



(An Exploration Stage Corporation)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For the three and six months ended
June 30, 2022 and 2021

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management.

The company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	June 30 2022	December 31 2021
Assets		
Current		
Cash and cash equivalents	\$ 469,576	\$ 1,352,859
Accounts receivable (Notes 10 and 13)	343,162	274,771
Prepaid expense (Note 10)	19,621	42,905
Current investments (Note 3)	22,620	36,269
	<u>854,979</u>	<u>1,706,804</u>
Reclamation bonds (Note 11)	90,000	90,000
Property and equipment (Note 4)	287,677	320,773
Exploration and evaluation assets (Note 5)	14,022,823	13,663,737
	<u>\$ 15,255,479</u>	<u>\$ 15,781,314</u>
Liabilities and Shareholders' Equity (Deficit)		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 519,754	\$ 564,373
	<u>519,754</u>	<u>564,373</u>
Long term liabilities	255,424	255,424
Decommissioning provision (Note 11)	65,000	65,000
Debenture payable (Note 6)	9,012,735	8,571,890
	<u>9,852,913</u>	<u>9,456,687</u>
Shareholders' equity (deficit)		
Share capital (Note 7)	26,011,577	25,997,327
Equity component of convertible debenture (Note 6)	1,234,733	1,234,733
Contributed surplus (Note 7)	2,959,202	2,764,452
Deficit	(24,802,946)	(23,671,885)
	<u>5,402,566</u>	<u>6,324,627</u>
	<u>\$ 15,255,479</u>	<u>\$ 15,781,314</u>
Nature and continuance of operations (Note 1)		
Commitments and contingencies (Note 11)		

Approved on behalf of the Board:

"Tom MacNeill" Director
Mr. Tom MacNeill (Signed)

"Andrew Davidson" Director
Mr. Andrew Davidson (Signed)

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three Months Ended Jun 30		Six Months Ended Jun 30	
	2022	2021	2022	2021
Operating Expenses				
Administration costs	\$ 163,895	\$ 68,089	\$ 313,586	\$ 142,322
Accretion expense	31,060	-	61,216	-
Professional fees (Note 11)	32,674	29,444	42,477	30,520
Public company costs	10,338	11,471	23,134	22,976
Trade shows, travel and promotion	55,815	95,550	92,946	255,045
Net Loss from operating expenses	293,782	204,554	533,359	450,862
Depreciation	-	17,422	2,894	34,844
Share-based payments (Note 8)	-	81,600	201,500	81,600
Net Loss before other items	(293,782)	(303,576)	(737,753)	(567,306)
Other items				
Other income – settlement of flow-through premium Liability (Note 11)	-	73,109	-	136,367
Unrealized (loss) gain on investments (Note 3)	(13,649)	(25,075)	(13,649)	11,500
Interest expense	(191,731)	-	(379,659)	-
Comprehensive loss for the period	\$(499,162)	\$(255,542)	\$(1,131,061)	\$(419,440)
Loss per share – basic and diluted (Note 10)	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)
Weighted average number of shares – basic and diluted (Note 10)	136,586,901	125,206,109	136,542,150	125,134,286

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Share	Capital	Equity	Contributed surplus			
	Shares	Amount	component of convertible debenture	Share-based payments	Warrant reserve	Deficit	Total
Balance, December 31, 2020	121,873,234	24,162,533	448,116	2,293,801	13,550	(22,304,723)	4,613,277
Share issuance – warrants exercised	7,268,667	736,867	-	-	-	-	736,867
Share issuance – stock options exercised	845,000	179,499	-	(47,999)	-	-	131,500
Share-based payments	-	-	-	81,600	-	-	81,600
Loss for the period	-	-	-	-	-	(419,440)	(419,440)
Balance, June 30, 2021	129,986,901	25,078,899	448,116	2,327,402	13,550	(22,724,163)	5,143,804
Balance, December 31, 2021	136,436,901	\$25,997,327	\$1,234,733	\$2,750,902	\$13,550	\$(23,671,885)	\$ 6,324,627
Share issuance – stock options exercised	150,000	14,250	-	(6,750)	-	-	7,500
Share-based payments	-	-	-	201,500	-	-	201,500
Loss for the period	-	-	-	-	-	(1,131,061)	(1,131,061)
Balance, June 30, 2022	136,586,901	\$26,011,577	\$1,234,733	\$2,945,652	\$13,550	\$(24,802,946)	\$ 5,402,566

