

KINGFISHER METALS CORP.

Condensed Consolidated Interim Financial Statements

Six Months ended June 30, 2022

(Expressed in Canadian dollars)

KINGFISHER METALS CORP.

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

	As at June 30, 2022	As at December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 7,633,099	\$ 4,686,967
Amounts receivable	240,552	244,892
Prepaid expenses	127,294	45,939
	<u>8,000,945</u>	<u>4,977,798</u>
Exploration and evaluation assets (Note 4)	7,850,186	6,457,484
Property and equipment (Note 5)	322,113	299,492
Restricted cash	146,500	146,500
	<u>\$16,319,744</u>	<u>\$ 11,881,274</u>
Liabilities and Equity		
Current:		
Accounts payable and accrued liabilities	\$ 529,918	\$ 116,230
Obligation to issue shares (Note 4)	-	100,000
CFT – Share Premium Liability (Note 6(b) & 10)	508,031	-
	<u>1,037,949</u>	<u>216,230</u>
Deferred income taxes	673,000	526,900
	<u>1,710,949</u>	<u>743,130</u>
Shareholders' equity		
Capital stock (Note 6)	18,182,576	13,985,005
Contributed surplus (Note 6)	1,726,398	1,477,485
Deficit	(5,300,179)	(4,324,346)
	<u>14,608,795</u>	<u>11,138,144</u>
	<u>\$ 16,319,744</u>	<u>\$11,881,274</u>

Nature of operations and going concern (Note 1)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on August 26, 2022.

"Dustin Perry"

.....Director

"David Loretto"

.....Director

KINGFISHER METALS CORP.

Condensed Consolidated Interim Statements of Loss
(Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
General and administrative expenses				
Amortization	\$ 23,306	\$ 20,837	\$ 43,351	\$ 24,474
Audit fees	25,298	5,500	25,298	5,500
Bank charges	980	1,877	1,740	2,089
Consulting and directors' fees	18,728	36,210	38,261	50,249
Corporate relations	70,511	35,411	181,183	37,911
Insurance	7,106	6,394	13,813	8,572
Legal	5,392	8,736	5,392	8,736
Management fee	90,000	87,500	216,167	174,999
Office and administration	47,035	38,391	96,293	45,383
Salaries and wages	11,791	2,852	42,213	9,139
Share-based compensation	127,182	359,890	214,023	850,777
Shareholder relations	-	36,011	-	86,604
Transfer and filing fees	8,793	67,961	29,435	67,961
Travel and entertainment	12,529	1,544	25,027	8,812
	(448,651)	(709,114)	(932,196)	(1,381,206)
Other Items				
Flow-through recovery (Note 10)	101,969	-	101,969	-
Interest	494	-	494	649
Listing expense (Note 3)	-	-	-	(1,261,495)
	(102,463)	-	(102,463)	(1,260,846)
Net loss before income taxes	(346,188)	(709,114)	(829,733)	(2,642,052)
Deferred income tax expense	(193,100)	-	(146,100)	-
Net loss for the period	\$ (539,288)	\$ (709,114)	\$ (975,833)	\$ (2,642,052)
Loss per share, basic	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding	89,690,678	71,967,246	87,231,761	58,747,290

See accompanying notes.

KINGFISHER METALS CORP.

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

For the six months ended	June 30, 2022	June 30, 2021
Operating activities		
Net loss for the period	\$ (975,833)	\$ (2,642,052)
Changes non-cash operating items:		
Amortization	43,351	24,474
Deferred income tax expense	146,100	-
Flow-through recovery	(101,969)	-
Listing expense	-	1,261,495
Share-based compensation	214,023	850,777
	(674,328)	(505,306)
Changes non-cash working capital:		
Amounts receivable	4,340	(21,857)
Prepaid expenses	(81,355)	(156,724)
Accounts payable and accrued liabilities	(10,130)	53,329
	(87,145)	(125,252)
Cash used in operating activities	(761,473)	(630,558)
Financing activities		
Issuance of common shares from private placements	4,854,153	10,706,370
Share issue costs	(130,442)	(650,203)
Repayment to shareholder	-	(551)
Warrants exercised for common shares	18,750	239,063
Cash provided by financing activities	4,742,461	10,294,679
Investing activities		
Cash acquired on RTO (Note 3)	-	124,538
Additions to exploration and evaluation assets	(968,884)	(610,383)
Additions to property and equipment	(65,972)	(265,428)
Restricted cash	-	(91,500)
Cash used in investing activities	(1,034,856)	(842,773)
Net outflow of cash and cash equivalents	2,946,132	8,821,348
Cash and cash equivalents, beginning of the period	4,686,967	116,735
Cash and cash equivalents, end of the period	\$ 7,633,099	\$ 8,938,083

Non-cash investing activity:

The Company incurred \$460,085 in exploration and evaluation assets which were in accounts payable and accrued liabilities at June 30, 2022.

