

CopperBank Resources Corp.

Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2021 and 2020.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of CopperBank Resources Corp. ("the Company" or "CopperBank") for the interim period ended September 30, 2021, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these interim financial statements

November 23, 2021

CopperBank Resources Corp.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2021	December 31, 2020
		\$	\$
Assets			
Current assets			
Cash		5,100,029	36,407
Other receivables		32,598	22,908
Prepaid expenses and deposits		9,709	30,798
		5,142,336	90,113
Property and equipment	4	203,034	200,994
Reclamation deposit	5	8,356	8,356
Resource properties	5	5,908,501	5,576,579
Total assets		11,262,227	5,876,042
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		237,583	366,524
Convertible debenture	6	-	263,000
Note payable	7	-	63,660
Due to related parties	9	61,667	88,950
		299,250	782,134
Loans payable	7	40,000	175,599
Total liabilities		339,250	957,733
Shareholders' equity			
Share capital	8	33,073,540	25,478,317
Reserves	8	24,464,457	24,187,349
Deficit		(46,615,020)	(44,747,357)
Total shareholders' equity		10,922,977	4,918,309
Total liabilities and shareholders' equity		11,262,227	5,876,042

Nature of operations and going concern (Note 1)

These financial statements are approved and authorized for issuance on behalf of the Board of Directors on November 23, 2021.

/s/ Russell Ball
Director

/s/ Paul Harbidge
Director

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

CopperBank Resources Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Operating expenses					
Amortization		3,107	3,330	10,217	10,155
Consulting and management fees	9	244,167	61,369	438,167	243,755
Filing fees and shareholders' services		10,513	11,495	24,578	21,793
Insurance		2,831	3,987	8,882	6,987
Mineral property maintenance		51,276	52,119	66,261	52,119
Office, administration, and travel		14,830	7,419	49,878	54,271
Professional fees		21,919	17,462	67,361	49,936
Promotion, advertising, and investor relations		28,784	-	314,564	35,609
Share-based compensation, net	8, 9	658,874	140,750	886,546	206,005
Total operating expenses		(1,036,301)	(297,931)	(1,866,454)	(680,630)
Other income (expenses)					
Gain from settlement of convertible debenture	6	-	-	19,730	-
Interest and finance charges		-	(12,233)	(20,939)	(33,800)
Impairment of resource properties	5	-	(176,515)	-	(176,515)
Net loss		(1,036,301)	(486,679)	(1,867,663)	(890,945)
Other comprehensive gain (loss)					
Exchange gain (loss) on translating foreign Operations		3,525	(158,562)	(26,042)	103,943
Comprehensive loss		(1,032,776)	(645,241)	(1,893,705)	(787,002)
Loss per share					
Basic and diluted		(0.01)	(0.01)	(0.02)	(0.01)
Weighted average number of shares					
Basic and diluted		85,034,865	77,385,616	81,967,528	76,306,182

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

CopperBank Resources Corp.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Share capital		Reserves			Accumulated other comprehensive income (loss)	Deficit	Total
		Number	Amount	Warrants	Options	Other			
		#	\$	\$	\$	\$	\$	\$	\$
December 31, 2019		73,778,397	24,587,337	2,776,475	1,695,444	16,182,235	3,228,548	(43,687,676)	4,782,363
Share-based compensation		-	-	-	206,005	-	-	-	206,005
Share issuance for cash		3,629,083	820,980	-	-	-	-	-	820,980
Share issued for debt settlement		250,000	70,000	-	-	-	-	-	70,000
Translation from the foreign subsidiary		-	-	-	-	-	103,943	-	103,943
Net loss for the period		-	-	-	-	-	-	(890,945)	(890,945)
September 30, 2020		77,657,480	25,478,317	2,776,475	1,901,449	16,182,235	3,332,491	(44,578,621)	5,092,346
Share-based compensation		-	-	-	96,589	-	-	-	96,589
Translation from the foreign subsidiary		-	-	-	-	-	(101,890)	-	(101,890)
Net loss for the period		-	-	-	-	-	-	(168,736)	(168,736)
December 31, 2020		77,657,480	25,478,317	2,776,475	1,998,038	16,182,235	3,230,601	(44,747,357)	4,918,309
Share-based compensation, net of cancellations	8	-	-	-	886,546	-	-	-	886,546
Private placement issuance for cash	8	16,092,358	6,257,325	-	-	-	-	-	6,257,325
Shares issued for option exercise	8	2,735,000	1,337,898	-	(583,396)	-	-	-	754,502
Translation from the foreign subsidiary		-	-	-	-	-	(26,042)	-	(26,042)
Net loss for the period		-	-	-	-	-	-	(1,867,663)	(1,867,663)
September 30, 2021		96,484,838	33,073,540	2,776,475	2,301,188	16,182,235	3,204,559	(46,615,020)	10,922,977

