



FARADAY COPPER

Faraday Copper Corp.

(Formerly CopperBank Resources Corp.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2022	December 31, 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	10	13,485,341	4,206,827
Other receivables		60,631	33,050
Prepaid expenses and deposits		98,100	32,194
		13,644,072	4,272,071
Property and equipment	3	1,106,725	288,094
Resource properties	4, 9	16,293,585	6,664,736
Other long-term assets	3, 4	348,775	8,335
Total assets		31,393,157	11,233,236
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	1,246,571	526,832
Due to related parties	9	515,752	163,916
		1,762,323	690,748
Loan payable	7	-	40,000
Total liabilities		1,762,323	730,748
Shareholders' equity			
Share capital	8	53,985,171	33,273,379
Reserves	8	11,645,850	24,284,402
Accumulated other comprehensive income		4,609,700	3,045,718
Deficit		(40,609,887)	(50,101,011)
Total shareholders' equity		29,630,834	10,502,488
Total liabilities and shareholders' equity		31,393,157	11,233,236

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ Russell Ball
Director

/s/ Paul Harbidge
Director

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		\$	\$	\$	\$
Operating expenses					
Amortization	3	7,128	3,107	24,253	10,217
Consulting and management fees	9	78,545	244,167	500,048	438,167
General and administration	9	846,595	79,450	1,772,439	169,231
Professional fees		66,508	21,919	351,803	67,361
Promotion and investor relations		34,956	28,784	134,981	314,564
Share-based compensation	8, 9	1,316,484	658,874	3,935,349	886,546
Travel		26,756	-	108,917	1,307
Total operating expenses		(2,376,972)	(1,036,301)	(6,827,790)	(1,887,393)
Gain from settlement of convertible debenture	6	-	-	-	19,730
Government grant income	7	-	-	10,000	-
Interest income	10	111,697	-	126,679	-
Net loss		(2,265,275)	(1,036,301)	(6,691,111)	(1,867,663)
Other comprehensive loss					
Currency translation adjustment		1,617,569	-	1,563,982	(29,567)
Comprehensive loss		(647,706)	(1,036,301)	(5,127,129)	(1,897,230)
Loss per share					
Basic and diluted		(0.02)	(0.01)	(0.06)	(0.02)
Weighted average number of shares outstanding					
Basic and diluted		122,796,133	81,511,526	110,902,776	80,360,069

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

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

	Note	Share capital		Reserves			Accumulated other comprehensive income	Deficit	Total shareholders' equity
		Number	Amount	Warrants	Options	Other			
		#	\$	\$	\$	\$	\$	\$	
Balance, December 31, 2020		77,657,480	25,478,317	2,776,475	1,875,138	16,182,235	3,230,601	(44,624,457)	4,918,309
Share-based compensation	8, 9	-	-	-	227,672	-	-	-	227,672
Private placement issuance for cash	8	16,092,358	6,257,325	-	-	-	-	-	6,257,325
Shares issued for options exercised	8	2,735,000	1,337,898	-	(583,396)	-	-	-	754,502
Currency translation adjustment		-	-	-	-	-	(29,567)	-	(29,567)
Net loss for the period		-	-	-	-	-	-	(1,867,663)	(1,867,663)
Balance, September 30, 2021		96,484,838	33,073,540	2,776,475	1,959,810	16,182,235	3,201,034	(46,492,120)	4,626,076
Share-based compensation	8, 9	-	-	-	3,895,373	-	-	-	3,895,373
Shares issued for options exercised	8	287,500	199,839	-	(89,095)	-	-	-	110,744
Currency translation adjustment		-	-	-	-	-	(155,316)	-	(155,316)
Net loss for the period		-	-	-	-	-	-	(3,608,891)	(3,608,891)
Balance, December 31, 2021		96,772,338	33,273,379	2,776,475	5,325,692	16,182,235	3,045,718	(50,101,011)	10,502,488
Reclassification of reserves		-	-	-	-	(16,182,235)	-	16,182,235	-
Share-based compensation	8, 9	-	-	-	3,935,349	-	-	-	3,935,349
Private placement issuance for cash	8	25,000,000	20,000,000	-	-	-	-	-	20,000,000
Shares issued for options exercised	8	1,050,000	573,992	-	(253,866)	-	-	-	320,126
Conversion of RSUs	8	190,100	137,800	-	(137,800)	-	-	-	-
Currency translation adjustment		-	-	-	-	-	1,563,982	-	1,563,982
Net loss for the period		-	-	-	-	-	-	(6,691,111)	(6,691,111)
Balance, September 30, 2022		123,012,438	53,985,171	2,776,475	8,869,375	-	4,609,700	(40,609,887)	29,630,834

