



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian dollars)

			September 30,		December 31,
	<i>Note</i>		2022		2021
ASSETS					
Current					
Cash	4	\$	8,285,982	\$	9,217,664
Receivables	5		3,933		151,381
Prepaid expenses	6		42,568		28,866
			8,332,483		9,397,911
Equipment	7		281,592		160,279
Exploration and evaluation assets	8		11,465		11,465
Deferred acquisition costs	9		3,305,659		3,237,124
Equity investment	10		40,850		54,558
		\$	11,972,049	\$	12,861,337
LIABILITIES					
Current					
Trade and other payables	11	\$	60,369	\$	72,298
EQUITY					
Share capital	12		19,044,808		19,044,808
Reserve	12		1,338,475		1,338,475
Deficit			(8,471,603)		(7,594,244)
			11,911,680		12,789,039
		\$	11,972,049	\$	12,861,337

Nature of operations

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These condensed interim consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors of the Company on November 23, 2022.

On behalf of the Board:/s/ David Awram

Director

/s/ Greg Davis

Director

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
(Unaudited - Expressed in Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2022	2021	2022	2021
Expenses					
Consulting fees	13	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Depreciation	7	21,025	16,308	63,984	68,538
Exploration and evaluation expenditures	8	-	28,941	-	212,962
Foreign exchange		(22,358)	(56,552)	(7,174)	(20,697)
Investor relations		-	180	-	1,213
Office expenses		26,582	11,309	83,966	32,130
Marketing fees	13	3,000	3,000	9,000	24,129
Professional fees		-	-	20,757	12,184
Project investigation costs		84,755	-	104,686	-
Regulatory costs		2,739	17,141	51,496	94,152
Salaries and benefits	13	135,875	155,751	466,976	481,827
Share-based compensation		-	56,413	-	89,265
Travel expenses		20,180	54	41,825	44,404
		(301,798)	(262,545)	(925,516)	(1,130,107)
Dilution gain on equity investment		-	-	-	185,625
Interest income		40,984	4,867	61,865	15,025
Loss on equity investment	10	(3,775)	(45,594)	(13,708)	(79,106)
Management services		-	144,000	-	240,000
Write-off equipment		-	(18,622)	-	(18,622)
Loss and comprehensive loss for the period		\$ (264,589)	\$ (177,894)	\$ (877,359)	\$ (787,185)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		87,098,634	79,438,011	87,098,634	79,193,323

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30,	
	2022	2021
Cash flows to operating activities		
Loss for the period	\$ (877,359)	\$ (787,185)
Items not involving cash:		
Depreciation	63,984	68,538
Share-based compensation	-	89,265
Dilution gain on equity investment	-	(185,625)
Loss on equity investment	13,708	79,106
Write-off equipment	-	18,622
Change in non-cash working capital items:		
Receivables	147,448	26,176
Prepaid expenses	(13,702)	9,851
Trade and other payables	(11,929)	(181,796)
	<u>(677,850)</u>	<u>(863,048)</u>
Cash flows to investing activities		
Purchase of equipment	(185,297)	(30,190)
Deferred acquisition costs	(68,535)	(431,310)
Equity investment	-	(2,500)
	<u>(253,832)</u>	<u>(464,000)</u>
Cash flows from financing activities		
Exercise of warrants	-	1,299,000
	-	1,299,000
Decrease in cash for the period	(931,682)	(28,048)
Cash, beginning of period	9,217,664	9,760,495
Cash, end of period	\$ 8,285,982	\$ 9,732,447
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2021	87,098,634	\$ 19,044,808	\$ 1,338,475	\$ (7,594,244)	\$ 12,789,039
Loss and comprehensive loss for the period	-	-	-	(877,359)	(877,359)
Balance, September 30, 2022	87,098,634	\$ 19,044,808	\$ 1,338,475	\$ (8,471,603)	\$ 11,911,680

