



Coppertino Metals Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

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

Coppernico Metals Inc.

Condensed Consolidated Interim Statements of Financial Position
Unaudited (Expressed in Canadian dollars)

	As at September 30, 2022	As at December 31, 2021
Assets		
Current assets:		
Cash	\$ 111,594	\$ 2,965,269
Accounts receivable	37,704	20,175
Prepaid expenses and deposits	199,603	512,668
	348,901	3,498,112
Non-current assets:		
Equity investments (Note 5)	108,016	-
Mineral property interests (Note 3)	6,963,432	6,370,754
	7,420,349	9,868,866
Total assets	\$ 7,420,349	\$ 9,868,866
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 776,467	\$ 837,468
	776,467	837,468
Total liabilities	\$ 776,467	\$ 837,468
Equity:		
Share capital (Note 4)	13,288,433	13,288,433
Accumulated other comprehensive income (loss)	285,176	(171,304)
Deficit	(6,929,727)	(4,085,731)
	6,643,882	9,031,398
Total equity	6,643,882	9,031,398
Total liabilities and equity	\$ 7,420,349	\$ 9,868,866

Going concern (Note 1(c)); Commitment (Note 5)

Approved on behalf of the Board of Directors:

"Ivan Bebek"

President, Chief Executive Officer and Director

"Jeffrey Mason"

Director

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

Coppertino Metals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Unaudited (Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	2022	September 30, 2021	2022	September 30, 2021
Operating expenses:				
Exploration and evaluation	\$ 401,433	\$ 314,466	\$ 1,137,423	\$ 1,095,509
Fees, salaries and other employee benefits	166,886	223,114	576,847	621,799
Project investigation	197,169	956	378,045	22,481
Office and administration	77,381	69,110	233,455	202,531
Marketing and investor relations	32,860	29,733	159,211	111,797
Legal and professional	59,686	27,355	155,137	244,159
Regulatory and transfer agent	31,476	15,072	41,820	15,072
	966,891	679,806	2,681,938	2,313,348
Other expenses:				
Foreign exchange loss, net	5,613	1,643	18,586	13,254
Mineral property impairment	-	-	100,320	-
Net loss from equity investments (Note 5)	7,440	-	43,152	-
Loss for the period	\$ 979,944	\$ 681,449	\$ 2,843,996	\$ 2,326,602
Other comprehensive income:				
Unrealized currency income on translation	(374,719)	(150,920)	(456,480)	(39,807)
Comprehensive loss for the period	\$ 605,225	\$ 530,529	\$ 2,387,516	\$ 2,286,795
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02
Basic and diluted weighted average number of shares	112,340,434	112,340,434	112,340,434	112,340,434

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

Coppertino Metals Inc.

Condensed Consolidated Interim Statements of Changes in Equity
Unaudited (Expressed in Canadian dollars, except share amounts)

	Attributable to common shareholders of the Company					
	Number of common shares	Share capital	Other comprehensive loss (income)	Deficit	Total	
Balance at December 31, 2020	112,340,434	\$ 13,288,433	\$ (175,082)	\$ (892,426)	\$ 12,220,925	
Other comprehensive income	-	-	39,807	-	39,807	
Net loss	-	-	-	(2,326,602)	(2,326,602)	
Balance at September 30, 2021	112,340,434	\$ 13,288,433	\$ (135,275)	\$ (3,219,028)	\$ 9,934,130	
Balance at December 31, 2021	112,340,434	\$ 13,288,433	\$ (171,304)	\$ (4,085,731)	\$ 9,031,398	
Other comprehensive income	-	-	456,480	-	456,480	
Net loss	-	-	-	(2,843,996)	(2,843,996)	
Balance at September 30, 2022	112,340,434	\$ 13,288,433	\$ 285,176	\$ (6,929,727)	\$ 6,643,882	

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

Coppernico Metals Inc.

Condensed Consolidated Interim Statements of Cash Flows
Unaudited (Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating activities:				
Loss for the period	\$ (979,944)	\$ (681,449)	\$ (2,843,996)	\$ (2,326,602)
Non-cash transactions:				
Unrealized foreign exchange (gain) loss	(59,977)	9,541	(85,179)	26,138
Mineral property impairment (Note 3)	-	-	100,320	-
Net loss from equity investments (Note 5)	7,440	-	43,152	-
Changes in non-cash working capital:				
Accounts receivable	(3,862)	386	(17,529)	(5,122)
Prepaid expenses and deposits	173,227	115,204	164,703	(373,037)
Accounts payable and accrued liabilities	199,282	79,194	(16,947)	(267,040)
Cash used in operating activities	(663,834)	(477,124)	(2,655,476)	(2,945,663)
Investing activities:				
Acquisition of investments (Note 5)	(168)	-	(1,168)	-
Mineral property additions (Note 3)	(39,822)	(216,311)	(189,233)	(786,339)
Cash used in investing activities	(39,990)	(216,311)	(190,401)	(786,339)
Effect of foreign exchange on cash	(4,923)	(8,479)	(7,798)	1,522
Decrease in cash	(708,747)	(701,914)	(2,853,675)	(3,730,480)
Cash, beginning of the period	820,341	4,821,565	2,965,269	7,850,131
Cash, end of the period	\$ 111,594	\$ 4,119,651	\$ 111,594	\$ 4,119,651