See accompanying notes.

KINGFISHER METALS CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	<u>Common Shares</u>		<u>Share Based Compensation</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>				
Balance, December 31, 2021	84,673,300	\$ 13,985,005	\$ 1,228,873	\$ 248,612	\$ (4,324,346)	\$ 11,138,144
Shares issued for mining claims	500,000	100,000	-	-	-	100,000
Charity Flow-through shares issued – net of issue costs	15,250,000	4,179,946	-	-	-	4,179,946
Flow-through shares issued – net of issue costs	2,433,972	543,765	-	-	-	543,765
Agent warrants	-	(34,890)	-	34,890	-	-
Flow-through premium liability	-	(610,000)	-	-	-	(610,000)
Warrants Exercised	150,000	18,750	-	-	-	18,750
Share-based compensation	-	-	214,023	-	-	214,023
Net loss for the period	-	-	-	-	(975,833)	(975,833)
Balance, June 30, 2022	103,007,272	\$ 18,182,576	\$ 1,442,896	\$ 283,502	\$ (5,300,179)	\$ 14,608,795

	<u>Common Shares</u>		<u>Share Based Compensation</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>				
Balance, December 31, 2020	39,173,801	\$ 2,373,161	\$ -	\$ -	\$ (554,397)	\$ 1,818,764
Shares issued pursuant to QT Placement – net of issue costs	5,242,000	1,310,500	-	75,533	-	1,386,033
Charity Flow-through shares issued – net of issue costs	24,120,000	5,830,993	-	68,545	-	5,899,538
Flow-through shares issued – net of issue costs	5,450,000	3,051,895	-	-	-	3,051,895
Flow-through shares issued – net of issue costs	2,437,000	1,104,735	-	-	-	1,104,735
Agent warrants	-	(138,205)	-	138,205	-	-
Flow-through premium liability	-	(654,000)	-	-	-	(654,000)
Warrants Exercised	1,912,500	239,063	-	-	-	239,063
Share Based Compensation	-	-	850,776	-	-	850,776
Net loss for period	-	-	-	-	(2,642,052)	(2,642,052)
Balance, June 30, 2021	78,335,301	\$13,118,142	\$ 850,776	\$ 282,283	\$ (3,196,449)	\$ 11,054,752

See accompanying notes.

KINGFISHER METALS CORP.

For the six months ended June 30, 2022

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Kingfisher Metals Corp. (formerly Seashore Resource Partners Corp) (the "Company" or "Kingfisher") was incorporated under the Business Corporations Act (British Columbia) on September 7, 2017 as a Capital Pool Corporation defined in the Policy 2.4 of the TSX Venture Exchange (the "TSX-V"). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company's registered office is 1710-1050 W. Pender Street, Vancouver, B.C., V6E 3S7.

On March 12, 2021, the Company completed the share exchange transaction with Kingfisher Resources Ltd. ("KFR") (Note 3) which constituted the QT. KFR was incorporated under the Business Corporations Act (British Columbia) on January 21, 2019 and its principal business focus is the exploration and development of mineral prospects in Canada. Upon completion of the QT, the Company began trading under its new name on the TSX-V with the symbol "KFR" (and shortly thereafter on the Frankfurt Stock Exchange under the symbol "970").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to 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 for the foreseeable future. There is no assurance that the exploration activities of Kingfisher will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company currently has cash available to meet its administrative overhead and maintain its assets. The recoverability of amounts shown in assets is dependent on several factors. These factors include the ability of the Company to obtain financing to complete the planned exploration, and future cashflow from the Company's business.

However, there can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance of basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS issued by the IASB.

The accounting policies applied by the Company in the condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual financial statements for the year ended December 31, 2021.

KINGFISHER METALS CORP.

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(b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management judgements, estimates and assumptions include:

- The assessment of whether certain factors (both internal and external) would be considered an indicator of impairment and whether impairment testing is required on the exploration and evaluation assets.
- The determination that the Company will continue as a going concern for the next year.