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the six months ended June 30	2022	2021
Cash flows from operating activities		
Loss for the period	\$ (1,131,061)	\$ (419,440)
Adjustment for:		
Depreciation	2,894	34,844
Accretion expense	61,216	-
Interest expense	379,629	-
Unrealized loss (gain) on investments	13,649	(11,500)
Share-based payments	201,500	81,600
Other income – settlement of flow-through premium liability	-	(136,367)
	<u>(472,173)</u>	<u>(777,263)</u>
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	(68,389)	4,862
Decrease (increase) in prepaid expense	23,284	163,383
Increase (decrease) in accounts payable and accrued liabilities and long-term liabilities	(136,177)	(526,237)
	<u>(653,455)</u>	<u>(808,855)</u>
Cash flows from investing activities		
Purchase property and equipment	(2,500)	(294,446)
Exploration and evaluation expenditures, net of tax credit	(234,828)	(1,084,054)
Increase in reclamation bonds	-	(6,000)
	<u>(237,328)</u>	<u>(1,384,500)</u>
Cash flows from financing activities		
Proceeds from shares issued – warrants exercised	-	736,867
Proceeds from shares issued – stock options exercised	7,500	131,500
Debenture repayment	-	(800,000)
	<u>7,500</u>	<u>68,367</u>
Increase (decrease) in cash and cash equivalents	(883,283)	(2,124,988)
Cash and cash equivalents, beginning of period	<u>1,352,859</u>	<u>4,229,826</u>
Cash and cash equivalents, end of period	\$ 469,576	\$ 2,104,838

The Company made no cash payments for income taxes or interest.
The Company received cash payments of \$nil (2021 - \$nil) for interest in the period.
See Note 13 Supplemental Cash Flow Information.

June 30, 2022 and 2021

1. Nature and Continuance of Operations

Omineca Mining and Metals Ltd. (the "Company", "OMM" or "Omineca") was incorporated on March 15, 2011, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia. The Company is a junior resource company holding properties in British Columbia and the Yukon for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced production on any of its mining properties the Company is an exploration stage company. The ultimate parent company is 49 North Resources Inc., who owns 32.44% of the share capital of the Company and is the ultimate controlling party.

The Company's corporate office and principal place of business is Suite 602, 224-4th Avenue South, Saskatoon, Saskatchewan, Canada.

Management believes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. Since 2020, there has been a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations. These material uncertainties cast a substantial doubt regarding the Company's ability to continue as a going concern. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Preparation

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on August 26, 2022.

(b) Basis of Measurement

These audited consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI") which are stated at their fair value. In addition, these audited consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

June 30, 2022 and 2021

3. Current Investments

The Company holds securities that have been designated as FVTPL as follows:

	June 30, 2022		December 31, 2021	
	Fair Value	Cost	Fair Value	Cost
Current:				
Common shares in public companies	\$ 22,620	\$ 56,597	\$ 36,269	\$ 56,597

For securities traded in an active market, fair value is based on the quoted closing bid prices of the securities at June 30, 2022 and December 31, 2021. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

The Company recorded unrealized loss of \$13,649 (2021 – gain of \$11,500) in the period.