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2020	78,438,634	\$ 17,745,808	\$ 1,230,658	\$ (6,070,729)	\$ 12,905,737
Exercise of warrants	8,660,000	1,299,000	-	-	1,299,000
Share-based compensation	-	-	89,265	-	89,265
Loss and comprehensive loss for the period	-	-	-	(787,185)	(787,185)
Balance, September 30, 2021	87,098,634	\$ 19,044,808	\$ 1,319,923	\$ (6,857,914)	\$ 13,506,817

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

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Sun Peak Metals Corp. (the “Company”) is a publicly traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. Effective August 17, 2020, the Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol PEAK. Effective March 4, 2021, the Company’s common shares commenced trading on the OTCQB Venture Market in the United States under the symbol SUNPF. The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

The Company’s principal business is the acquisition, exploration, and development of resource properties for the mining of precious or base metals in Ethiopia.

In November 2020, armed conflicts broke out in the Tigray Region of northern Ethiopia and a state of emergency was declared in the Tigray Region by the Federal Democratic Republic of Ethiopia government. The Company immediately suspended all work programs and invoked force majeure by notification to Ethiopia’s Ministry of Mines and Petroleum. The Company has received letters from the Ministry of Mines and Petroleum confirming that the Ministry has accepted the force majeure declaration on its exploration licenses (Note 8 and 9). Subsequent extension requests have been filed and accepted. During force majeure, all work and contractual commitments on the projects are deferred until it is deemed safe and stable by the Company to resume exploration work in the region.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at September 30, 2022, the Company had working capital of \$8,272,114. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business. Risks include, but are not limited to, the ability of the Company to raise funds, the ability of the Company to conduct operations in the event of safety lockdowns, the inability to travel for professionals and contractors involved in exploration, regional travel and quarantine restrictions within the country, and the disruption of shipping material and samples to and from the project. The Company suspended exploration operations in March 2020 due to the pandemic and implemented a COVID response plan to comply with local and international regulations. In September 2020, the Company returned to full exploration operations in Ethiopia, however in November 2020, suspended exploration operations again due to the conflicts in Ethiopia.

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.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at the date the Board of Directors approved these condensed interim consolidated financial statements for issue.

These condensed interim consolidated financial statements do not include all of the information and disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021.

Basis of measurement

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

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent Company's functional currency as well as being the functional currency for the Company's Ethiopian subsidiary.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" management determined that the functional currency of the parent Company as well as the Company's Ethiopian subsidiary is the Canadian dollar.

Capitalization of deferred acquisition costs - The Company has entered into an agreement to acquire a company holding mineral projects. The expenditures incurred on the mineral projects are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10 and capitalized to the statement of financial position. Upon attaining control of the company, the Company will consolidate it as a subsidiary. On a quarterly basis, the Company assesses the deferred acquisition costs to determine if any impairment indicators are present.

Equity investment - The Company has a 25% interest in the shares of Kandaka Mining Corp. ("Kandaka") and a director of the Company is the sole director of Kandaka. The Company has determined that it has significant influence in Kandaka, therefore the Company accounts for this investment using equity accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2021.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2022 and have not been applied in preparing these consolidated financial statements. In addition, these standards are not expected to impact the Company.

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

4. CASH

	September 30, 2022		December 31, 2021
Canadian dollar denominated deposits held in Canada	\$ 7,848,665	\$	8,409,079
US dollar denominated deposits held in Canada	385,507		736,345
US dollar denominated deposits held in Ethiopia	39,949		11,481
Birr denominated deposits held in Ethiopia	11,861		60,759
Total	\$ 8,285,982	\$	9,217,664

5. RECEIVABLES

	September 30, 2022		December 31, 2021
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 3,457	\$	-
Due from Kandaka	-		151,200
Other	476		181
Total	\$ 3,933	\$	151,381

6. PREPAID EXPENSES

	September 30, 2022		December 31, 2021
Prepaid insurance	\$ 4,660	\$	14,509
Prepaid rent	2,549		3,800
Other	35,359		10,557
Total	\$ 42,568	\$	28,866