(c) Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned integrated subsidiary, Kingfisher Resources Ltd., which was incorporated in British Columbia and is engaged in mining exploration and evaluation activities.

3. QUALIFYING TRANSACTION

In July of 2020, the Company and KFR entered into a share exchange agreement, which set out the principal terms upon which the Company was to acquire all of the issued and outstanding securities of KFR. The transaction would allow KFR to obtain a public listing by completing a reverse take-over transaction whereby KFR, substantively and for accounting purposes, was considered to be the acquiring and the continuing entity. The Company, after giving effect to the completion of the transaction, was referred herein as the resulting issuer. On March 12, 2021, the Company announced that it had completed its QT by acquiring all the issued and outstanding shares of KFR.

In connection with the transaction, the Company completed a concurrent financing totaling \$6,030,000 bringing the Company's total shares issued and outstanding to 68,945,801.

Accordingly, Kingfisher has accounted for the acquisition as a reverse takeover, and no goodwill or intangible asset been recorded (only a listing expense). Therefore, for accounting purposes, KFR, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree in these consolidated financial statements.

As KFR was deemed to be the acquirer for accounting purposes, the Company's assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. Kingfisher's results of operations have been included from March 12, 2021, the date of completion of the acquisition.

The QT is being accounted for as a capital transaction in which KFR is being identified as the acquirer of the Company and equity consideration is being measured at fair value. The QT does not constitute a business combination under IFRS 3. The QT is accounted for in the consolidated financial statements of the resulting issuer as a continuation of the consolidated financial statements of KFR.

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For the purposes of accounting for the reverse takeover, the percentage of ownership of the pre-acquisition shareholders of the Company in the combined entity upon completion of the acquisition was determined to be 7.6% (which represents 5,242,000 common shares out of a total of 68,945,801 common shares of the Company outstanding upon closing of the QT).

The total purchase price of \$1,310,500 has been allocated as follows:

Fair value of consideration – purchase price	\$ 1,310,500
Fair value of Kingfisher options	75,533
	<u>\$ 1,386,033</u>
Identifiable net assets of Kingfisher acquired by KFR Ltd.	
Cash	\$ 124,538
Listing expense	1,261,495
	<u>\$ 1,386,033</u>

The fair value of the Kingfisher options is estimated using the Black-Scholes option pricing model with assumptions as follows:

	March 12, 2021
Risk-free interest rate	1.03%
Expected annualized volatility	100%
Expected life	2.56 years
Dividend rate	Nil

4. EXPLORATION AND EVALUATION ASSETS

Ecstall

On April 10, 2019, the Company completed the Ecstall purchase of 18 mineral claims totalling 20,735 hectares in Northwestern B.C. for 8,200,000 shares (at a value of \$205,000) from two executives.

The Company also acquired and staked 13 additional claims on adjacent land (totalling approximately 7,671 hectares).

Thibert

On June 24, 2020, the Company entered into an asset purchase agreement to acquire Thibert claims from Kenorland Minerals Ltd. (“Kenorland”) (a company with a common director), consisting of 8 mineral claims totaling 12,475 hectares in Northwestern B.C. for the following:

- 1,000,000 common shares of the Company (issued);
- common shares of the Company equal to a value of \$100,000 on the first anniversary date of the listing on the TSX-V (issued); and
- a 2% net smelter return royalty.

On November 15, 2021, the Company staked 2 additional mineral claims adjacent to the existing claims totaling 502 hectares for a cost of \$878.

Goldrange

On April 6, 2020, the Company completed a purchase from Kenorland of three mineral claims totaling 4,504 hectares in Southwestern B.C. (referred to here as Goldrange) for 500,000 common shares of the Company (at a value of \$50,000) plus a 2% net smelter return royalty.

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Subsequently during the 2020 year, the Company acquired and staked 24 additional mineral claims (totaling approximately 16,574 hectares) by incurring costs of \$73,940 and issuing 70,000 common shares (at a value of \$14,000).

The Company staked 18 additional mineral claims adjacent to the existing claims totaling 29,953 hectares.

