
ARIZONA METALS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2023
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Arizona Metals Corp. (the "Company") have been prepared by and are the responsibility of management.

Arizona Metals Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at June 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	\$ 1,032,846	\$ 6,958,183
Investments	42,033,572	45,227,200
Sales tax recoverable	81,733	79,647
Prepaid expenses	887,558	671,866
Total current assets	44,035,709	52,936,896
Non-current assets		
Property and equipment (note 3)	184,073	50,596
Reclamation bond (note 8)	295,028	295,028
Total assets	\$ 44,514,810	\$ 53,282,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 754,764	\$ 607,757
Total liabilities	754,764	607,757
Shareholders' equity		
Share capital (note 4)	107,286,032	107,274,620
Reserves (notes 5, 6 and 7)	5,612,242	4,928,679
Deficit	(69,138,228)	(59,528,536)
Total shareholders' equity	43,760,046	52,674,763
Total liabilities and shareholders' equity	\$ 44,514,810	\$ 53,282,520

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
 Commitments and contingencies (notes 8 and 10)
 Subsequent event (note 11)

Arizona Metals Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating expenses				
Salaries and benefits (note 9)	\$ 1,069,896	\$ 902,233	\$ 1,310,198	\$ 1,081,946
Exploration and evaluation expenditures (note 8)	3,864,137	4,778,330	7,604,213	10,117,225
Office and general	127,467	181,743	176,588	294,173
Professional fees (note 9)	103,537	138,533	162,665	199,107
Business development	88,948	73,899	170,330	151,186
Share-based payments (notes 5, 7 and 9)	563,671	221,947	686,975	2,489,933
Filing fees	198,516	77,339	277,933	171,429
Depreciation (note 3)	15,842	5,318	27,162	9,679
Operating loss before the following item	(6,032,014)	(6,379,342)	(10,416,064)	(14,514,678)
Interest income	386,443	-	806,372	-
Net loss and comprehensive loss for the period	\$ (5,645,571)	\$ (6,379,342)	\$ (9,609,692)	\$ (14,514,678)
Basic and diluted net loss per share	\$ (0.05)	\$ (0.06)	\$ (0.08)	\$ (0.13)
Weighted average number of common shares outstanding	116,041,804	110,972,172	116,033,671	108,530,794

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Arizona Metals Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share capital		Reserves	Deficit	Total
	Shares	Amount			
Balance, December 31, 2021	104,976,960	\$ 86,332,796	\$ 5,191,031	\$ (35,316,103)	\$ 56,207,724
Stock options exercised (note 5)	20,000	27,204	(11,204)	-	16,000
Warrants exercised (note 6)	6,823,844	17,723,669	(1,928,290)	-	15,795,379
Warrants expired (note 6)	-	-	(24,590)	24,590	-
Share-based payments	-	-	2,489,933	-	2,489,933
Net loss for the period	-	-	-	(14,514,678)	(14,514,678)
Balance, June 30, 2022	111,820,804	\$104,083,669	\$ 5,716,880	\$ (49,806,191)	\$ 59,994,358
Balance, December 31, 2022	116,009,804	\$107,274,620	\$ 4,928,679	\$ (59,528,536)	\$ 52,674,763
Stock options exercised (note 5)	32,000	11,412	(3,412)	-	8,000
Share-based payments	-	-	686,975	-	686,975
Net loss for the period	-	-	-	(9,609,692)	(9,609,692)
Balance, June 30, 2023	116,041,804	\$107,286,032	\$ 5,612,242	\$ (69,138,228)	\$ 43,760,046

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Arizona Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating activities		
Net loss for the period	\$ (9,609,692)	\$ (14,514,678)
Adjustments for:		
Share-based payments	686,975	2,489,933
Depreciation	27,162	9,679
Changes in non-cash working capital items:		
Sales tax recoverable	(2,086)	396,203
Prepaid expenses	(215,692)	(14,426)
Accounts payable and accrued liabilities	147,007	27,429
Net cash used in operating activities	(8,966,326)	(11,605,860)
Investing activities		
Reclamation bond	-	(31,188)
Purchase of property and equipment	(160,639)	(70,911)
Purchase of investments	(56,511,247)	-
Redemption of investments	59,704,875	-
Net cash provided by (used in) investing activities	3,032,989	(102,099)
Financing activities		
Proceeds from exercise of stock options	8,000	16,000
Proceeds from exercise of warrants	-	15,795,379
Net cash provided by financing activities	8,000	15,811,379
Net change in cash	(5,925,337)	4,103,420
Cash, beginning of period	6,958,183	55,774,455
Cash, end of period	\$ 1,032,846	\$ 59,877,875
Supplemental information		
Interest income	\$ 806,372	\$ -