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	For the nine months ended	
	2022	September 30, 2021
	\$	\$
Operating activities		
Net loss for the period	(6,691,111)	(1,867,663)
Items not involving cash:		
Amortization	24,253	10,217
Share-based compensation	3,935,349	886,546
Gain from settlement of convertible debenture	-	(19,730)
Government grant income	(10,000)	-
Changes in non-cash working capital:		
Other receivables	(27,581)	(9,690)
Prepaid expenses and deposits	(65,906)	21,089
Accounts payable and accrued liabilities	89,687	(128,941)
Due to related parties	351,836	(27,283)
Cash used in operating activities	(2,393,473)	(1,135,455)
Investing activities		
Resource properties expenditures	(8,799,301)	(331,922)
Property and equipment expenditures	(823,573)	(12,108)
Other assets expenditures	(340,440)	-
Cash used in investing activities	(9,963,314)	(344,030)
Financing activities		
Repayment of a loan payable	(30,000)	(135,599)
Repayment of a note payable	-	(63,660)
Repayment of convertible debenture	-	(243,270)
Shares issued for private placement	20,000,000	7,011,827
Proceeds from exercise of options	320,126	-
Cash provided by financing activities	20,290,126	6,569,298
Effect of foreign exchange on cash and cash equivalents	(1,345,175)	(26,191)
Net changes in cash and cash equivalents	9,278,514	5,063,622
Cash and cash equivalents, beginning of the period	4,206,827	36,407
Cash and cash equivalents, end of the period	13,485,341	5,100,029

Supplemental cash flow information (Note 11)

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

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Faraday Copper Corp. (formerly CopperBank Resources Corp.) (the "Company") was incorporated on October 21, 2014 under the Business Corporations Act (British Columbia). The Company's registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. 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 Toronto Stock Exchange ("TSX") and OTCQX under the symbol "FDY" and "CPPKF", respectively, and its principal business is the acquisition and development of resource properties.

On April 20, 2022, the Company formerly approved a name change from CopperBank Resources Corp. to Faraday Copper Corp.

As of the date of these condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 (the "Interim Financial Statements"), COVID-19 has had no impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

Going Concern

These Interim 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. The Company is a resource exploration stage company, which does not generate any revenue and has been relying mainly on equity-based financing to fund its operations. The Company has recurring losses since inception and had an accumulated deficit of \$40,609,887 as at September 30, 2022 (December 31, 2021 - \$50,101,011). 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 resource 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 on the Company's ability 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. These Interim Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and any such adjustments may be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These Interim Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of Interim Financial Statements including International Accounting Standard 34 Interim Financial Reporting. These Interim Financial Statements do not include all disclosures required for annual audited financial statements and accordingly they should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020 and notes thereto (the "Annual Financial Statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

These Interim Financial Statements were prepared using accounting policies consistent with those in the Annual Financial Statements.

These Interim Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on November 9, 2022.

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These Interim 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 ("FVTPL"). In addition, except for cash flow information, these Interim Financial Statements have been prepared using the accrual method of accounting.

c) Functional and presentation currency

The Interim Financial Statements are presented in Canadian dollars ("Canadian dollar" or "CAD"), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. References to "CAD" are to Canadian dollars and references to "USD" or "US\$" are to United States dollars.

d) Basis of consolidation

These Interim Financial Statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. 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.

During the nine months ended September 30, 2022, the Company dissolved the operations of its inactive subsidiaries CopperBank Resources Alaska Inc. and Redhawk Resources (USA), Inc. As such the consolidated financial statements subsequent to the date of dissolution comprise the financial statements of the Company and its wholly owned subsidiaries.

