



**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

Notice to Reader

These condensed consolidated interim financial statements of Azarga Metals Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management's Discussion and Analysis.

AZARGA METALS CORP.**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited – Expressed in Canadian dollars)

	Note	December 31, 2022	September 30, 2022
ASSETS			
Current assets			
Cash	4	\$ 128,328	\$ 184,074
Restricted cash	4	14,254	47,284
Receivables	5	32,366	56,827
Prepaid expenses	6	99,466	112,107
		274,414	400,292
Exploration and evaluation assets	7	869,083	869,083
		\$ 1,143,497	\$ 1,269,375
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Trade and other payables	8	\$ 474,583	\$ 410,280
Property payment obligation	9	512,500	200,000
Shareholder loans	10	1,734,550	1,723,637
		2,721,633	2,333,917
Property payment obligation	9	-	303,700
		2,721,633	2,637,617
Shareholders' deficiency			
Share capital	11	143,110,951	143,044,165
Share-based reserve	11	17,480,140	17,430,897
Deficit		(162,169,227)	(161,843,304)
		(1,578,136)	(1,368,242)
		\$ 1,143,497	\$ 1,269,375
Nature of operations and going concern	1		
Subsequent events	15		

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on March 1, 2023.

They are signed on the Company's behalf by:

"Gordon Tainton"

Gordon Tainton, Director

"Blake Steele"

Blake Steele, Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AZARGA METALS CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited – Expressed in Canadian dollars)

		Three months ended December 31,	
	Note	2022	2021
EXPENSES			
Consulting fees	12	\$ 68,500	\$ 91,328
Exploration and evaluation expenditures	7	181,835	71,775
Investor relations		37,792	26,925
Office expenses		11,819	9,559
Professional fees		15,515	117,016
Regulatory fees		1,869	9,491
Share-based compensation	11 & 12	13,529	32,800
Travel		783	10,671
		(331,642)	(369,565)
Accretion on property payment obligation	9	(8,800)	-
Foreign exchange gain		45,928	40,989
Interest expense on shareholder loans	10	(31,409)	(29,401)
Interest expense on convertible loan		-	(144,117)
Loss on settlement of trade and other payables		-	(18,741)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (325,923)	\$ (520,835)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		201,160,576	125,481,072

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AZARGA METALS CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian dollars)

	Three months ended December 31,	
	2022	2021
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Loss for the period	\$ (325,923)	\$ (520,835)
Items not affecting cash:		
Share-based compensation	13,529	32,800
Accretion on property payment obligation	8,800	-
Accrued interest expense on shareholder loans	31,409	29,401
Accrued interest expense on convertible loan	-	144,117
Loss on settlement of trade and other payables	-	18,741
Unrealized foreign exchange gain	(20,496)	(29,392)
Change in non-cash working capital items:		
Restricted cash	33,030	-
Receivables	24,461	11,766
Prepaid expenses	12,641	20,387
Trade and other payables	60,803	77,047
	(161,746)	(215,968)
FINANCING ACTIVITIES:		
Private placement	106,000	-
	106,000	-
DECREASE IN CASH FOR THE PERIOD	(55,746)	(215,968)
CASH, BEGINNING OF THE PERIOD	184,074	862,851
CASH, END OF THE PERIOD	\$ 128,328	\$ 646,883
Non-cash investing and financing activities		
Issuance of private placement warrants	\$ 65,458	\$ -
Issuance of finder's warrants	2,161	-
Accrued share issuance costs	3,500	-
Issuance of shares for convertible loan interest	-	205,907
Issuance of shares for exploration and evaluation assets	-	340,065
Accrued exploration and evaluation assets	-	479,018
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AZARGA METALS CORP.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)**

(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based reserve	Deficit	Shareholders' deficiency
Balance, September 30, 2022	197,012,750	\$ 143,044,165	\$ 17,430,897	\$ (161,843,304)	\$ (1,368,242)
Private placement	7,066,666	72,447	33,553	-	106,000
Share issuance costs	-	(5,661)	2,161	-	(3,500)
Share-based compensation	-	-	13,529	-	13,529
Comprehensive loss for the period	-	-	-	(325,923)	(325,923)
Balance, December 31, 2022	204,079,416	\$ 143,110,951	\$ 17,480,140	\$ (162,169,227)	\$ (1,578,136)