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

CopperBank Resources Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

		Nine months ended September 30,	
	Notes	2021	2020
		\$	\$
Operating activities			
Net loss for the period		(1,867,663)	(890,945)
Items not involving cash			
Amortization		10,217	10,155
Share-based compensation, net of cancellations	8	886,546	206,005
Gain from settlement of convertible debenture	6	(19,730)	-
Impairment of resource properties	5	-	176,515
Changes in non-cash working capital			
Other receivables		(9,690)	(128,462)
Prepaid expenses and deposits		21,089	(17,000)
Accounts payable and accrued liabilities		(128,941)	22,606
Due to related parties	9	(27,283)	(10,524)
Cash used in operating activities		(1,135,455)	(631,650)
Investing activities			
Resource properties expenditures	5	(331,922)	(148,059)
Property and equipment expenditures	4	(12,108)	-
Cash used in investing activities		(344,030)	(148,059)
Financing activities			
Repayment of convertible debenture	6	(243,270)	-
Repayment of loan payable	7	(135,599)	-
Repayment of note payable	7	(63,660)	(56,000)
Proceeds from note payable	7	-	40,000
Shares issuance for cash	8	7,011,827	820,980
Cash provided by financing activities		6,569,298	804,980
Effect of change in foreign currency		(26,191)	330
Net increase in cash		5,063,622	25,601
Cash at beginning of period		36,407	16,240
Cash at end of period		5,100,029	41,841

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

1. NATURE OF OPERATIONS AND GOING CONCERN

CopperBank Resources Corp. (the “Company” or “CopperBank”) was incorporated on October 21, 2014 under the *Business Corporations Act* (British Columbia). The Company’s registered office is 910 - 800 West Pender St., Vancouver, British Columbia, V6C 2V6. The Company’s head office and principal address is located at 250 – 200 Burrard St., Vancouver, British Columbia, V6C 3L6. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “CBK”, and its principal business is the acquisition and development of mineral properties.

At the time these consolidated financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company’s business and financing opportunities and access to mineral properties to conduct exploration activities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

On July 8, 2020, the Company consolidated its outstanding common shares on a four-for-one basis. The presentation of number of shares, warrants, stock options and loss per share in these financial statements have been retrospectively adjusted for this share consolidation.

Going Concern

These condensed interim consolidated financial statements (the “financial statements”) have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception and had an accumulated deficit of \$46,615,020 as at September 30, 2021 (December 31, 2020 - \$44,747,357). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements or a combination thereof to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its ongoing obligations. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful, as it is dependent on prevailing capital market conditions and the availability of other financing opportunities. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements together with the comparative figures herein have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements do not include all the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended December 31, 2020.

CopperBank Resources Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three and nine months ended September 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars, except where noted)

3. SIGNIFICANT ACCOUNTING POLICIES

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars (“C\$”), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of CopperBank Resources Corp., 1016079 B.C. Ltd., and Redhawk Resources, Inc. is the Canadian dollar. The functional currency of Enexo International Inc., CopperBank Resources Alaska Inc, CopperBank Royalties Corp., Redhawk Copper Inc, Redhawk Resources (USA), Inc., and Copper Creek Project LLC is the US dollar (“US\$”).

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Enexo International Inc. (“Enexo US”)	USA	100%	US\$	Mining company
1016079 B.C. Ltd.	Canada	100%	C\$	Mining company
CopperBank Resources Alaska Inc.	USA	100%	US\$	Mining company
CopperBank Royalties Corp.	USA	100%	US\$	Mining company
Redhawk Resources, Inc.	Canada	100%	C\$	Mining company
Redhawk Copper Inc	USA	100%	US\$	Mining company
Redhawk Resources (USA), Inc.	USA	100%	US\$	Mining company
Copper Creek Project LLC	USA	100%	US\$	Mining company

e) Significant estimates and judgments

Apart from making estimates and assumptions as described below, the Company’s management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company’s consolidated financial statements. The significant judgments that the Company’s management has made in the process of applying the Company’s accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- The indicators of impairment of property and equipment and resource properties:

Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s property and equipment and resource properties.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of resource properties may exceed its recoverable amount. The retention of regulatory permits and licenses; the Company’s ability to obtain financing for exploration and development activities and its future plans on the resource properties; current and future metal prices; and market sentiment are all factors considered by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

- The determination of the Company and its subsidiaries' functional currency:

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

- The recognition of deferred income tax assets:

The Company has not recognized a deferred tax asset as management believes that it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Significant areas requiring the use of management estimates include:

- Interest rate used in determining the fair value of the liability component of its convertible debentures and long-term debt.
- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

f) New accounting policies

The Company has not adopted new accounting policies since its recent year ended December 31, 2020.