These Interim Financial Statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
1016079 B.C. Ltd.	Canada	100%	CAD	Mining company
CopperBank Royalties Corp.	Canada	100%	CAD	Mining company
Copper Creek Project LLC	USA	100%	USD	Mining company
Enxco International Inc.	USA	100%	USD	Mining company
Redhawk Copper Inc.	USA	100%	USD	Mining company
Redhawk Resources, Inc.	Canada	100%	CAD	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 Interim 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 significant judgement related to the costs of 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.

2. BASIS OF PRESENTATION (continued)

In respect of the carrying value of property and equipment recorded on the condensed interim 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 assessment of the Company's ability to continue as a going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the subsequent year, and to fund planned contractual exploration programs, involves significant judgement based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, the 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:

- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options granted and vested in the period.

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, 2021.

g) Comparative figures

Certain comparative figures have been reclassified to conform with current period presentation.

The Company reclassified shareholders' equity to separate accumulated other comprehensive income from the reserves balance during the period. The Company also reclassified other reserve to deficit. The other reserve balance related to a 2014 plan of arrangement completed by the Company. All adjustments are within shareholder's equity and have no effect on the Company's net assets or results of operations or cash flows.

Faraday Copper Corp. (formerly CopperBank Resources Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

3. PROPERTY AND EQUIPMENT

The following table presents a continuity schedule of property and equipment:

	Building	Land	Equipment	Total
	\$	\$	\$	\$
Costs				
Balance, December 31, 2020	210,312	31,830	-	242,142
Additions	60,446	-	39,454	99,900
Foreign exchange adjustment	2,575	326	-	2,901
Balance, December 31, 2021	273,333	32,156	39,454	344,943
Additions	744,992	-	78,581	823,573
Foreign exchange adjustment	19,032	2,111	1,480	22,623
Balance, September 30, 2022	1,037,357	34,267	119,515	1,191,139
Amortization				
Balance, December 31, 2020	41,148	-	-	41,148
Additions	14,043	-	1,237	15,280
Foreign exchange adjustment	421	-	-	421
Balance, December 31, 2021	55,612	-	1,237	56,849
Additions	11,914	-	12,339	24,253
Foreign exchange adjustment	2,728	-	584	3,312
Balance, September 30, 2022	70,254	-	14,160	84,414
Net book value				
Balance, December 31, 2021	217,721	32,156	38,217	288,094
Balance, September 30, 2022	967,103	34,267	105,355	1,106,725

Costs incurred for building renovations additions are work in process and are subject to amortization once they are available for use. As at September 30, 2022, the Company has paid deposits of \$342,675 (2021 - \$Nil) for property and equipment included in other long-term assets.

4. RESOURCE PROPERTIES

The following table presents a continuity schedule of resource property:

	Copper Creek Resource Properties	Contact Copper Property	Total
	\$	\$	\$
Balance, December 31, 2020	5,576,579	-	5,576,579
Permit, maintenance, and land access costs	175,625	-	175,625
Exploration, geological and study work	627,438	-	627,438
Capitalized payroll	149,177	-	149,177
Deposit on resource properties	37,614	-	37,614
Other capitalized costs	121,703	-	121,703
Foreign exchange adjustment	(23,400)	-	(23,400)
Balance, December 31, 2021	6,664,736	-	6,664,736
Permit, maintenance, and land access costs	119,390	94,382	213,772
Exploration, geological and study work	7,050,309	264,563	7,314,872
Capitalized payroll	1,262,723	176,628	1,439,351
Other capitalized costs	406,666	54,692	461,358
Foreign exchange adjustment	199,496	-	199,496
Balance, September 30, 2022	15,703,320	590,265	16,293,585

4. RESOURCE PROPERTIES (continued)

Copper Creek Resource Properties, Arizona

The Company acquired 100% of the Copper Creek project through the acquisition of Redhawk Resources Inc. ("Redhawk") for a value of \$4,955,328 in 2018.

- 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. The Company has paid \$32,425 (US\$25,000) in the nine months ended September 30, 2022 and \$62,926 (US\$50,000) in the year ended 2021.

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.

- 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, 2022 and December 31, 2021.

- Morgan Agreements

In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US\$1,200,000. Redhawk was required to pay \$nil in 2021 (2020 - \$63,660 (US\$50,000)). The outstanding balance related to this obligation of \$63,660 (US\$50,000) 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 the year ended December 31, 2015. All permits of this resource property are in good standing. As the Company has re-started active exploration activities on the property, certain costs have been capitalized during the nine months ended September 30, 2022.