4. Property and Equipment

Cost	Excavation Equipment	Furniture Fixtures & Equipment	Vehicles	Total
Balance at December 31, 2020	\$267,803	\$ 37,158	\$17,850	\$322,811
Additions	294,445	5,394	-	229,839
Balance at December 31, 2021	562,248	42,552	17,850	622,650
Additions	-	2,500	-	2,500
Balance at June 30, 2022	\$562,248	\$ 45,052	\$17,850	\$625,150
Accumulated Depreciation				
Balance at December 31, 2020	\$164,388	\$ 2,977	\$17,531	\$184,896
Depreciation	106,645	10,240	96	116,981
Balance at December 31, 2021	271,033	13,217	17,627	301,877
Depreciation	31,690	3,683	223	35,596
Balance at June 30, 2022	\$302,723	\$ 16,900	\$17,850	\$337,472
Carrying Value				
At December 31, 2021	\$291,215	\$ 29,335	\$ 223	\$320,773
At June 30, 2022	\$259,525	\$ 28,152	\$ -	\$287,677

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5. Exploration and Evaluation Assets

The Company has classified its exploration and evaluation properties into two geographical locations, namely British Columbia and the Yukon. The following is a summary of the properties:

	British Columbia				Yukon	Total
	Abo	Fraser Canyon	Mouse Mountain	Wingdam	Kiwi	
December 31, 2020	\$1	\$ 67,689	\$129,000	\$9,850,855	\$ 1	\$10,047,546
Acquisition and renewal	-	59,053	-	145,065	-	204,118
Exploration costs	-	-	371,992	2,483,437	-	2,855,429
Accretion & interest (Note 7)	-	-	-	622,231	-	622,231
Depreciation	-	-	-	105,546	-	105,546
BC METC refund	-	-	-	(171,133)	-	(171,133)
December 31, 2021	1	126,742	500,992	13,036,001	1	13,663,737
Acquisition and renewal	-	25,717	1,243	5,682	-	32,642
Exploration costs	-	-	-	293,742	-	293,742
Depreciation	-	-	-	32,702	-	32,702
June 30, 2022	\$1	\$152,459	\$502,235	\$13,368,127	\$1	\$14,022,823

2022	Wingdam	Mouse Mountain	Total
Tenure and permits	\$ 1,323	\$ -	\$ 1,323
Analytical	9,858	-	9,858
Environmental	14,257	-	14,257
Geological	136,455	-	136,455
Personnel	25,000	-	25,000
Travel and accommodation	19,402	-	19,402
Equipment rental and other	87,447	-	87,447
	\$ 293,742	\$ -	\$ 293,742

2021	Wingdam	Mouse Mountain	Total
Tenure and permits	\$ 1,323	-	\$ 1,323
Analytical	250,700	25,312	276,012
Drilling	484,630	196,648	681,278
Environmental	4,185	-	4,185
Geophysical	323,614	-	323,614
Geological	292,538	123,220	415,758
Personnel	78,798	-	78,798
Travel and accommodation	107,380	2,375	109,755
Equipment rental and other	136,663	19,437	156,100
	\$ 1,679,831	\$ 366,992	\$ 2,046,823

June 30, 2022 and 2021

5. Exploration and Evaluation Assets – continued

As at June 30, 2022, the Company has executed option agreements with third parties on the following projects:

BC Projects

Wingdam Project

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the “Wingdam Project”) in the province of British Columbia. As part of the option agreement, CVG paid \$2,500,000 and consequently owns 100% of the mineral rights on property, subject to a 1% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$1,000,000. This property is collateralized for the convertible debenture (note 6).

The Wingdam project is currently permitted under a BC Ministry of Natural Resource Operations permit and a BC Ministry of Environment Effluent Discharge permit, and has been under care and maintenance since September 25, 2012. On January 21, 2015 the Company received an amendment to its Wingdam Project Mines Act permit from the BC Ministry Of Energy and Mines.

In February 2019, the Company entered into a Letter of Agreement whereby an arm’s length private company (the “Partner”) will earn a 50% interest in the Wingdam Project in exchange for incurring 100% of the preparatory costs required to commence an initial 300 meter bulk sample at the property. The Company and the Partner will enter into a definitive joint venture agreement in due course, which will be subject to regulatory acceptance.

In March 2021, the Company entered into a Purchase and Sale Agreement to purchase certain properties (including lands and leases) for exploration activities. As part of the consideration, OMM is to make purchase price of \$125,000, payable as follows:

- i. \$50,000 payable on signing (paid);
- ii. \$50,000 payable on the one-year anniversary of signing (paid subsequent to year end); and
- iii. \$25,000 payable on the second-year anniversary of signing.