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(Unaudited - Expressed in Canadian dollars, except where noted)

4. PROPERTY AND EQUIPMENT

Continuity of the Property and equipment is as follows:

	Building	Land	Equipment	Total
	\$	\$	\$	\$
Cost				
Balance (December 31, 2019)	214,541	32,471	-	247,012
Foreign exchange adjustment	(4,229)	(641)	-	(4,870)
Balance (December 31, 2020)	210,312	31,830	-	242,142
Addition	-	-	12,108	12,108
Foreign exchange adjustment	149	23	-	172
Balance (September 30, 2021)	210,461	31,853	12,108	254,422
Accumulated amortization				
Balance (December 31, 2019)	28,079	-	-	28,079
Addition	13,622	-	-	13,622
Foreign exchange adjustment	(553)	-	-	(553)
Balance (December 31, 2020)	41,148	-	-	41,148
Addition	10,217	-	-	10,217
Foreign exchange adjustment	23	-	-	23
Balance (September 30, 2021)	51,388	-	-	51,388
Net book value				
Balance (December 31, 2020)	169,164	31,830	-	200,994
Balance (September 30, 2021)	159,073	31,853	12,108	203,034

5. RESOURCE PROPERTIES

The continuity of the mineral properties is as follows:

	Pyramid	Copper Creek	Total
	\$	\$	\$
Balance (December 31, 2019)	-	5,361,729	5,361,729
Annual option fees and maintenance of permits	176,515	222,523	399,038
Impairment	(176,515)	-	(176,515)
Effect of change in foreign exchange rate	-	(7,673)	(7,673)
Balance (December 31, 2020)	-	5,576,579	5,576,579
Annual option fees and maintenance of permits	-	120,174	120,174
Exploration work	-	211,550	211,550
Effect of change in foreign exchange rate	-	198	198
Balance (September 30, 2021)	-	5,908,501	5,908,501

Copper Creek Mineral Properties, Arizona

i) The Company acquired 100% of the Copper Creek project through the acquisition of Redhawk Resources Inc. ("Redhawk") with a value of \$4,955,328 during the year ended December 31, 2018.

ii) D & G Mining Agreement - In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk paid US\$80,000 in both 2006 and 2007 and was required to pay US\$100,000 in November 2008 and annually thereafter until the end of year fifteen. In May 2018, the agreement was amended to reduce the annual payments to US\$50,000 (US\$25,000 has been paid in 2021).

5. RESOURCE PROPERTIES (Continued)

Redhawk has the option to purchase the property for US\$3,000,000. Commencing January 1, 2022, 50% of the yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option.

iii) Freeport Mineral Corporation Agreement - In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% Net Smelter Return royalty.

On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be US\$3,000,000 paid in six equal annual instalments of US\$500,000 per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals. As a result of this amendment, no liabilities in connection with this promissory note has been recorded as of September 30, 2021 and December 31, 2020.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US\$1.2 million. Redhawk was required to pay \$63,660 (US\$50,000) in 2020 (2019 - \$64,940 (US\$50,000)). The outstanding balance related to this obligation was \$63,660 (US\$50,000) as at December 31, 2020 and was paid in March 2021.

Contact Copper Property, Nevada

The Company owns a 100% interest in the Contact Copper property located in Elko County, Nevada. This property was fully impaired during fiscal 2015. The Company intends to keep the permit of this resource property in good standing.

As at September 30, 2021, the Company had deposited \$8,356 (December 31, 2020 - \$8,356) for the reclamation deposits of the Contact Copper property in Nevada and for the Copper Creek property in Arizona.

6. CONVERTIBLE DEBENTURE

On June 17, 2019 the Company closed a non-brokered private placement of convertible debentures ("CDs") for gross proceeds of \$263,000. Each CD has an issue price of \$1,000, a term of two years from the date of issuance and bears an interest at a rate of 15% per annum, calculated monthly and payable monthly in cash with the first payment being due on July 14, 2019 (paid) and with the entire amount maturing and payable on June 14, 2021. Each debenture is convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of \$0.28 per common share. The Company will have the option to redeem the CD at a redeemable price equal to their principal amount plus accrued and unpaid interest. The interest rate on the CD is approximately the market interest rate in determining the fair value of the liability component. Thus, no value has been assigned to the equity component.