Reclamation Deposits

As at September 30, 2022, the Company had reclamation deposits of \$6,100 (December 31, 2021 - \$8,335) for the Contact Copper property in Nevada and for the Copper Creek property in Arizona, included in other long-term assets.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	\$	\$
Resource properties	917,746	287,694
Office and administration	260,162	210,389
Professional fees	68,663	28,749
Total	1,246,571	526,832

6. CONVERTIBLE DEBENTURES

On June 17, 2019, the Company closed a non-brokered private placement of convertible debentures ("CDs") for gross proceeds of \$263,000. Each CD had a face value of \$1,000 and interest rate of 15% per annum, payable monthly. The CDs had a maturity date of June 14, 2021. Each CD was 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 had the option to redeem each CD at a price equal to its principal amount plus accrued and unpaid interest. The interest rate on the CDs approximated the market interest rate when determining the fair value of the liability component. Thus, no value was assigned to the equity component.

During the year ended December 31, 2021, the Company repaid the outstanding principal and accrued interest of the CDs. The amount of interest paid during the three and nine months ended September 30, 2022, was \$nil and \$nil, respectively (three and nine months ended September 2021 - \$nil and \$19,050, respectively).

7. LOAN PAYABLE AND NOTE PAYABLE

a) CEBA loan

Due to the global COVID-19 outbreak, the federal government of Canada introduced the Canada Emergency Benefit Account ("CEBA"). CEBA provides an interest-free loan ("CEBA Loan") of \$40,000 to eligible businesses. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of \$30,000 by December 31, 2022, results in a \$10,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

Pursuant to IAS 20 *Accounting for government grants and disclosure of government assistance*, the benefit of a government loan at below market rate is treated as a government grant. On June 27, 2022, the Company repaid \$30,000 of the CEBA loan before the initial term and recorded \$10,000 of government grant income.

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 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 year ended December 30, 2020, the Company paid US\$40,000 towards this debt. During the year ended December 31, 2021, the Company paid \$135,999 to repay the principal and accrued interest.

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

During the nine months ended September 30, 2022

On January 28, 2022, the Company issued 75,000 common shares pursuant to the exercise of 75,000 stock options with an exercise price of \$0.23. The Company received gross proceeds of \$17,250 and reclassified \$23,614 from the Company's options reserve into share capital.

On February 16, 2022, the Company issued 125,000 common shares pursuant to the exercise of 125,000 stock options with an exercise price of \$0.40. The Company received gross proceeds of \$50,000 and reclassified \$39,356 from the Company's options reserve into share capital.

On February 24, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 stock options with an exercise price of \$0.40. The Company received gross proceeds of \$10,000 and reclassified \$7,871 from the Company's options reserve into share capital.

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For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars, except where noted)

8. SHARE CAPITAL (continued)

On March 3, 2022, the Company issued 25,000 common shares pursuant to the exercise of 25,000 stock options with an exercise price of \$0.23. The Company received gross proceeds of \$5,750 and reclassified \$4,324 from the Company's options reserve into share capital.

On March 7, 2022, the Company issued 50,000 common shares pursuant to the exercise of 50,000 stock options with an exercise price of \$0.40. The Company received gross proceeds of \$20,000 and reclassified \$15,743 from the Company's options reserve into share capital.

On May 5, 2022, the Company closed a private placement and issued 25,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$20,000,000.

On June 17, 2022, the Company issued 250,000 common shares pursuant to the exercise of 250,000 stock options with an exercise price of \$0.40. The Company received gross proceeds of \$100,000 and reclassified \$74,171 from the Company's options reserve into share capital.

In July 2022, the Company issued 125,000 common shares pursuant to the exercise of 125,000 stock options, of which 112,500 with an exercise price of \$0.23 and 12,500 with an exercise price of \$0.40. The Company received gross proceeds of \$30,875 and reclassified \$23,924 from the Company's options reserve into share capital.

In August 2022, the Company issued 375,000 common shares pursuant to the exercise of 375,000 stock options with an exercise price of \$0.23. The Company received gross proceeds of \$86,250 and reclassified \$64,864 from the Company's options reserve into share capital.