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Arizona Metals Corp. ("AMC" or the "Company") was incorporated under the Canada Business Corporations Act on June 28, 2017. The Company's head office, principal address and registered and records office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, Canada, M5K 1B7. The Company completed its Initial Public Offering on March 6, 2018 and was classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V").

On August 1, 2019, the Company completed a reverse take-over transaction ("RTO") with Croesus Gold Corp. ("Croesus"), which changed to Arizona Metals Holdings Corp. subsequent to RTO, wherein the Company acquired 100% of the issued and outstanding common shares of Croesus. As a result of the share exchange, Croesus is considered to have control. While the Company is the legal acquirer, the accounting acquirer is Croesus and these financial statements are consolidated and presented with Croesus as the continuing entity. Concurrent with the RTO, the Company changed its name to Arizona Metals Corp. and began trading on the TSX-V under the symbol "AMC". On August 6, 2020, the Company began trading on the OTCQB under the ticker "AZMCF" and moved to the OTCQX in January 2021. On October 13, 2022, the Company's common shares were delisted from the TSX-V upon graduation to the TSX.

AMC is a Canadian exploration company focused on precious metal exploration in the United States. At the date of these unaudited condensed interim consolidated financial statements, the Company does not have any operating mines, nor has it earned any income from production.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

AMC is at an early stage of exploration and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has current assets in excess of current liabilities of \$43,280,945 at June 30, 2023 (December 31, 2022 - \$52,329,139). For the six months ended June 30, 2023, the Company had a net loss of \$9,609,692 (six months ended June 30, 2022 - \$14,514,678), and had cash outflows from operations of \$8,966,326 (six months ended June 30, 2022 - \$11,605,860).

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company believes that it will have sufficient capital to operate over the next twelve months.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2022 annual financial statements which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 14, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2022.

New accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is assessing the impact of the below of the below pronouncements on its financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") was amended in February 2021 to introduce 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

3. Property and equipment

Cost	Equipment	Vehicles	Total
Balance, December 31, 2021	\$ -	\$ -	\$ -
Additions	12,766	58,145	70,911
Balance, December 31, 2022	\$ 12,766	\$ 58,145	\$ 70,911
Additions	60,310	100,329	160,639
Balance, June 30, 2023	\$ 73,076	\$ 158,474	\$ 231,550

Accumulated Depreciation	Equipment	Vehicles	Total
Balance, December 31, 2021	\$ -	\$ -	\$ -
Depreciation for the year	2,871	17,444	20,315
Balance, December 31, 2022	2,871	17,444	20,315
Depreciation for the period	6,007	21,155	27,162
Balance, June 30, 2023	\$ 8,878	\$ 38,599	\$ 47,477

Carrying Value	Equipment	Vehicles	Total
Balance, December 31, 2022	\$ 9,895	\$ 40,701	\$ 50,596
Balance, June 30, 2023	\$ 64,198	\$ 119,875	\$ 184,073

4. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2021	104,976,960	\$ 86,332,796
Stock options exercised	20,000	27,204
Warrants exercised	6,823,844	17,723,669
Balance, June 30, 2022	111,820,804	\$ 104,083,669
Balance, December 31, 2022	116,009,804	\$ 107,274,620
Stock options exercised	32,000	11,412
Balance, June 30, 2023	116,041,804	\$ 107,286,032

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

5. Stock options

The Company's stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2021	6,852,000	\$ 0.40
Issued (i)(ii)	775,000	5.95
Exercised	(20,000)	0.80
Balance, June 30, 2022	7,607,000	\$ 0.96
Balance, December 31, 2022	6,657,000	\$ 1.01
Issued (iii)(iv)	374,500	4.19
Exercised	(32,000)	0.25
Balance, June 30, 2023	6,999,500	\$ 1.18

(i) On January 31, 2022, the Company granted 450,000 stock options to a consultant and an employee of the Company with exercise price of \$5.38 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of \$1,775,575 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$5.60, expected dividend yield of 0%, expected volatility of 90%, risk-free rate of return of 1.64%, and an expected maturity of 5 years.