During the nine months ended September 30, 2021, the Company has fully repaid the principal and interest of this convertible debenture and resulted in a gain on settlement of convertible debentures of \$19,730. The amount of interest incurred during these nine months ended September 30, 2021 was \$19,050 (2020 - \$20,475).

7. LOANS PAYABLE

a) CEBA loan

In connection to the outbreak of COVID-19, the Company received \$40,000 in Canada Emergency Business Account ("CEBA") loan from the Government of Canada. The CEBA loan is non-interest bearing and matures on December 31, 2022. The principal balance of \$40,000 (2020 - \$40,000) is included in loan payable as at September 30, 2021.

b) Debt repayment agreement

In connection with a debt payment agreement (the "Agreement") with the original optionor (the "Optionor") of the Pyramid Project, the Company owed the Optionor \$173,710 (US\$125,000) plus interest at the rate of 10% per annum, which is due on March 4, 2022. The Company is required to pay to the Optionor at least 20% of the net proceeds from any debt or equity financing or sale of any assets. During the nine months ended September 30, 2021, the Company paid \$137,471 to repay the principal and accrued interest. As at September 30, 2021, the remaining balance of this debt is \$nil (December 31, 2020 - \$135,599).

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8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

Nine months ending September 30, 2021

In February 2021, the Company closed a private placement, issuing 3,592,358 common shares at a price of \$0.35 per share for proceeds of \$1,257,325.

On September 16, 2021, the Company closed a private placement offering of 12,500,000 units of the Company (the "Units") at a price of \$0.40 per Unit, for aggregate gross proceeds to the Company of \$5,000,000. Each Unit consists of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.60 at any time up to five years following the issuance.

During the nine months ended September 30, 2021, pursuant to the exercise of options, the Company issued 2,735,000 common shares for proceeds of \$754,500. The Company has reclassified \$583,396 from the Company's option reserve to share capital to account for exercise of options.

Year ended December 31, 2020

In January 2020, the Company closed a private placement, issuing 1,250,000 common shares at a price of \$0.24 per share for net proceeds of \$300,000.

In February 2020, the Company closed a private placement, issuing 791,583 common shares at \$0.24 per share for net proceeds of \$189,980. The Company also issued 250,000 common shares to settle the share issuance obligation of \$70,000 at December 31, 2019.

In May 2020, the Company closed a private placement, issuing 337,500 common shares at \$0.24 per share for gross proceeds of \$81,000.

In July 2020, the Company closed a private placement, issuing 1,250,000 common shares at \$0.20 per share for gross proceeds of \$250,000.

c) Warrants

The following is a summary of the Company's warrants for the nine months ended September 30, 2021 and the year ended December 31, 2020:

	Warrants	Weighted average exercise price	
	#	\$	\$
Balance (December 31, 2020 and 2019)	1,293,341	1.00	
Issued	12,500,000	0.60	
Balance (September 30, 2021)	13,793,341	0.64	

Expiry date	Warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	(years)
August 21, 2022	1,293,341	1.00	0.89
September 16, 2026	12,500,000	0.60	4.96
Balance (September 30, 2021)	13,793,341	0.64	4.58

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(Unaudited - Expressed in Canadian dollars, except where noted)

8. SHARE CAPITAL (Continued)

d) Options

The Company had a “rolling” stock option plan (the “Legacy Plan”) that allowed the Company to grant options to its employees, directors, consultants and officers for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

On October 15, 2021, following a vote by shareholders, the Company adopted a new Long-Term Incentive Plan (the “LTIP”), which provides for the granting of deferred share units (“DSU”), restricted share units (“RSU”), performance share units (“PSU”), and stock options (“Options”). The maximum number of Common Shares reserved for issuance under the LTIP (with any other share-based compensation arrangement, including the Legacy Plan) will be 19,296,967.