	Ecstall Claims	Thibert Claims	Goldrange Claims	Total
Acquisition costs:				
As at December 31, 2020	\$ 218,393	\$ 100,000	\$ 137,940	\$ 456,333
Acquisition costs, agreement for sale	700	100,878	-	101,578
Staking	-	-	54,244	54,244
As at December 31, 2021	219,093	200,878	192,184	612,155
Acquisition costs, agreement for sale	-	-	-	-
Staking (recovery)	5,931	-	(2,008)	3,923
As at June 30, 2022	225,024	200,878	190,176	616,078
Exploration costs:				
As at December 31, 2020	667,771	1,141	549,804	1,218,716
Expenditures during the year:				
Geologist and sundry exploration costs	6,991	336	173,540	180,867
Digitization	24	972	7,520	8,516
Airborne and gravity survey	98,150	-	6,125	104,275
Assays	9,310	-	216,564	225,874
Camp	1,192	-	362,184	363,376
Consulting	3,204	-	36,949	40,153
Drilling	-	-	1,474,730	1,474,730
Field gear	13,500	4,800	62,572	80,872
Geophysics	-	125,737	139,509	265,246
Helicopters	34,293	10,120	1,174,074	1,218,487
Labour	21,994	52,795	487,261	562,050
Reports	1,840	-	15,785	17,625
Transportation and travel	60	5,350	162,932	168,342
	190,558	200,110	4,319,745	4,710,413
As at December 31, 2021	858,329	201,251	4,869,549	5,929,129
Expenditures during the period:				
Assays	155	-	119,924	120,079
Camp	-	-	160,880	160,880
Drilling	-	-	274,568	274,568
Fieldgear	-	-	47,955	47,955
Geologist and sundry exploration costs	-	-	175,589	175,589
Helicopters	-	-	412,219	412,219
Reports	-	-	24,383	24,383
Labour	370	6,758	142,080	149,208
Transportation and travel	-	-	23,898	23,898
	525	6,758	1,381,496	1,388,779
As at June 30, 2022	858,854	208,009	6,251,045	7,317,908
Recovery – BCMETC, June 30, 2022	(46,000)	-	(37,800)	(83,800)
Balance, June 30, 2022	\$ 1,037,878	\$ 408,887	\$ 6,403,421	\$ 7,850,186

KINGFISHER METALS CORP.

For the six months ended June 30, 2022

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Automotive Equipment	Shop Equipment	Exploration Equipment	Office Equipment	Portable Camp	Total
Cost						
At December 31, 2020	\$ 14,820	\$ -	\$ 36,113	\$ 16,161	\$ -	\$ 67,094
Capital expenditures	-	8,588	101,963	14,452	168,561	293,564
At December 31, 2021	14,820	8,588	138,076	30,613	168,561	360,658
Capital expenditures	16,264	5,093	4,725	1,917	37,973	65,972
At June 30, 2022	\$ 31,084	\$ 13,681	\$ 142,801	\$ 32,530	\$ 206,534	\$ 426,630
Accumulated depletion and depreciation						
At December 31, 2020	(2,223)	-	(3,611)	(2,424)	-	(8,258)
Depletion and depreciation	(3,779)	(859)	(16,697)	(6,289)	(25,284)	(52,908)
At December 31, 2021	\$ (6,002)	\$ (859)	\$ (20,308)	\$ (8,713)	(25,284)	\$ (61,166)
Depletion and depreciation	(2,542)	(1,027)	(12,013)	(3,429)	(24,340)	(43,351)
At June 30, 2022	\$ (8,544)	\$ (1,886)	\$ (32,321)	\$ (12,142)	(49,624)	\$ (104,517)
Net book value						
December 31, 2021	\$ 8,818	\$ 7,729	\$ 117,768	\$ 21,900	\$ 143,277	\$ 299,492
June 30, 2022	\$ 22,540	\$ 11,795	\$ 110,480	\$ 20,388	\$ 156,910	\$ 322,113

6. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the six months ended June 30, 2022:

On June 7, 2022, the Company closed a private placement for gross proceeds of \$4,854,153 (the "Offering"). The Offering was comprised of (i) 15,250,000 charity flow-through units (the "Charity FT Units") at a price of \$0.28 per Charity FT Unit for gross proceeds of \$4,270,000; and (ii) 2,433,972 flow-through units (the "FT Units") at a price of \$0.24 per FT Unit for gross proceeds of \$584,153.

Each Charity FT Unit and FT Unit consists of one flow-through common share and one half of one transferable non-flow-through common share purchase warrant. Each full warrant shall be exercisable into one additional non-flow-through common share of the Company for 24 months at an exercise price of \$0.35. The Company recognized a flow-through premium liability of \$610,000.