Fraser Canyon Project

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the “Fraser Canyon Project”) in the province of British Columbia. As part of the option agreement, CVG paid \$30,000 and consequently owns 100% of the mineral rights of the property, subject to a 2.5% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$250,000.

Mouse Mountain Project

The Company entered into an option agreement to acquire a 50% interest in the project in the province of British Columbia. As part of the option agreement, The Company issued 300,000 and is required to drill 2,000 meters on the project. As at December 31, 2021, the Company completed its drilling and has earned its 50% interest in the project.

6. Convertible Debenture

The Company has a convertible debenture with 49 North Resources Inc. The debenture was amended on September 19, 2016 extending the maturity by three years to October 1, 2021 (previously October 1, 2018). In the event commercial production has not been achieved for an aggregate period of 24 months, at the maturity date this debenture will automatically renew for an additional term of 5 years.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

June 30, 2022 and 2021

6. Convertible Debenture - continued

Under the Amended Debenture, 49 North can convert the principal amount into common shares of Omineca at a conversion price of \$0.20 per common share prior to October 1, 2017; \$0.50 per common share on or after October 1, 2017 but prior to October 1, 2018; and \$0.75 per common share on or after October 1, 2018 (previously \$1.25 after October 1, 2015). The debenture bears interest of 8% per annum, calculated and compounded monthly and is payable upon maturity at October 1, 2021. Accrued interest on the Amended Debenture is also convertible at a conversion price equal to the greater of the minimum price per common share permitted by the TSXV and the prevailing conversion price applicable to the principal amount at the time of conversion.

The change in terms of the debt resulted in less than a 10% change in cash flows, therefore it was considered a modification of the original debt, rather than an extinguishment of the old debt and the recognition of a new debt.

Payments against principal and interest shall be payable in the event ore sales are generated. The Company's wholly owned subsidiary, CVG Mining Ltd., has guaranteed the debenture and grants to 49 North Resources Inc. a fixed and specific first ranking mortgage, assignment and charge in the Wingdam property.

The convertible debenture has been classified into its separate debenture liability and equity portions in the Company's consolidated financial statements by the fair value method using an effective interest of 9.76% when valuing the liability first. This resulted in an initial amount of \$5,019,984 being allocated to the liability portion and \$303,244 being allocated to the equity portion. The carrying value of the debenture will be accreted up to its face value over the term to maturity.

As commercial production has not commenced, the maturity date had been extended in October 2021 for five years and the balance remains in long-term liabilities. The convertible debenture is valued by the fair value method using an effective interest of 11.88% on renewal date and the new carrying valuing of the convertible debt is accreted up to its face value over the term of the new maturity. On renewal date, \$786,617 was allocated to the equity portion using Black-Scholes Option pricing model. Assumptions used in the pricing model for the year are as follows: share price on renewal date of \$0.17, risk-free interest rate of 1.13%, expected life of 5 years, annualized volatility 116.78% determined by reference to the Company's historical trading prices, and dividend rate of nil.

	June 30 2022	December 31 2021
Original face value of convertible debenture	\$5,400,000	\$5,400,000
Less: equity portion of convertible debenture	(144,872)	(144,872)
Add: accretion	68,100	68,100
Carrying amount of convertible debenture at amendment date	5,323,228	5,323,228
Less: equity portion of amended convertible debenture	(1,089,861)	(1,089,861)
Add: accretion	470,509	409,293
Add: accrued interest	5,343,516	4,963,887
Less: repayments	(1,034,657)	(1,034,657)
	\$9,012,735	\$8,571,890
	Six months ended June 30, 2022	2021
Accretion expense	\$ 61,216	\$ 45,130
Accrued interest	379,629	373,211
	\$ 440,845	\$ 418,340
Amounts Capitalized to exploration and evaluation assets	\$ -	\$ 418,340
Amounts expensed in profit and loss	440,845	-
	\$ 440,845	\$ 418,340

June 30, 2022 and 2021

7. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

At June 30, 2022, there were 136,586,901 (December 31, 2021 – 136,436,901) shares issued and outstanding. As at June 30, 2022, nil shares were escrowed.