During the nine months ended September 30, 2022, the Company issued an aggregate of 190,100 common shares net of withholding tax in settlement of 260,666 RSUs. The total grant date fair value of the vested RSUs was \$188,213. A total of 70,566 common shares were withheld in lieu of withholding taxes in the amount of \$50,413. The fair value of common shares issued was \$137,800.

During the year ended December 31, 2021

On February 19, 2021, the Company closed a private placement and issued 3,592,358 common shares at a price of \$0.35 per share for gross 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. The Company allocated all the proceeds to share capital.

During the year ended December 31, 2021, the Company issued 3,022,500 common shares pursuant to the exercise of 3,022,500 stock options with exercise prices varying from \$0.20 to \$0.40. The Company received gross proceeds of \$846,796 and reallocated \$690,941 from the Company's options reserve into share capital.

c) Warrants

The following is a summary of the Company's warrants for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of warrants outstanding	Weighted average exercise price per share
	#	\$
Balance, December 31, 2020	1,293,341	1.00
Issued	12,500,000	0.60
Balance, December 31, 2021	13,793,341	0.64
Expired	(1,293,341)	1.00
Balance, September 30, 2022	12,500,000	0.60

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8. SHARE CAPITAL (continued)

As at September 30, 2022, the Company had 12,500,000 warrants outstanding (December 31, 2021 - 13,793,341) all of which have an exercise price of \$0.60, and expire on September 16, 2026. As at September 30, 2022, the remaining life of these warrants was 3.96 years (December 31, 2021 - 4.33 years).

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 had 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.

During the nine months ended September 30, 2022

In February 2022, the Company granted 344,000 stock options to consultants, directors, and officers of the Company with exercise prices ranging from \$0.80 to \$0.94 per share. These options are exercisable for a period of five years from the date of grant and are subject to the policies of the TSX. 50% of these options will vest one year from the grant date and 50% will vest two years from the grant date.

On March 1, 2022, the 25,000 stock options with an exercise price of \$0.23 were forfeited. These options were not fully vested by the time of cancellation and as a result, the share-based compensation recognized associated with the options was reversed.

On April 1, 2022, the Company granted 500,000 stock options with an exercise price of \$0.86 per share to an employee of the Company. These options are exercisable for a period of five years from the date of grant and are subject to the policies of the TSX. One third of these options vest on September 1, 2022, 2023, and 2024 respectively.

On April 25, 2022, the Company granted 350,000 stock options with an exercise price of \$0.91 per share to an employee of the Company. These options are exercisable for a period of five years from the date of grant and are subject to the policies of the TSX. One third of these options vest on September 18, 2022, 2023, and 2024 respectively.

On July 28, 2022, 150,000 stock options expired with the exercise price of \$0.52.

On August 16, 2022, the Company granted 90,000 stock options with an exercise price of \$0.49 per share to an employee of the Company. These options are exercisable for a period of five years from the date of grant and are subject to the policies of the TSX. One third of these options vest on August 16, 2023, 2024 and 2025, respectively.

On September 8, 2022, the Company granted 80,000 stock options with an exercise price of \$0.44 per share to a related party of the Company. These options are exercisable for a period of three years from the date of grant and are subject to the policies of the TSX. One quarter of these options vest on September 8, 2022, March 1, 2023, September 1, 2023 and March 1, 2024, respectively.

During the year ended December 31, 2021

On March 18, 2021, the Company granted 210,000 stock options with an exercise price of \$0.65 and expiry date of March 18, 2024. All these stock options vest over two years.

On June 9, 2021, the Company granted 325,000 stock options with an exercise price of \$0.60 and expiry date of June 9, 2026. The stock options vested immediately.

On July 21, 2021, the Company granted 1,350,000 stock options with an exercise price of \$0.40 and expiry date of July 21, 2026. The stock options vested immediately.

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8. SHARE CAPITAL (continued)

On October 15, 2021, the Company issued a total of 9,650,000 stock options with a grant date of September 2, 2021, an exercise price of \$0.40 and expiry date of September 2, 2026, following shareholder approval of the LTIP. One third of the options vested on October 15, 2021, one third vest on October 15, 2022, and one third vest on October 15, 2023.