In connection with the Offering, the agent received an aggregate cash fee of \$69,500 and 327,083 non-transferable compensation warrants (the "Compensation Warrants") with a fair value of \$34,890 (see Note 6(d)). Each Compensation Warrant will entitle the holder to purchase one common share at an exercise price equal to \$0.35 for a period of 24 months.

On June 1, 2022, the Company issued a total of 150,000 common shares at \$0.125 on the exercise of 150,000 warrants for proceeds of \$18,750.

On March 18, 2022, the Company issued 500,000 common shares at a price of \$0.20 per share as part of the asset purchase agreement with Kenorland. See Note 4.

KINGFISHER METALS CORP.

For the six months ended June 30, 2022

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During the six months ended June 30, 2021:

On March 12, 2021, the Company issued a total of 24,120,000 units at a price of \$0.25 per unit for gross proceeds of \$6,030,000. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one further common share at a price of \$0.50 per common share for a period of two years. The Company paid finder's fees of \$130,463 cash and issued 521,850 finder's warrants, with each finder's warrant entitling the holder to acquire one additional common share at a price of \$0.25 per share for two years.

On June 3, 2021, the Company closed a private placement for gross proceeds of \$4,600,000 (the "Offering"). The Offering was comprised of (i) 5,450,000 charity flow-through units (the "Charity FT Units") at a price of \$0.63 per Charity FT Unit for gross proceeds of \$3,400,000; and (ii) 2,437,000 flow-through units (the "FT Units") at a price of \$0.51 per FT Unit for gross proceeds of \$1,200,000.

Each Charity FT Unit and FT Unit consists of one flow-through common share and one half of one transferable non-flow-through common share purchase warrant. Each full warrant shall be exercisable into one additional non-flow-through common share of the Company for 24 months at an exercise price of \$0.70. The Company recognized a flow-through premium liability of \$654,000.

In connection with the Offering, the Agent received an aggregate cash fee of \$375,588 and 529,334 non-transferable compensation warrants (the "Compensation Warrants") with a fair value of \$138,205 (see Note 7(d)). Each Compensation Warrant will entitle the holder to purchase one common share at an exercise price equal to \$0.51 for a period of 24 months.

During the period, the Company issued a total of 1,912,500 common shares from the exercise of warrants for gross proceeds of \$239,063.

(c) Incentive stock options

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. Unless otherwise specified by the Board of Directors at the time of granting an option, and subject to other term limits on option grants set out in the Plan, all options granted under the Plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period.

The purpose of the Plan is to provide directors, officers, key employees, and certain other persons who provided services to the Company and its subsidiaries with an increased incentive to contribute to the future success and prosperity of the Company.

On March 12, 2021, in accordance with the QT, KFR stock options were converted to 3,910,000 stock options of the Company (2,150,000 options are exercisable until December 27, 2024 and 1,760,000 options are exercisable until September 25, 2025). These options vest over a period of one year.

On March 12, 2021, the Company also granted 1,890,000 stock options to various directors, executive officers, employees, and consultants. These options are exercisable until March 12, 2026, at a price of \$0.25 per share. These options vest over a period of one year.

On May 25, 2021, the Company granted 360,000 stock options to various employees, and consultants. These options are exercisable until May 25, 2026, at a price of \$0.55 per share. These options vest over a period of one year.

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On October 21, 2021, the Company granted 50,000 stock options to a service provider. These options are exercisable until October 21, 2026, at a price of \$0.65 per share. These options vest over a period of one year.

On June 14, 2022, the Company also granted 2,000,000 stock options to various directors, executive officers, employees, and consultants. These options are exercisable until June 14, 2027, at a price of \$0.30 per share. These options vest over a period of one year.

The following is a continuity of outstanding share options:

	Weighted Average of Options	Weighted Average of Exercise price
Balance at December 31, 2020	400,000	\$ 0.10
Exchanged in accordance with the QT	3,910,000	\$ 0.10
Granted during the period	2,300,000	\$ 0.31
Exercised	(59,999)	\$ 0.14
Balance December 31, 2021	6,550,001	\$ 0.17
Granted during the period	2,000,000	\$ 0.30
Balance June 30, 2022	8,550,001	\$ 0.18

The fair value of each option is estimated using the Black-Scholes option pricing model with assumptions as follows:

	October 21, 2021	May 25, 2021	March 12, 2021	June 14, 2022
Risk-free interest rate	1.33%	0.86%	1.03%	3.56%
Expected annualized volatility	94%	101%	100%	108%
Expected life	5 years	5 years	5 years	5 years
Exercise price	\$0.65	\$0.55	\$0.10–0.25	\$0.30
Dividend rate	Nil	Nil	Nil	Nil

The following table summarizes information about stock options that are outstanding at June 30, 2022:

Number of Options	Price per Share	Expiry Date	Options Exercisable
400,000	\$0.10	October 4, 2023	400,000
2,106,667	\$0.10	December 27, 2024	2,106,667
1,760,000	\$0.10	September 25, 2025	1,760,000
1,873,334	\$0.25	March 12, 2026	1,873,334
360,000	\$0.55	May 25, 2026	360,000
50,000	\$0.65	October 21, 2026	25,000
2,000,000	\$0.30	June 14, 2027	666,667
8,550,001			7,191,668

As at June 30, 2022, the weighted average contractual remaining life is 3.50 years.

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(d) Share purchase warrants

The following is a continuity of outstanding warrants:

	Weighted Average of Warrants	Weighted Average of Exercise Price
Balance at December 31, 2020	-	\$ -
Exchanged in accordance with the QT	10,955,000	\$ 0.125
Issued	24,120,000	\$ 0.50
Issued – Finder’s warrants	1,051,184	\$ 0.381
Issued – Charity Flow Through	2,725,000	\$ 0.70
Issued – Flow Through	1,218,500	\$ 0.70
Exercised	(8,190,500)	\$ 0.131
Balance at December 31, 2021	31,879,184	\$ 0.49
Issued – Finder’s warrants	327,083	\$ 0.35
Issued – Charity Flow Through	7,625,000	\$ 0.35
Issued – Flow Through	1,216,986	\$ 0.35
Exercised	(150,000)	\$ (0.125)
Balance at June 30, 2022	40,898,253	\$ 0.46

The fair value of finder’s warrants is estimated using the Black-Scholes pricing model with assumptions as follows:

	June 7, 2022	June 3, 2021	March 12, 2021
Risk-free interest rate	3.04%	0.32%	1.03%
Expected annualized volatility	100%	101%	100%
Expected life	2 years	2 years	2 years
Dividend rate	Nil	Nil	Nil

The following table summarizes information about warrants that are outstanding at June 30, 2022:

Number of Warrants	Price per Share	Expiry Date	Warrants Exercisable
2,852,500	\$0.125	March 12, 2023	2,852,500
24,045,000	\$0.50	March 12, 2023	24,045,000
358,850	\$0.25	March 12, 2023	358,850
3,943,500	\$0.70	June 3, 2023	3,943,500
529,334	\$0.51	June 3, 2023	529,334
9,169,069	\$0.35	June 7, 2024	9,169,069
40,898,253			40,898,253

As at June 30, 2022, the weighted average contractual life of warrants is 1.00 years.

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7. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel for the years ended were as follows:

	June 30, 2022	December 31, 2021
Share-based compensation	\$ 163,450	\$ 672,565
Director fees	25,169	41,862
Management fees	214,167	350,000
Exploration and evaluation assets	7,766	41,024
Operating expenses	6,000	500
	\$ 416,552	\$ 1,105,951

As at June 30, 2022, \$nil (December 31, 2021 - \$17,918) is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances. There are no short-term investments currently.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As at June 30, 2022, there were no significant amounts past due or impaired.

Market Risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

Foreign Exchange Risk

The Company currently does not have significant exposure to other currencies, and this is not expected to change in the foreseeable future as the capital commitments that are expected to be carried out in United States dollars will be limited.

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Notes to the Condensed Consolidated Interim Financial Statements

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Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments, so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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 asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

During the six-month period ended June 30, 2022 and the year ended December 31, 2021, there were no transfers between level 1, 2 and 3 classified assets and liabilities.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future exploration and maintaining investor, creditor and market confidence.

The Company defines its capital as shareholders' equity and working capital. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the event that adjustments to the capital structure are required, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements or restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated. The Company may require equity issues to cover administrative and operating cost.

10. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

During the period ended June 30, 2022, the Company incurred, in aggregate, \$1,388,780 in qualified flow-through expenditures and recognized a recovery flow-through recovery of \$101,969.

As at June 30, 2022, the Company has approximately \$4,140,373 to spend on qualified expenditures.