35,000	\$3.82	4.0
\$5.90 - \$7.20	725,350	\$6.19	3.0	476,413	\$6.15	2.7
\$8.20 - \$8.90	414,875	\$8.85	1.0	400,375	\$8.85	0.9
\$9.10 - \$11.80	1,561,625	\$10.78	4.0	570,781	\$10.50	3.5
\$3.50 - \$11.80	2,784,350	\$7.40	3.3	1,482,569	\$8.50	2.6

c. Warrants

There was a total of 2,000,000 warrants outstanding as of both December 31, 2020 and March 31, 2021.

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

9. Exploration and Evaluation Expenditures

The Corporation's exploration and evaluation expenditures at the Stibnite Gold Project for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Exploration and Evaluation Expenditures		
Consulting and labour cost	\$ 1,564,933	\$ 1,193,677
Field office and drilling support	461,315	323,495
Engineering	348,784	245,411
Permitting	2,588,954	3,072,040
Environmental and reclamation	229,061	141,888
Legal and sustainability	189,124	515,537
ASAOC	7,554,535	-
Exploration and Evaluation Expense	\$ 12,936,706	\$ 5,492,048

10. Finance Costs

The Corporation's finance costs for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Finance Costs		
Accretion on Convertible Notes	\$ 255,477	\$ 849,847
Transaction costs	-	224,210
Interest expense on Convertible Notes	1,521	5,319
Interest expense on leases	5,822	10,216
	\$ 262,820	\$ 1,089,592

11. Financial Instruments

The Corporation classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

At March 31, 2021 and December 31, 2020, the levels in the Fair Value hierarchy into which the Corporation's financial assets and liabilities are measured and recognized on the balance sheet at fair value are categorized as follows:

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

11. Financial Instruments (continued)

				March 31, 2021
	Level 1	Level 2	Level 3	
Convertible Note Derivatives (see Note 6)	\$ -	\$ -	\$ -	14,705,724
Warrant Derivative (see Note 7)	-	-	-	388,465
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,094,189</u>

				December 31, 2020
	Level 1	Level 2	Level 3	
Convertible Note Derivatives (see Note 6)	\$ -	\$ -	\$ -	26,060,446
Warrant Derivative (see Note 7)	-	-	-	874,864
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>26,935,310</u>

12. Segmented Information

The Corporation operates in one segment, being the exploration, evaluation and potential development of the Stibnite Gold Project. Details on a geographic basis are as follows:

	March 31, 2021	December 31, 2020
Assets by geographic segment, at cost		
Canada		
Current assets	\$ 15,142,965	\$ 24,812,361
Non-current assets	56,225	66,144
	<u>15,199,190</u>	<u>24,878,505</u>
United States		
Current assets	653,952	980,127
Non-current assets	75,216,306	72,272,980
	<u>75,870,258</u>	<u>73,253,107</u>
	<u>\$ 91,069,448</u>	<u>\$ 98,131,612</u>

13. Commitments

a. Mining Claim Assessments

The Corporation currently holds mining claims on which it has an annual assessment obligation of \$250,470 to maintain the claims in good standing. The Corporation is committed to these payments indefinitely. Related to the Mining Claims Assessments is a \$335,000 bond related to the Corporation's exploration activities.

The Corporation is obligated to make option payments on mineral properties in order to maintain an option to purchase these properties. As at March 31, 2021, the remaining option payments due on these properties are \$190,000, which will be paid in the current year. The agreements include options to extend.

b. Stibnite Foundation

Upon formation of the Stibnite Foundation on February 26, 2019, the Corporation became contractually liable for certain future payments to the Foundation based on several triggering events, including receipt of a positive Record of Decision issued by the US Forest Service, receipt of all permits and approvals necessary for commencement of construction, commencement of construction, commencement of commercial production, and commencement of the final reclamation phase. These payments could begin

Perpetua Resources Corp.
Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in US dollars)

13. Commitments (continued)

as early as Q3 2021 based on the current permitting schedule and range from \$0.1 million to \$1 million (upon commencement of final reclamation phase) in cash and 150,000 in shares. During commercial production, the Corporation will make payments to the Stibnite Foundation equal to 1% of Total Comprehensive Income less debt repayments or a minimum of \$0.5 million.

The Foundation will support projects that benefit the communities surrounding the Stibnite Gold Project and was created through the establishment of the Community Agreement between Perpetua Resources Idaho, Inc. and eight communities and counties throughout the West Central Mountains region of Idaho.

14. Subsequent Events

Subsequent to March 31, 2021, certain holders of the outstanding 0.05% Senior Unsecured Convertible Notes issued by a subsidiary of the Company (the "Notes") in the aggregate principal amount of Canadian \$15,304,202 have exercised the conversion feature on the Notes for a total of 4,322,000 common shares of the Company at a conversion price of Canadian \$3.541 per Share. The Notes were issued in a financing completed by the Company on March 17, 2016.