	Number of shares	Share capital	Share-based reserve	Deficit	Shareholders' equity
Balance, September 30, 2021	121,092,414	\$ 137,752,269	\$ 17,144,994	\$ (152,253,441)	\$ 2,643,822
Issuance of shares for convertible loan interest	3,743,755	205,907	-	-	205,907
Issuance of shares for exploration and evaluation assets	5,219,985	313,199	-	-	313,199
Issuance of shares - finder's fee	447,761	26,866	-	-	26,866
Share-based compensation	-	-	32,800	-	32,800
Comprehensive loss for the period	-	-	-	(520,835)	(520,835)
Balance, December 31, 2021	130,503,915	\$ 138,298,241	\$ 17,177,794	\$ (152,774,276)	\$ 2,701,759

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Azarga Metals Corp. (the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol AZR. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6.

The Company is engaged in the exploration and, if warranted, development of mineral resource projects. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

These condensed consolidated interim financial statements have been 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 in the foreseeable future. As at December 31, 2022, the Company had a working capital deficit of \$2,447,219. The Company needs to complete a financing in order to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2022.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent company’s functional currency as well as the functional currency of its subsidiaries.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022
(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of accounting estimates, judgments, and assumptions

Information about estimates and judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are included in Note 2 to the Company's September 30, 2022 annual consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended September 30, 2022.

New standards, interpretations, and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2022 and have not been applied in preparing these condensed consolidated interim financial statements.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to IAS 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The Company has not early adopted this revised standard and its adoption is not expected to have a significant effect on the Company's consolidated financial statements.

AZARGA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

4. CASH

	December 31, 2022	September 30, 2022
Canadian dollar denominated deposits held in Canada	\$ 109,190	\$ 163,037
US dollar denominated deposits held in Canada	18,018	18,781
US dollar denominated deposits held in Cyprus	1,120	2,256
Total	\$ 128,328	\$ 184,074

The Company also has \$14,254 (September 30, 2022 – \$47,284) of cash in Russia. This cash is restricted for use due to sanctions imposed against Russia. Accordingly, this cash has been classified as restricted cash on the statement of financial position as at December 31, 2022 and September 30, 2022.

5. RECEIVABLES

	December 31, 2022	September 30, 2022
Amounts due from the Government of Canada pursuant to input tax credits	\$ 9,063	\$ 12,862
Amounts due from the Government of Russia pursuant to value added tax	21,039	27,336
Other receivables	2,264	16,629
Total	\$ 32,366	\$ 56,827

6. PREPAID EXPENSES

	December 31, 2022	September 30, 2022
Prepaid insurance	\$ 11,666	\$ 20,417
Prepaid investor relations	87,000	82,500
Prepaid other	800	5,800
Expense advance to related party (Note 12)	-	3,390
Total	\$ 99,466	\$ 112,107

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Canada		Russia		
	Marg		Unkur		Total
September 30, 2022	\$	869,083	\$	-	\$ 869,083
Additions		-		-	-
December 31, 2022	\$	869,083	\$	-	\$ 869,083

Details on the Company's exploration and evaluation assets are found in Note 7 of the September 30, 2022 consolidated financial statements and new items are noted below.

In February 2023, the Company sold its wholly-owned subsidiary, Azarga Metals Limited, the indirect owner of the Unkur project to a non-sanctioned third-party buyer (Note 15).

The Company recorded the following exploration and evaluation expenditures on its Marg and Unkur projects during the three months ended December 31, 2022 and 2021.

	Three months ended December 31,			
	2022		2021	
Marg Project				
IP Survey	\$	116,678	\$	-
Camp and other		17,331		-
		134,009		-
Unkur Project				
Personnel, administration, and travel		47,826		71,775
		47,826		71,775
	\$	181,835	\$	71,775

8. TRADE AND OTHER PAYABLES

	December 31,		September 30,	
	2022		2022	
Trade and other payables in Canada	\$	284,132	\$	255,500
Trade and other payables in Cyprus		-		166
Trade and other payables in Russia		44,974		76,685
Due to related parties (Note 12)		145,477		77,929
Total	\$	474,583	\$	410,280

AZARGA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

9. PROPERTY PAYMENT OBLIGATIONS

As part of the consideration payable for the Marg project (Note 7), the Company was obligated to pay \$200,000 on the first anniversary of closing, being December 6, 2022. The Company has not made this payment to date and is in discussions with the vendor regarding this payment.