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

7. EQUIPMENT

	Office furniture and equipment	Field equipment	Vehicles	Total
Cost				
At December 31, 2021	78,371	75,908	113,310	267,589
Additions	-	185,297	-	185,297
At September 30, 2022	\$ 78,371	\$ 261,205	\$ 113,310	\$ 452,886
Accumulated depreciation				
At December 31, 2021	25,242	41,973	40,095	107,310
Depreciation	10,834	41,995	11,155	63,984
At September 30, 2022	\$ 36,076	\$ 83,968	\$ 51,250	\$ 171,294
Carrying amounts				
At December 31, 2021	\$ 53,129	\$ 33,935	\$ 73,215	\$ 160,279
At September 30, 2022	\$ 42,295	\$ 177,237	\$ 62,060	\$ 281,592

8. EXPLORATION AND EVALUATION ASSETS

	Nefasit Project	Adi Dairo Project	Adi Mendi Project	Workemba Project	Total
December 31, 2021	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465
Additions	-	-	-	-	-
September 30, 2022	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465

In November 2020, armed conflicts broke out in the Tigray Region of northern Ethiopia and a state of emergency was declared in the Tigray Region by the Federal Democratic Republic of Ethiopia government. The Company immediately suspended all work programs and invoked force majeure by notification to Ethiopia's Ministry of Mines and Petroleum. The Company has received letters from the Ministry of Mines and Petroleum confirming that the Ministry has accepted the force majeure declaration on its exploration licenses. Subsequent extension requests have been filed and accepted. During force majeure, all work and contractual commitments on the projects are deferred until it is deemed safe and stable by the Company to resume exploration work in the region.

Further details on the Company's exploration and evaluation assets are found in Note 8 of the December 31, 2021 consolidated financial statements.

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures included in the loss for the three and nine months ended September 30, 2022, and 2021 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Nefasit				
Project administration	\$ -	\$ 3,186	\$ -	\$ 65,377
Salaries and benefits	-	8,422	-	28,988
Travel expenses	-	2,863	-	12,116
	-	14,471	-	106,481
Adi Da-iro				
Project administration	-	3,185	-	65,377
Salaries and benefits	-	8,422	-	28,988
Travel expenses	-	2,863	-	12,116
	-	14,470	-	106,481
Total	\$ -	\$ 28,941	\$ -	\$ 212,962

Until December 31, 2021, the Company included Ethiopian general and administrative expenses in exploration and evaluation expenditures, however for the three and nine months ended September 30, 2022, these expenditures have been included in their respective profit and loss line items.

9. DEFERRED ACQUISITION COSTS

	September 30, 2022	December 31, 2021
Opening balance	\$ 3,237,124	\$ 2,819,057
Advances to Axum	68,535	128,686
Expenses paid on behalf of Axum	-	289,381
Closing balance	\$ 3,305,659	\$ 3,237,124

In November 2020, armed conflicts broke out in the Tigray Region of northern Ethiopia and a state of emergency was declared in the Tigray Region by the Federal Democratic Republic of Ethiopia government. The Company immediately suspended all work programs and invoked force majeure by notification to Ethiopia's Ministry of Mines and Petroleum. The Company has received letters from the Ministry of Mines and Petroleum confirming that the Ministry has accepted the force majeure declaration on its exploration licenses. Subsequent extension requests have been filed and accepted. During force majeure, all work and contractual commitments on the projects are deferred until it is deemed safe and stable by the Company to resume exploration work in the region.

The Company also invoked force majeure pursuant to the joint venture agreement between the Company and Ezana Mining Development plc ("Ezana") by notification to Ezana. Pursuant to the joint venture agreement, the Company has an option to earn up to 70% in Axum Metals Share Company ("Axum"), which holds the Terer and Meli exploration licenses. Further details on the Company's deferred acquisition costs are found in Note 9 of the December 31, 2021 consolidated financial statements.

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

10. EQUITY INVESTMENT

	September 30, 2022	December 31, 2021
Opening balance	\$ 54,558	\$ -
Additions	-	2,500
Dilution gain	-	185,625
Share-based compensation adjustment	-	18,552
Loss	(13,708)	(152,119)
Closing balance	\$ 40,850	\$ 54,558

The Company has a 25% investment in Kandaka, a Canadian private company investigating mineral exploration opportunities in Sudan. Directors and officers of the Company hold an additional 20% of Kandaka. The Company and Kandaka also have directors and officers in common.