The following is a summary of the Company's stock options for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of options	Weighted average exercise price
	#	\$
Outstanding, December 31, 2020	7,575,000	0.31
Cancelled	(1,087,500)	0.38
Exercised	(3,022,500)	0.29
Granted	11,535,000	0.41
Outstanding, December 31, 2021	15,000,000	0.39
Forfeited / expired	(175,000)	0.48
Exercised	(1,050,000)	0.30
Granted	1,364,000	0.80
Outstanding balance, September 30, 2022	15,139,000	0.43
Exercisable balance, September 30, 2022	7,415,000	0.41

As at September 30, 2022, the following stock options were outstanding:

Expiry date	Weighted average exercise price	Number of outstanding options	Number of exercisable options
	\$	#	#
May 10, 2023	0.40	1,477,500	1,465,000
March 18, 2024	0.65	60,000	30,000
July 24, 2025	0.23	962,500	725,000
September 8, 2025	0.44	80,000	20,000
June 8, 2026	0.60	325,000	325,000
July 21, 2026	0.40	1,300,000	1,300,000
September 2, 2026	0.40	9,650,000	3,266,666
February 1, 2027	0.80	120,000	-
February 16, 2027	0.94	224,000	-
April 1, 2027	0.86	500,000	166,667
April 25, 2027	0.91	350,000	116,667
August 16, 2027	0.49	90,000	-
Balance, Sep 30, 2022	0.43	15,139,000	7,415,000

The weighted average remaining contractual life of the Company's options as at September 30, 2022, was 3.55 years (December 31, 2021 - 4.07 years).

During the three and nine months ended September 30, 2022, the Company incurred share-based compensation of \$1,090,100 and \$3,035,376, respectively in connection with options vested (2021 - \$658,874 and \$886,546, respectively). The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options:

	February 1, 2022	February 16, 2022
Stock price	\$0.80	\$0.92
Risk-free interest rate	1.65%	1.80%
Expected life of the option (years)	5.00	5.00
Annualized volatility	116.00%	115.00%
Dividend rate	0.00%	0.00%

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8. SHARE CAPITAL (continued)

	April 1, 2022	April 25, 2022
Stock price	\$0.81	\$1.00
Risk-free interest rate	2.46%	2.70%
Expected life of the option (years)	5.00	5.00
Annualized volatility	115.00%	115.00%
Dividend rate	0.00%	0.00%

	August 16, 2022	September 8, 2022
Stock price	0.49	0.44
Risk-free interest rate	2.95%	3.37%
Expected life of the option (years)	5.00	3.00
Annualized volatility	110%	110%
Dividend rate	0.00%	0.00%

The expected volatility is based on the historical volatility (over the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

e) Restricted share units

When the Company issues RSUs, it records a share-based payment expense in the year or period which the RSUs are granted and/or vested. The expense is measured using a deemed price that is based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date as prescribed in the Company's restricted share units rolling plan.

On December 1, 2021, the Company granted 500,000 restricted share units ("RSUs") to an employee of the Company with a fair value of \$0.68 per unit. Of the granted RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date.

In January 2022, the Company granted 162,000 RSUs to employees of the Company with a fair value of \$0.72 per unit. Of these RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date.

On March 1, 2022, the Company granted 120,000 RSUs to an employee of the Company with a fair value of \$0.90 per unit. Of these RSUs, one third vested immediately, one third will vest one year from the grant date, and one third will vest two years from the grant date.

In March 2022, the Company settled 260,666 RSUs to employees of the Company through the issuance of 190,100 common shares net of 70,566 common shares withheld in lieu of withholding taxes. As a result, \$137,800 was reallocated from the Company's RSU reserve into share capital.

On May 2, 2022, the Company granted 1,250,000 RSUs to new directors of the Company with a fair value of \$0.91 per unit. Of the granted RSUs, one third vest April 19, 2023, one third will vest April 19, 2024, and one third will vest April 19, 2025.

On May 11, 2022, the Company cancelled 28,000 RSUs with an issue price of \$0.72 due to an employee being terminated.

During the three and nine months ended September 30, 2022, the Company incurred share-based compensation of \$226,384 and \$899,973, respectively in connection with RSUs vested (2021 - \$nil and \$nil, respectively).