On December 29, 2021, the Company closed a non-brokered private placement, selling 6,250,000 flow-through units at a price of \$0.16 per unit for gross proceeds of \$1,000,000. Each unit consisted of a flow-through common share and one half of one non-flow-through common share purchase warrant, each whole warrant exercisable at \$0.24 for a 24 month period, subject to early expiry if, the daily volume weighted average trading price exceeds \$0.30 for five consecutive trading days. A finder's fee of \$59,500 cash was paid to a third party and 371,875 broker warrants were issued and the Company incurred other share issue costs of \$14,472, in total. Each broker warrant is exercisable at \$0.16 for a 24 month period.

c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants (the "Option Plan"). Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at June 30, 2022 and December 31, 2021, the Company has the following stock options activities:

Total issued and outstanding	Number of Options	Exercise Price per Share Range	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2020	10,425,000	\$ 0.05 - \$0.33	\$ 0.15	5.18 years
Granted	400,000	0.25	0.25	
Granted	2,100,000	0.25	0.25	
Exercised	(250,000)	0.05	0.05	
Exercised	(595,000)	0.20	0.20	
Expired	(130,000)	0.20	0.20	
Balance, December 31, 2021	11,950,000	0.05 - 0.33	0.17	4.49 years
Granted	1,300,000	0.20	0.20	
Expired	(150,000)	0.05	0.05	
Balance, June 30, 2022	13,100,000	\$ 0.05 - \$0.33	\$ 0.17	3.98 years

The weighted average share price on the date of exercises was \$0.165 (2021 – \$0.31).

June 30, 2022 and 2021

7. Equity Instruments – continued

c) Stock Option Plan - continued

As at June 30, 2022, the following table summarizes information about stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date	Number of Options Currently Exercisable
3,600,000	\$ 0.05	May 15, 2028	3,600,000
2,550,000	\$ 0.08	May 3, 2024	2,550,000
400,000	\$ 0.25	May 31, 2026	400,000
2,100,000	\$ 0.25	July 26, 2026	2,100,000
3,150,000	\$ 0.33	December 11, 2025	3,150,000
1,300,000	\$0.20	January 13, 2027	1,300,000
13,100,000			13,100,000

d) Compensation expense for share options

During the period ended June 30, 2022, \$201,500 (December 31, 2021 - \$457,500) was recorded as share-based payments for options granted and vested in the period. Share-based payments are determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period, which all options vested immediately when granted.

On May 31, 2021, the board of directors of the Corporation approved the grant of 400,000 stock options pursuant to the Option Plan. All of the options granted were to consultants. The options are exercisable at \$0.25 per share, vest immediately and, if not exercised, expire May 31, 2026, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on May 31, 2021, using the Black-Scholes option pricing model, was \$81,600 (\$0.204 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: share price on grant date of \$0.24, risk-free interest rate of 1.30%, expected life of 5 years, annualized volatility 128.34% determined by reference to the Company's historical trading prices, and dividend rate of nil.

On July 26, 2021, the board of directors of the Corporation approved the grant of 2,100,000 stock options pursuant to the Option Plan. 1,000,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at \$0.25 per share, vest immediately and, if not exercised, expire July 26, 2026, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on July 26, 2021, using the Black-Scholes option pricing model, was \$375,900 (\$0.179 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: share price on grant date of \$0.215, risk-free interest rate of 1.11%, expected life of 5 years, annualized volatility 126.04% determined by reference to the Company's historical trading prices, and dividend rate of nil.

On January 13, 2022, the board of directors of the Corporation approved the grant of 1,300,000 stock options pursuant to the Option Plan. 300,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at \$0.20 per share, vest immediately and, if not exercised, expire January 13, 2027, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on January 13, 2022, using the Black-Scholes option pricing model, was \$201,500 (\$0.155 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: share price on grant date of \$0.305, risk-free interest rate of 1.63%, expected life of 5 years, annualized volatility 125.39% determined by reference to the Company's historical trading prices, and dividend rate of nil.