In addition, the Company is also obligated to pay the vendor \$350,000 on the second anniversary of closing, being December 6, 2023. This payment was discounted at a rate of 12% over a period of two years for an initial present value of \$279,018.

During the three months ended December 31, 2022, the Company recorded accretion on the property payment obligation of \$8,800 (2021 – \$Nil).

10. SHAREHOLDER LOANS

		December 31, 2022	September 30, 2022
Shareholders	Relationship		
Principal payable			
Alexander Molyneux	Former Director	\$ 329,652	\$ 333,619
Eugene McCarthy		330,195	334,168
Blake Steele	Director	73,316	74,198
Vladimir Pakhomov	Former Director	74,585	75,483
Denis Tsesarenko		74,585	75,483
Serhii Stefanowych		156,098	157,977
		1,038,431	1,050,928
Interest payable		696,119	672,709
Total		\$ 1,734,550	\$ 1,723,637

The amounts due include principal of \$1,038,431 (US\$766,709) and interest of \$696,118 (US\$513,968) and are unsecured, bear interest at the rate of 12% per annum, and are payable by May 31, 2023. Subject to receipt of approval of the TSX-V, the unpaid balance of the principal and interest may be converted at any time, at the sole option of the lenders (on an individual basis) into common shares at the market price in effect on conversion.

During the three months ended December 31, 2022, the Company accrued interest of \$31,409 (2021 - \$29,401) on the shareholder loans.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

11. SHARE CAPITAL

a) Authorized

The Company has an unlimited number of common shares without par value authorized for issuance.

b) Issued and outstanding

In November 2022, the Company completed the second and final tranche of a non-brokered private placement through the issuance of 7,066,666 units at a price of \$0.015 per unit for gross proceeds of \$106,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of \$0.05 per share until November 7, 2025. The share purchase warrants were valued at \$33,553 using the relative fair value approach.

The Company paid cash finder's fees of \$3,500 and issued 233,333 finder's warrants valued at \$2,161 on the same terms as the share purchase warrants. The fair value of the share purchase warrants and the finder's warrants were determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.87%; an expected volatility of 102%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

c) Warrants

The continuity of share purchase warrants for the three months ended December 31, 2022 is as follows:

Expiry date	Exercise price	Balance, September 30, 2022	Granted	Exercised	Expired	Balance, December 31, 2022
December 31, 2022	\$ 0.10	20,440,914	-	-	(20,440,914)	-
March 25, 2023	\$ 0.12	11,606,461	-	-	-	11,606,461
September 15, 2025	\$ 0.05	19,700,001	-	-	-	19,700,001
November 7, 2025	\$ 0.05	-	7,299,999	-	-	7,299,999
		51,747,376	7,299,999	-	(20,440,914)	38,606,461
Weighted average exercise price	\$ 0.09	\$ 0.05	\$ -	\$ 0.10	\$ 0.07	

As at December 31, 2022, the weighted average remaining contractual life of the share purchase warrants outstanding was 1.99 years.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

d) Share-based compensation

In July 2022, the Company’s shareholders approved a new replacement stock option plan (the “New Option Plan”). The New Option Plan is a 10% “rolling” stock option plan which governs the granting of stock options to directors, officers, employees and consultants of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time and supersedes the current stock option plan (the “Superseded Option Plan”). Any stock options currently outstanding under the Superseded Option Plan will remain outstanding, however new stock option grants will be subject to the New Option Plan. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

In addition, the shareholders approved a new equity incentive plan (the “Equity Plan”) which governs the granting of any restricted share units, performance share units, or deferred share units granted under the Equity Plan, to directors, officers, employees and consultants of the Company. The Company has reserved for issuance up to 13,050,291 common shares, being 10% of the issued and outstanding common shares of the Company at that time, pursuant to the Equity Plan.

The New Option Plan and Equity Plan follow the new security-based compensation policy adopted by the TSX-V in November 2021.