(ii) On March 28, 2022, the Company granted 325,000 stock options to directors of the Company with exercise price of \$6.75 per share, expiring in 5 years. The options vested immediately. The stock options were assigned a grant date value of \$1,484,966 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$6.57, expected dividend yield of 0%, expected volatility of 89%, risk-free rate of return of 2.46%, and an expected maturity of 5 years.

(iii) On April 21, 2023, the Company granted 349,500 stock options to directors and consultants of the Company with exercise price of \$4.25 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of \$991,558 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$4.22, expected dividend yield of 0%, expected volatility of 83%, risk-free rate of return of 3.10%, and an expected maturity of 5 years.

(iv) On June 5, 2023, the Company granted 25,000 stock options to a consultant of the Company with exercise price of \$3.39 per share, expiring in 5 years. The options vest 1/2 on 3 month anniversary of the grant date and 1/2 on the one year anniversary of the grant date. The stock options were assigned a grant date value of \$57,616 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$3.38, expected dividend yield of 0%, expected volatility of 84%, risk-free rate of return of 3.52%, and an expected maturity of 5 years.

(v) During the three and six months ended June 30, 2023, the Company recognized share-based payments expense of \$448,914 and \$572,218, respectively (2022 - \$221,947 and \$2,489,933, respectively) related to the stock options granted and vested.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

5. Stock options (continued)

The following table reflects the stock options issued and outstanding as of June 30, 2023:

Fair value on grant date (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Exercisable options	Weighted average exercise price (\$)	Expiry date
467,071	0.74	1,800,000	1,800,000	0.30	March 27, 2024
117,852	1.38	350,000	350,000	0.40	November 15, 2024
708,702	1.93	1,300,000	1,300,000	0.66	June 4, 2025
84,538	2.61	100,000	100,000	1.00	February 8, 2026
627,386	2.89	2,300,000	2,300,000	0.20	May 19, 2026
1,775,575	3.59	450,000	300,000	5.38	January 31, 2027
1,484,966	3.75	325,000	325,000	6.75	March 28, 2027
991,558	4.81	349,500	116,500	4.25	April 21, 2028
57,616	4.94	25,000	-	3.39	June 5, 2028
6,315,264	2.27	6,999,500	6,591,500	1.18	

6. Warrants

The Company's warrants outstanding are as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	10,025,969	\$ 1.74
Issued	262,720	3.00
Exercised	(6,823,844)	2.31
Expired	(90,001)	3.00
Balance, June 30, 2022	3,374,844	\$ 0.65
Balance, December 31, 2022 and June 30, 2023	-	\$ -

As at June 30, 2023, there were no warrants issued and outstanding.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

7. Restricted share units

The Company's restricted share units ("RSUs") outstanding are as follows:

	Number of RSUs
Balance, December 31, 2021, June 30, 2022 and December 31, 2022	-
Granted (i)	232,500
Balance, June 30, 2023	232,500

(i) On April 21, 2023, the Company granted 232,500 RSUs to directors and consultants of the Company under the terms of the Company's RSU Plan. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date.

(ii) During the three and six months ended June 30, 2023, the Company recognized share-based payments expense of \$114,757 and \$114,757, respectively (2022 - \$nil and \$nil, respectively) related to the RSUs granted.

8. Exploration and evaluation expenditures

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Sugarloaf Peak Gold Project				
Concession fees	\$ 11,707	\$ 11,506	\$ 23,413	\$ 23,012
Consulting	2,420	-	26,115	-
	14,127	11,506	49,528	23,012
Kay Mine				
Concession fees	3,359	3,302	6,719	6,604
Legal fees	20,265	50,685	41,227	63,022
Consulting	620,454	738,777	1,095,069	1,565,009
Camp costs	181,339	38,912	376,202	98,408
Drilling	2,832,332	3,847,421	5,652,266	8,108,252
Assays	163,470	87,727	339,063	252,918
Storage	28,791	-	44,139	-
	3,850,010	4,766,824	7,554,685	10,094,213
Total exploration and evaluation expenditures	\$ 3,864,137	\$ 4,778,330	\$ 7,604,213	\$ 10,117,225