OMINECA MINING AND METALS LTD.
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7. Equity Instruments – continued

(e) Warrants outstanding

As at June 30, 2022, the Company has the following warrants outstanding:

Total issued and outstanding	Number of Warrants	Exercise Price per Share Range	Weighted Average Remaining Life
Balance, December 31, 2020	29,467,091	\$ 0.21	1.16 years
Issued	3,125,000	0.24	
Exercised	(7,468,667)	0.10 – 0.20	
Exercised	(1,333,333)	0.20	
Balance, December 31, 2021 and June 30, 2022	23,790,091	\$ 0.27	0.79 years and 1.28 years

In the period, the expiry dates on 5,216,665 and 7,782,667 warrants were extended to April 27, 2023 and May 21, 2023 respectively.

(f) Agent options outstanding

As at June 30, 2022, the Company has the following agent options outstanding:

Total issued and outstanding	Number of Options	Exercise Price per Share Range	Weighted Average Remaining Life
Balance, December 31, 2020, 2021 and June 30, 2022	1,204,873	\$ 0.28	1.90, 0.90 years and 0.41 years

The value of the agent options issued on November 25, 2020, using the Black-Scholes option pricing model, was \$482,000, which was allocated to contributed surplus and an increase in share issue costs. Weighted average assumptions used in the pricing model for the year are as follows: share price on grant date of \$0.29, risk-free interest rate of 0.26%, expected life of 2 years, annualized volatility 248.36% determined by reference to the Company's historical trading prices, and dividend rate of nil.

(g) Broker warrants outstanding

As at June 30, 2022, the Company has the following agent options outstanding:

Total issued and outstanding	Number of Warrants	Exercise Price per Share Range	Weighted Average Remaining Life
Balance, December 31, 2020	-	\$ -	-
Issued	371,875	0.16	
Balance, December 31, 2021 and June 30, 2022	371,875	\$ 0.16	1.99 years and 1.50 years

The value of the broker warrants issued on December 29, 2021, using the Black-Scholes option pricing model, was \$47,600, which was allocated to contributed surplus and an increase in share issue costs. Weighted average assumptions used in the pricing model for the year are as follows: share price on grant date of \$0.16, risk-free interest rate of 0.95%, expected life of 2 years, annualized volatility 110.96% determined by reference to the Company's historical trading prices, and dividend rate of nil.

8. Income Taxes

Non-capital losses available at December 31, 2021 can be carried forward twenty years, and begin to expire in 2028. As at December 31, 2021, the Company has estimated non-capital tax losses of \$8,233,000 (2020 - \$6,557,000).

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9. Per Share Amounts

The calculation of per share amounts are based on the weighted average number of shares outstanding during the year period ended June 30, 2022 of 136,496,901 (2021 – 125,134,286) shares.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding has an anti-dilutive effect for the periods ended June 30, 2022 and 2021.

10. Related Party Transactions

The Company was involved in the following related party transactions during the period:

- (a) The Company has a convertible debenture with accrued interest with 49 North Resources Inc. During the period ended June 30, 2022 the Company accrued \$379,629 (2021 - \$373,211) in interest expense and \$61,216 (2021 - \$45,130) in accretion expense. Of these amounts \$nil (2021 - \$418,341) have been capitalized as part of exploration and evaluation assets and the remaining \$440,845 (2021 - \$nil) have been expensed.
- (b) During the period ended June 30, 2022, the Company incurred rent of \$24,000 (2021 - \$12,000), which is included in administration costs. At June 30, 2022, \$80,290 (December 31, 2021 - \$73,844) is included in accounts receivable from a company with a common parent company.