The continuity of stock options for the three months ended December 31, 2022 is as follows:

Expiry date	Exercise price	Balance, September 30, 2022	Granted	Exercised	Expired/ Cancelled	Balance, December 31, 2022
January 5, 2023	\$ 0.15	1,275,000	-	-	-	1,275,000
May 24, 2024	\$ 0.09	2,700,000	-	-	-	2,700,000
April 23, 2026	\$ 0.13	3,000,000	-	-	-	3,000,000
April 21, 2027	\$ 0.05	4,500,000	-	-	-	4,500,000
		11,475,000	-	-	-	11,475,000
Weighted average exercise price	\$ 0.09	\$ -	\$ -	\$ -	\$ -	\$ 0.09

As at December 31, 2022, 9,975,000 stock options were exercisable with a weighted average exercise price of \$0.09. As at December 31, 2022, the weighted average remaining contractual life of the stock options outstanding was 2.89 years.

On April 23, 2021, the Company granted 3,000,000 stock options to the Chief Executive Officer of the Company at a fair value of \$236,760 or \$0.08 per option, of which \$13,529 (2021 - \$32,800) was recorded as share-based compensation for the three months ended December 31, 2022. The stock options vest 500,000 every six months.

AZARGA METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company incurred the following related party transactions:

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer, the former VP Exploration, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended December 31, 2022 and 2021 were as follows:

	Three months ended December 31,	
	2022	2021
Consulting fees		
Chief Executive Officer	\$ 43,500	\$ 43,500
Golden Oak *	25,000	25,000
Former VP Exploration	-	22,828
	68,500	91,328
Share-based compensation	13,529	32,800
	\$ 82,029	\$ 124,128

* Golden Oak Corporate Services Ltd. (“Golden Oak”) is a consulting company controlled by the Chief Financial Officer and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

Prepaid expenses

In September 2022, the Company advanced the Chief Executive Officer \$8,500 towards future expenses. As at September 30, 2022, \$5,110 of expenses had been applied against this advance leaving an amount in prepaid expenses of \$3,390. The remaining advance was applied against expenses during the three months ended December 31, 2022.

Due to related parties

		December 31,	September 30,
		2022	2022
Chief Executive Officer	Consulting fees	\$ 91,500	\$ 48,000
Golden Oak	Consulting fees	52,500	26,250
Golden Oak	Expenses	1,477	3,679
		\$ 145,477	\$ 77,929

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(Unaudited – Expressed in Canadian dollars)

13. SEGMENTED INFORMATION

The Company operates in one business and two geographical segments being the exploration of mineral properties in Canada and Russia. The total assets attributable to the geographical location relate primarily to exploration and evaluation assets and have been disclosed in Note 7.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instruments	Category	December 31, 2022	September 30, 2022
Cash	FVTPL	\$ 128,328	\$ 184,074
Restricted cash	FVTPL	14,254	47,284
Receivables	Amortized cost	32,366	56,827
Trade and other payables	Amortized cost	474,583	410,280
Property payment obligation	Amortized cost	512,500	503,700
Shareholder loans	Amortized cost	1,734,550	1,723,637

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values for receivables and trade and other payables approximate their fair value due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash and restricted cash is determined based on Level 1 of the fair value hierarchy. The carrying values of the property payment obligation and shareholder loans are measured at amortized cost.

AZARGA METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended December 31, 2022
(Unaudited – Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended September 30, 2022.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company completed the following:

- In January 2023, the Company issued 4,000,000 common shares to settle \$100,686 owing to a vendor.
- In January 2023, 1,275,000 stock options expired unexercised.
- In February 2023, the Company entered into a share purchase agreement with a non-sanctioned third-party buyer to sell its Unkur project. The buyer agreed to pay consideration of US\$1 for the project and US\$74,999 for the assignment and assumption of the intercompany debt, as well as contingent consideration equal to half of the net proceeds paid to the buyer from any subsequent sale of the Unkur project ("Contingent Consideration").

Pursuant to the option agreement between the Company and Baker Steel Resources Trust Ltd. ("BSRT"), the Company and BSRT have agreed that any Contingent Consideration paid to the Company will be split as follows: 90% to BSRT and 10% to the Company for any amount up to US\$3.5 million and 80% to BSRT and 20% to the Company for any amount above US\$3.5 million.