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

Coppernico Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and nine months ended September 30, 2022 and 2021

1. Business Overview

(a) Corporate information

Coppernico Metals Inc. (formerly Sombrero Resources Inc., the “Company” or “Coppernico”) was incorporated under the British Columbia Business Corporations Act on July 23, 2020. Coppernico is an unlisted reporting issuer in the province of British Columbia, Alberta, and Ontario and its head office and principal address is located at 1177 West Hastings Street, Suite 1630, Vancouver, British Columbia, Canada, V6E 2K3.

The Company is principally engaged in the acquisition and exploration of mineral property interests.

On June 22, 2021, the Company announced it had filed an election with the Canada Revenue Agency to become a public corporation under the Income Tax Act (Canada) (the “Tax Act”). As a result of making this election, the shares of the Company are considered to be qualified investments under the Tax Act and the Regulations thereto.

These condensed consolidated interim financial statements were approved and authorized for issuance on November 28, 2022, by the Board of Directors.

(b) Nature of operations

Coppernico’s primary assets are the Sombrero copper-gold district located in southern Peru and the Takana project located in southeastern Peru. The Sombrero district (including the Sombrero project plus ancillary concessions) covers approximately 130,000 hectares in which it holds direct and indirect interest through a combination of staking and option agreements. The Takana project is held via an option arrangement, which covers 50,300 hectares of high-grade copper-nickel occurrences.

The Company has not yet determined whether the properties contain mineral reserves where extraction is both technically feasible and commercially viable.

As a normal part of the exploration process, Coppernico seeks to enter into access and use agreements with local communities surrounding its projects. The process of securing such agreements requires achieving local community consensus and can be challenging; however, positive dialogue continues with the communities and management believes that agreements will continue to be maintained and updated, although there can be no certainty at this time about their timing or extent. The Company continues to have regular communications with the communities and is actively working towards securing access to the project areas.

(c) Going concern

As at September 30, 2022, the Company has net working capital deficit of \$427,566 while it incurred a net loss of \$2,843,996 for the nine months ended September 30, 2022. The Company has recorded a provision for approximately US\$405,000 for concession holding fees accrued to date in 2022 that are due to be paid in June 2023. The Company has no operating revenue to date and no operating cash flow to support its activities. With no source of revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Coppernico’s ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

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These condensed consolidated interim financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would 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 unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s audited consolidated financial statements for the year ended December 31, 2021, except for the following:

Equity investments

The Company conducts a portion of its business through equity interests in an associate and a joint venture. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when the decisions about relevant activities require the unanimous consent of the parties that control the arrangement.

The Company accounts for its investment in associate and joint venture using the equity method. Under the equity method, the Company’s investment in an associate and joint venture are initially recognized at cost and subsequently increased or decreased to recognize the Company’s share of earnings and losses of the associate and joint venture, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company’s share of an associate and joint venture’s losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture. The Company’s share of earnings and losses of its associate and joint venture are recognized in net loss during the period.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis.

(c) Basis of consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company’s returns. These condensed consolidated interim financial statements reflect adjustments in all historical periods.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiary as follows:

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Subsidiary	Place of incorporation	Functional Currency	Beneficial Interest
Sombrero Minerales, S.A.C.	Peru	USD	100%

These condensed consolidated interim financial statements include a 50% investment in Universal Mineral Services Peru S.A.C. ("UMS Peru") and a 25% investment in Universal Mineral Services Ltd. ("UMS Canada") (Note 5).

All intercompany balances and transactions have been eliminated on consolidation.

(d) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in US dollars are denoted as US\$ or USD.

(e) Significant accounting judgments and estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's significant accounting judgements and estimates were presented in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2021, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

No new estimates and judgements were applied for the nine months ended September 30, 2022.