Compensation to key management personnel in the Six month periods end June 30:

	<u>2022</u>	<u>2021</u>
Consulting and management fees	\$ 180,000	\$ 60,000
Share-based payments	<u>46,500</u>	<u>-</u>
	<u>\$ 226,500</u>	<u>\$ 60,000</u>

- (c) Included in administration costs is \$120,000 (2021 - \$30,000) paid or accrued for consulting fees to a company controlled by a director and officer of the Company.
- (d) Included in administration costs is \$60,000 (2021 - \$30,000) paid or accrued for consulting fees to a company controlled by a director and officer of the Company.
- (e) The Company granted 300,000 (2021 – 1,000,000) options in the year to directors and officers of the Company and recorded share-based payments of \$46,500 (2021 – \$107,400). The options are exercisable at \$0.20 (2021 - \$0.25) and expire January 13, 2027 (2021 - July 26, 2026).

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

The amounts owed and owing are unsecured, non-interest bearing, with no fixed terms of repayment.

June 30, 2022 and 2021

11. Commitments and Contingencies

The Company has \$90,000 (2021 - \$90,000) held as project reclamation deposits in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such an indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

During the year ended December 31, 2021, the Company closed a flow-through financing and recorded a premium received on flow-through shares in the amount of \$nil and is required to expend \$1,000,000 before December 31, 2022. As at June 30, 2022, the company is required to expend \$712,595 before December 31, 2022.

During the year ended December 31, 2020, the Company closed a flow-through financing and recorded a premium received on flow-through shares in the amount of \$176,530, which was recorded as a liability to be reversed to profit and loss as the eligible expenditures were incurred. As at December 31, 2021, the Company reduced the liability to \$nil (2020 - \$153,603) and recognized other income in the amount of \$153,603 (2020 - \$22,927) during the year ended December 31, 2021 and is required to expend \$nil (2020 - \$2,304,043) before December 31, 2022.

12. Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 469,576	\$ -	\$ -	\$ 469,576
Current Investments	\$ 22,620	\$ -	\$ -	\$ 22,620
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 1,352,859	\$ -	\$ -	\$ 1,352,859
Current Investments	\$ 36,269	\$ -	\$ -	\$ 36,269

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk, commodity price risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

June 30, 2022 and 2021

12. Financial Instruments – continued

a) Concentration risk

At June 30, 2022, all of the Company's cash and cash equivalents were held at two recognized Canadian national financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is \$81,200.

c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at June 30, 2022, the Company has no monetary assets or liabilities in foreign currencies.

d) Price risk

The Company's investments designated as FVTPL and are traded on the TSX Venture Exchange. A 1% change in the quoted share price would not significantly impact the fair value of the investments. The change would be recorded in profit or loss.

e) Commodity price risk

The value of the Company's exploration and evaluation resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

f) Liquidity risk

The Company has a working capital of \$335,225 at June 30, 2022 (December 31, 2021 - \$1,142,431) which is sufficient to meet long term business requirements when taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. Future operations or exploration programs will require additional financing primarily through equity markets, or through joint venture partnerships.

13. Supplemental Cash Flow Information

Non-cash investing and financing activities:

Included in exploration and evaluation assets are \$nil (2021 - \$622,231) in capitalized accretion and interest and \$nil (2021 - \$345,795) and \$nil (2021 - \$75,000) in acquisition costs in accounts payable and accrued liabilities.

During the period, the Company allocated \$6,750 (2021 - \$47,999) from contributed surplus to share capital upon the exercise of stock options.

During the period, the Company recognized \$nil (2021 - \$47,600) for the fair value of broker warrants issued.

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13. Supplemental Cash Flow Information - continued

Below is a reconciliation of liabilities arising from financing activities:

	December 31, 2021	Cash flows	Non-cash changes		June 30, 2022
			Revaluation Equity component	Accretion and accrued interest	
Convertible debentures	\$ 8,571,890	\$ -	\$ -	\$ 440,845	\$ 9,012,735

	December 31, 2020	Cash flows	Non-cash changes		December 31, 2021
			Revaluation Equity component	accretion and Accrued interest	
Convertible debentures	\$ 9,322,875	\$ (800,000)	\$ (786,617)	\$ 835,632	\$ 8,571,890

14. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, equity component of convertible debenture, contributed surplus, and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation properties. The Board of Directors does not establish 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.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2022 and the year ended December 31, 2021. The Company is not subject to externally imposed capital requirements.