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

8. Exploration and evaluation expenditures (continued)

Sugarloaf Peak Gold Project

On December 16, 2014, Croesus entered into an option agreement with Riverside Resources Inc. ("Riverside") effective December 16, 2014, as amended December 18, 2015 and March 21, 2016 (the "Sugarloaf Option Agreement") whereby Riverside granted to Croesus the irrevocable and exclusive right and option (the "Option") to purchase and acquire 100% of Riverside's right, title and interest (of any nature or kind whatsoever) in and to the Sugarloaf Peak Gold Project, which was fully exercised.

The Sugarloaf Gold Peak Project is subject to a 2% net smelter return royalty due to Riverside and a 1.5% royalty to Arizona Gold Holdings, LLC. AMC has the right to repurchase 0.5% of the royalty granted to Riverside for \$2,000,000 until the commencement of production on the Sugarloaf Peak Gold Project. In addition, AMC retains the right to require Riverside to repurchase 1% of the 1.5% royalty held by Arizona Gold Holdings, LLC for US\$1,000,000, which repurchase amount would be funded by AMC.

At June 30, 2023, the Company has provided aggregate of \$54,652 (December 31, 2022 - \$54,652) in deposits as security against potential future reclamation work related to the Sugarloaf Peak Gold Project.

Kay Mine

On November 15, 2018, Croesus entered into an acquisition agreement ("Acquisition Agreement") with Silver Spruce Resources Inc. ("Silver Spruce") to acquire 100% interest in certain patented and unpatented mining claims in Yavapai County, Arizona, USA, known collectively as the "Kay Mine Claims". The purchase price includes:

- (a) Cash consideration of \$50,000 (paid); and
- (b) the assumption by the Company of a loan on the closing date with a principal amount of US\$450,000, accruing interest at a rate of 12% per annum. The Company repaid the full amount of the loan and the accrued interest on March 12, 2019 in the amount of \$652,165.

In May 2019, the Company entered into an agreement with Silver Spruce to amend the ongoing terms of the Acquisition Agreement ("Extension Agreement"). Under the Extension Agreement, Croesus made additional payments to Silver Spruce of \$200,000 on May 9, 2019 and \$150,000 on June 27, 2019, satisfying all of the Company's obligations under the Acquisition Agreement and Extension Agreement.

In January 2021, the Company entered into a purchase option and sale agreement to acquire 100% of six parcels of patented land totaling 107 acres, located 900 metres northeast of its Kay Mine VMS Project. The purchase price was \$2,853,057 (US\$2,250,000) and the purchase was completed in May 2021.

At June 30, 2023, the Company has provided aggregate of \$240,376 (December 31, 2022 - \$240,376) in deposits as security against potential future reclamation work related to the Kay Mine.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Unaudited

9. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(a) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Salaries and benefits	\$ 1,069,896	\$ 902,233	\$ 1,310,198	\$ 1,081,946
Share-based payments	461,384	-	461,384	1,484,966
Professional fees	17,344	17,999	28,399	27,275
Legal fees	61,238	76,088	94,261	108,636
	\$ 1,609,862	\$ 996,320	\$ 1,894,242	\$ 2,702,823

(b) Included in professional fees is \$17,344 and \$28,399, respectively (three and six months ended June 30, 2022 - \$17,999 and \$27,275, respectively) paid to Marrelli Support Services Inc. ("MSSI") for an employee of MSSI to act as the Chief Financial Officer ("CFO") of the Company and provide bookkeeping services.

(c) A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the three and six months ended June 30, 2023, the Company incurred legal fees of \$61,238 and \$94,261, respectively (three and six months ended June 30, 2022 - \$76,088 and \$108,636, respectively) included in professional fees to this law firm.

10. Commitments and contingencies

Environmental contingencies

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management contracts

The Company is party to certain employment contracts. These contracts require that additional payments of approximately \$2,800,000 be made upon the occurrence of a change of control or \$1,400,000 upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

11. Subsequent event

On July 6, 2023, the Company granted 40,000 stock options to directors of the Company with exercise price of \$3.10 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The Company also granted 30,000 RSUs to the directors of the Company. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date.