3. Mineral property interests

A continuity of the Company's mineral property interests is as follows:

	Sombrero	Takana	Total
Balance as at December 31, 2020	\$ 5,053,193	\$ -	\$ 5,053,193
Mineral property additions	1,104,496	222,016	1,326,512
Currency translation adjustment	(12,361)	3,410	(8,951)
Balance as at December 31, 2021	\$ 6,145,328	\$ 225,426	\$ 6,370,754
Mineral property additions	189,233	-	189,233
Mineral property impairment	(100,320)	-	(100,320)
Currency translation adjustment	489,709	14,056	503,765
Balance as at September 30, 2022	\$ 6,723,950	\$ 239,482	\$ 6,963,432

On January 5, 2022, the Company paid the annual US\$100,000 holding payment under the terms of the Aceros Option, an option over three concessions at the Sombrero Project held by Corporacion Aceros Arequipa S.A. ("Aceros"). The option payment was subject to 18% Value Added Tax ("IGV") in Peru which is not refundable, and US\$35,000 payment (partially prepaid) regarding the Guadalupe concession (part of the Sombrero Project) in August 2022.

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On June 7, 2022, the Company gave notice to Ximenita de Casma S.M.R.L to terminate its option in the Soldaduyocc concession and therefore incurred an impairment of \$100,320 (US\$80,000) in relation to that concession.

4. Share capital

(a) Authorized - unlimited common shares without par value.

(b) Common share issuances

There were no common share issuances during the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021 – none).

5. Equity investments

Investment in Associate - UMS Canada

On April 1, 2022, the Company purchased a 25% share interest in UMS Canada for nominal consideration. The remaining 75% of UMS Canada is owned equally by three other companies with which the Company shares certain premises and personnel costs, being Tier One Silver Inc. ("Tier One"), Torq Resources Inc. and Fury Gold Mines Limited. The Company funded, in addition to its nominal investment in UMS Canada, a cash deposit of \$150,000 which is held by UMS Canada for the purposes of general working capital, and which will be returned to the Company upon termination of the UMS Canada arrangement, net of any residual unfulfilled obligations. Prior to 2022, UMS Canada was owned by Ivan Bebek and Shawn Wallace who are directors of Coppernico. On December 31, 2021 in anticipation of the reorganization of UMS Canada as a jointly owned cooperative, these two shareholders sold their shares in UMS Canada to fellow director Steven Cook, acting as a placeholder, for nominal consideration and ceased to be directors of UMS Canada. Mr. Cook remains sole director of UMS Canada. Effective April 1, 2022, UMS Canada was restructured whereby the Company redeemed Mr. Cook's shares of UMS Canada for nominal consideration and each of the four public companies which share UMS Canada services subscribed for common shares for a total of \$1,000 each. Mr. Cook remains sole director of UMS Canada.

UMS Canada is located in Vancouver, BC and provides geological, financial and transactional advisory services as well as administrative services to the Company and three other companies on a cost recovery basis. Having these services available through UMS Canada on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The service agreement with UMS Canada has an indefinite term and can be terminated by each participating company upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at September 30, 2022, the Company expects to incur approximately \$1.2 million in respect of future lease rent for the remaining 8.75 years.

Investment in Joint Venture - UMS Peru

On May 1, 2022, the Company and Tier One each acquired from UMS Canada a 50% ownership of UMS Peru for nominal consideration. Given that each of Coppernico and Tier One now have joint control over UMS Peru, it is being accounted for as a joint venture.

UMS Peru is a company incorporated under Peruvian law, which provides administrative and geological services to Sombrero Minerales S.A.C. and the Peruvian subsidiaries of Tier One. In order to comply with Peruvian

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transfer pricing rules, UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

(a) Summarized financial information of UMS Canada and UMS Peru

The Company's share of net losses (income) of UMS Canada and UMS Peru were as follows:

For the three months ended September 30, 2022	UMS Canada	UMS Peru
Cost recoveries	\$ (1,212,261)	\$ (324,924)
Geological services	476,403	208,662
Administrative services	772,694	112,725
Net loss (income)	36,836	(3,537)
Company's share of net loss (income) for the period ended September 30, 2022	\$ 9,209	\$ (1,769)

For the nine months ended September 30, 2022	UMS Canada	UMS Peru
Cost recoveries	\$ (2,901,840)	\$ (570,673)
Geological services	1,141,426	386,632
Administrative services	1,936,586	182,259
Net loss (income) for the period since investment	176,172	(1,782)
Company's share of net loss (income) for the period ended September 30, 2022	\$ 44,043	\$ (891)

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at September 30, 2022 were as follows:

	UMS Canada	UMS Peru
Acquisition of equity investment	\$ 151,000	\$ 168
Company's share of net (loss) income	(44,043)	891
Carrying amount as at September 30, 2022	\$ 106,957	\$ 1,059

The Company's equity interest in net assets and liabilities of the UMS Canada and UMS Peru at September 30, 2022, were as follows:

	UMS Canada	UMS Peru
Current assets	\$ 846,842	\$ 141,755
Non-current assets	2,841,631	157,336
Current liabilities	(1,765,151)	(296,973)
Non-current liabilities	(1,495,494)	-
Net assets 100%	427,828	2,118
Company's equity interest in net assets and liabilities	\$ 106,957	\$ 1,059

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(b) Services rendered and balances

All transactions with UMS Canada and UMS Peru have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Exploration and evaluation	\$ 101,270	\$ 79,627	\$ 283,769	\$ 125,216
Project investigation	128,912	79	255,762	4,222
Marketing and investor relations	13,860	12,494	45,618	59,358
General and administration	176,741	138,144	540,543	370,820
Total transactions for the period	\$ 420,783	\$ 230,344	\$ 1,125,692	\$ 559,616

As at September 30, 2022, \$67,366 (December 31, 2021 - \$63,021) was included in accounts payable and \$120,000 (December 31, 2021 - \$370,000) in prepaid expenses and deposits relating to transactions with UMS Canada; upon the acquisition of the share of UMS Canada in April 2022, \$150,000 was reclassified to the investment in associate balance.

As at September 30, 2022, \$4,139 (December 31, 2021 - \$nil) was included in accounts payable, and \$16,174 (December 31, 2021 - \$75,202) was included in prepaid expenses and deposits relating to transactions with UMS Peru.

(c) Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management and board members, being its four executives, of which one is a director, and six non-executive directors:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Salary and benefits provided to executives	\$ 115,008	\$ 148,534	\$ 414,107	\$ 444,541
Fees paid to non-executive directors	38,350	30,984	111,357	92,559
	\$ 153,358	\$ 179,518	\$ 525,464	\$ 537,100

On April 1, 2022, the Company entered into a shared services agreement with UMS Canada. Under the agreement, the Company's CFO and Chief Geological Officer ("CGO") terminated their direct employment status with the Company, became employed by UMS Canada and entered into secondment employment arrangements between the Company and UMS Canada. Following the change to the secondment arrangements, the salaries for these executives are now charged to the Company based on the actual percentage of time incurred during the period and therefore the compensation amounts for these members of management fluctuate depending on the activities of the Company.

On April 4, 2022, the Company announced it had appointed Marie-Hélène Turgeon to the Board of Directors.

6. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, deposits, accounts receivable, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

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The following summarizes fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

As at September 30, 2022, and December 31, 2021 there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risk, which includes currency risks. As at September 30, 2022, the primary risks were as follows:

a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's primary source of liquidity is equity. The funds are primarily used to finance working capital and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. In June 2022, the Company paid US\$398,367 for the 2021 concession holding fees and approximately US\$405,000 has been recorded within accounts payable related to concession holding fees for the year 2022 which are payable in June 2023. The Company has a working capital deficit of \$427,566 as at September 30, 2022 (December 31, 2021 – working capital surplus of \$2,660,664) which includes cash of \$111,594 (December 31, 2021 - \$2,965,269), that is entirely unrestricted. The Company did not have long term liabilities, and there are no other commitments held by the Company at the balance sheet date other than as disclosed in Note 5.

b) Credit risk

The Company's cash and accounts receivable are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will cause a loss to the Company by failing to pay for their obligations. The amount of credit risk to which the Company is exposed is considered insignificant as the Company's cash is held with highly rated financial institutions in interest-bearing accounts and the accounts receivable primarily consist of GST receivable from the Government of Canada.

c) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risk to which the Company is exposed is as follows:

i) Currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from the functional currency of the Company and its subsidiary. As at September 30, 2022 and December 31, 2021, the Company's foreign currency exposure relates primarily to cash, deposits, and accounts payable and accrued liabilities that are in U.S. dollars within the Company, and in Peruvian soles within the subsidiary.

The currency risk exposure for financial instruments denominated in foreign currencies is as follows:

	September 30, 2022	December 31, 2021
Financial assets	\$ 5,832	\$ 48,047
Financial liabilities	(9,815)	(13,409)
Net exposure	\$ (3,983)	\$ 34,638

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A 10% increase or decrease in either the U.S. dollar or Peruvian soles exchange rate would not have a material impact on the Company's net loss.

7. Segmented information

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties.

8. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration of resource properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The capital of the Company is determined as follows:

	September 30, 2022	December 31, 2021
Equity	\$ 6,643,882	\$ 9,031,398
Less cash	(111,594)	(2,965,269)
	\$ 6,532,288	\$ 6,066,129

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends, does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently does not have sufficient working capital and is not able to meet its ongoing current obligations as they become due. The Company will require additional capital in the future to meet its company objectives, being the acquisition and exploration of mineral properties. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.