As at September 30, 2022 and December 31, 2021, the net assets of Kandaka were as follows:

	September 30, 2022	December 31, 2021
Assets	\$ 163,399	\$ 372,453
Liabilities	-	(154,223)
Net assets	163,399	218,230
Ownership	25%	25%
Closing balance	\$ 40,850	\$ 54,558

11. TRADE AND OTHER PAYABLES

	September 30, 2022	December 31, 2021
Trade and other payables in Canada	\$ 31,826	\$ 56,616
Trade and other payables in Ethiopia	28,067	3,972
Amounts due to the Government of Canada pursuant to goods and services input tax credits	-	4,891
Amounts due to related parties (Note 13)	476	6,819
Total	\$ 60,369	\$ 72,298

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL**a) Authorized share capital**

The authorized share capital is comprised of an unlimited number of common shares without par value.

b) Issued share capital

There were no common shares issued during the nine months ended September 30, 2022.

c) Escrow shares

As at September 30, 2022, the Company had 6,194,428 common shares held in escrow, to be released 3,097,214 on February 17, 2023 and 3,097,214 on August 17, 2023.

d) Share-based compensation

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

In addition, the shareholders approved a new equity incentive plan (the "Equity Plan") which governs the granting of any restricted share unit (RSU), performance share unit (PSU) or deferred share unit (DSU) granted under the Equity Plan, to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The Company has reserved for issuance up to 8,709,863 common shares, being 10% of the issued and outstanding common shares of the Company, pursuant to the Equity Plan.

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

The continuity of stock options for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price	Balance, December 31, 2021	Issued	Exercised	Cancelled/ Expired	Balance, September 30, 2022		
August 17, 2025	\$ 0.35	4,100,000	-	-	-	4,100,000		
July 20, 2026	\$ 0.35	225,000	-	-	-	225,000		
		4,325,000	-	-	-	4,325,000		
Weighted average exercise price	\$	0.35	\$	-	\$	-	\$	0.35

As at September 30, 2022, all stock options were exercisable with a weighted average remaining life of 2.93 years.

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS*Compensation of key management personnel*

Key management includes members of the Board of Directors, the President and Chief Executive Officer, the Vice President Exploration & Geology, the Vice President Project Development, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel, which includes the amounts disclosed above, during the three and nine months ended September 30, 2022 and 2021 were as follows:

		Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Consulting fees					
Golden Oak	(1)	\$ 30,000	\$ 30,000	\$ 90,000	\$ 90,000
Marketing fees					
Peak	(2)	3,000	3,000	9,000	9,000
VRIFY	(3)	-	3,000	-	9,000
		3,000	6,000	9,000	18,000
Salaries and benefits					
Chief Executive Officer		37,500	50,000	129,167	133,333
Vice President Exploration & Geology		37,500	50,000	129,167	133,333
Vice President Project Development		37,500	50,000	129,167	133,333
		112,500	150,000	387,501	399,999
		\$ 145,500	\$ 186,000	\$ 486,501	\$ 507,999

- (1) Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company owned by the Chief Financial Officer and Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.
- (2) Peak Investor Marketing Corp. ("Peak") is a company of which the spouse of the Chief Executive Officer is a principal.
- (3) VRIFY Technology Inc. ("VRIFY") is a company of which a director of the Company is a principal.

Amounts due to related parties

		September 30,	December 31,
		2022	2021
Chief Executive Officer	Expenses	\$ -	\$ 2,478
Vice President Project Development	Expenses	-	3,929
Golden Oak	Expenses	476	412
		\$ 476	\$ 6,819

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

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian dollars)

14. SEGMENTED INFORMATION

Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation.

With the exception of the cash disclosed in Note 4, all of the Company's significant assets are located in Ethiopia.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

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

		September 30, 2022	December 31, 2021
Cash	FVTPL	\$ 8,285,982	\$ 9,217,664
Receivables	Amortized cost	3,933	151,381
Trade and other payables	Amortized cost	60,369	72,298

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

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

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

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2021.