The following is a summary of the Company’s stock options for the nine months ended September 30, 2021 and the year ended December 31, 2020:

	Number of options	Weighted average exercise price
	#	\$
Outstanding (December 31, 2019)	5,012,500	0.40
Forfeited	(600,000)	0.40
Expired	(637,500)	0.40
Granted	3,800,000	0.23
Outstanding (December 31, 2020)	7,575,000	0.31
Cancelled	(1,037,500)	0.39
Exercised	(2,735,000)	0.28
Granted	1,885,000	0.36
Outstanding (September 30, 2021)	5,687,500	0.33
Exercisable (September 30, 2021)	5,242,500	0.36

During the nine months ended September 30, 2021, the Company granted 1,885,000 incentive stock options under the Legacy Plan, with an exercise price between \$0.40 to \$0.65 per share to consultants, directors, and officers of the Company. These options can be exercised for a period of from three to five years from the date of grant and are subject to the policies of the Canadian Securities Exchange. Part of these options vested immediately, and some will vest six months from the date of grant and 25% vesting every six months thereafter.

As at September 30, 2021, the following stock options were outstanding:

Expiry date	Exercise price	Outstanding	Exercisable
	\$	#	#
24-Feb-22	0.40	350,000	350,000
28-Jul-22	0.52	150,000	150,000
10-May-23	0.40	1,552,500	1,552,500
28-Feb-24	0.40	250,000	250,000
18-Mar-24	0.65	60,000	15,000
24-Jul-25	0.23	1,650,000	1,250,000
08-Jun-26	0.60	325,000	325,000
21-Jul-26	0.40	1,350,000	1,350,000
Balance (September 30, 2021)		5,687,500	5,242,500

CopperBank Resources Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars, except where noted)

8. SHARE CAPITAL (Continued)

The remaining contractual life of the Company's options as at September 30, 2021, was 3.13 years (December 31, 2020 - 3.25 years).

During the nine months ended September 30, 2021, the Company incurred share-based compensation, net of cancellations of \$886,546 in connection with options vested (2020 - \$206,005). The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted in the:

	July 21, 2021	June 9, 2021
Risk-free interest rate	0.80%	1.00%
Expected life of the option	5 years	5 years
Annualized volatility	125%	125%
Dividend rate	0.00%	0.00%

	March 18, 2021	2020
Risk-free interest rate	0.53%	0.34%
Expected life of the option	5 years	5 years
Annualized volatility	125%	145%
Dividend rate	0.00%	0.00%

9. RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2021 and 2020, the Company incurred the following transactions with key management members and the directors of the Company:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Management fees	235,667	48,500	408,667	208,000
Share-based payments	518,011	86,855	646,844	129,849

As at September 30, 2021, amount due to related parties comprised of amounts owing to key management members and a director totalling \$61,667 (December 31, 2020 - \$88,950). Due to related parties has the same terms as the Company's trade payables, which is unsecured and non-interest-bearing and with no specific terms. During the nine months ended September 30, 2021, the directors subscribed for a total of 3,000,000 Units of the private placement in September 2021.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate, liquidity and commodity risks. The Company may, or may not, establish from time-to-time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Fair value of financial instruments

The fair value hierarchy established by IFRS 13, *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's other receivables, prepaid expenses and deposits, accounts payable and accrued liabilities are equivalent to their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

10. FINANCIAL INSTRUMENTS (Continued)

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions. As at September 30, 2021, the Company had cash equivalents of \$2,300 in term deposits (December 31, 2020 - \$2,300).

Liquidity risk and fair value hierarchy

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and amounts from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Commodity risk

The Company is subject to commodity price risk arising from the fluctuation of metal price beyond the Company's control. The Company may have difficulties to identify and acquire economically viable projects for the Company to invest in if metal prices are depressed for an extended period.

Interest rate risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of September 30, 2021, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at September 30, 2021 and December 31, 2020, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2021		December 31, 2020	
Cash	US\$	6,342	US\$	19,200
Note payable	US\$	-	US\$	(50,000)
Loans payable	US\$	-	US\$	(106,803)
Total	US\$	6,342	US\$	(137,603)
Canadian dollar equivalent	\$	8,080	\$	(174,755)

A 5% change in the US dollar against the Canadian dollar at September 30, 2021 would result in an immaterial impact to the Company.

11. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the exploration and development of resource properties located in the United States. As at September 30, 2021, the Company's non-current assets were \$6,119,891 (December 31, 2020 - \$5,785,929), which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.

12. SUBSEQUENT EVENTS

On October 15, 2021, the Company granted 9,650,000 incentive stock options to consultants, directors, and officers under the LTIP. Each of these options is exercisable into one common share at \$0.40 per share five years after issuance.

On October 25, 2021 and November 8, 2021, pursuant to the exercise of stock options, the Company issued 200,000 common shares for gross proceeds of \$80,000.

On November 8, 2021, 50,000 stock options were exercised with an exercise price of \$0.40 for gross proceeds of \$20,000.

On November 23, 2021, 50,000 stock options were cancelled and unexercised.