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8. SHARE CAPITAL (continued)

A summary of the status of RSUs outstanding follows:

	Number of RSUs	Weighted average issue price
	#	\$
Non-vested balance, December 31, 2020	-	-
Granted	500,000	0.68
Non-vested balance, December 31, 2021	333,334	0.68
Granted	1,532,000	0.89
Settled	(260,666)	0.80
Cancelled	(28,000)	0.72
Non-vested balance, September 30, 2022	1,743,334	0.85

The following table summarizes the RSUs that remain outstanding as at September 30, 2022:

Vesting date ⁽¹⁾	Weighted average issue price	Number of outstanding RSUs
	\$	#
December 1, 2023	0.68	333,334
January 1, 2024	0.72	80,000
March 1, 2024	0.90	80,000
April 19, 2025	0.91	1,250,000
Non-vested balance, September 30, 2022	0.85	1,743,334

⁽¹⁾ RSUs vest ratably over a period of two years. Vesting dates listed above, represent the end of the two-year term. At the end of each annual period from date of grant, one half of the units granted will vest.

9. RELATED PARTY TRANSACTIONS

The Company has entered into the following related party transactions during the three and nine months ended September 30, 2022 and 2021:

a) Purchase of Goods and Services

During the nine months ended September 30, 2022, the Company was charged \$16,912 and \$6,092 for environmental consulting and advisory services by Next Plan, LLC, and geological consulting services by GeoAqua Consultants Limited, respectively. Katherine Arnold is a member of Next Plan, LLC, and GeoAqua Consultants Limited is a company owned by Alan Wilson, both current directors of the Company.

b) Key Management Personnel

During the nine months ended September 30, 2022, the company incurred the following transactions with key management personnel, being the Chief Executive Officer, Chief Financial Officer, Vice President Studies & Evaluations, and Vice President of Exploration; as well as the directors of the Company

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting and management fees ⁽¹⁾	10,598	235,667	23,004	408,667
Director fees	36,000	-	72,000	-
Salaries and other compensation ⁽¹⁾	557,729	-	1,360,501	-
Share-based payments	1,031,442	518,011	2,532,555	646,844
Total	1,635,769	753,678	3,988,060	1,055,511

⁽¹⁾ During the three and nine months ended September 30, 2022, amounts capitalized from compensation for related parties totaled \$244,929 and \$568,702, respectively (three and nine months ended September 30, 2021 - \$nil and \$nil, respectively).

9. RELATED PARTY TRANSACTIONS (continued)

As at September 30, 2022, amount due to related parties comprised of amounts owing to key management members and directors totalling \$515,752 (December 31, 2021 - \$163,916). Due to related parties has the same terms as the Company's accounts payable and accrued liabilities, which is unsecured and non-interest-bearing and with no specific terms.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate and liquidity 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 cash and cash equivalents, accounts payable and accrued liabilities, and due to related parties 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.

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, 2022, the Company had cash equivalents of \$13,205,753 in term deposits (December 31, 2021 - \$2,300) that are redeemable within 30 days and bear interest up to 3.65%. Interest income on term deposits during the three and nine months ended September 30, 2022 was \$111,697 and \$126,679, respectively (2021 - \$nil and \$nil, respectively).

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 accounts payable and accrued liabilities and due to related parties are due within 60 days of September 30, 2022.

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.

Interest rate risk

Interest rate risk is the risk that 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, 2022, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.

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10. FINANCIAL INSTRUMENTS (continued)

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, 2022 and December 31, 2021, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2022		December 31, 2021	
	US\$	\$	US\$	\$
Cash	125,942	172,629	8,614	10,967
Accounts payable and accrued liabilities	(485,242)	(665,121)	-	-
Net financial liabilities	(359,300)	(492,492)	8,614	10,967

A 5% change in the US dollar against the Canadian dollar at September 30, 2022 would result in a \$24,625 impact to the Company.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
	\$	\$
Non-cash transactions during the period:		
Common shares issued for debt	-	70,000
Resource property additions included in loans payable	-	176,515
Resource property additions included in accounts payable and accrued liabilities	917,746	183,676
Cash transactions during the period:		
Interest paid on convertible debt	-	41,071
Interest paid on loan	-	15,084
Income tax paid	-	-