Western Alaska Copper & Gold Company

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2021

(Expressed in US Dollars)

(Unaudited)

WESTERN ALASKA COPPER & GOLD COMPANY

Consolidated Statements of Financial Position
(Unaudited, Expressed in US Dollars)

	Note	September 30, 2021	December 31, 2020
		$	$
ASSETS			
Current assets			
Cash		426,264	52,181
		426,264	52,181
Non-current assets			
Exploration and evaluation property interests	4	14,224,138	5,274,721
Investment in joint venture	5, 7	-	3,563,523
Total assets		14,650,402	8,890,425
EQUITY AND LIABILITIES			
Current Liabilities			
Trade accounts payable	6, 7	708,762	70,727
Advances from shareholders	7	140,685	90,685
Loan payable	8	-	24,300
Promissory note – current portion	9	915,990	-
		1,765,437	185,712
Non-current liabilities			
Promissory Note	9	2,700,000	-
Total liabilities		4,465,437	185,712
Equity			
Share capital	10	11,354,886	9,187,590
Share option reserve	10	355,910	144,270
Deficit		(1,525,831)	(627,147)
Total equity		10,184,965	8,701,713
Total equity and liabilities		14,650,402	8,890,425

Nature of operations	1
Events after the reporting period	11

Approved by the Board of Directors:

"Kit Marrs"
Director

"Joan Marrs"
Director

WESTERN ALASKA COPPER & GOLD COMPANY

Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, Expressed in US Dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		$	$	$	$
Expenses					
Bank charges and interest		18,052	1,523	31,235	1,646
Consulting fees	10	-	-	400,500	-
Exploration		1,004	759	1,757	759
Office and sundry		22,236	6,792	126,149	29,502
Professional fees		61,986	6,247	90,116	6,336
Share-based compensation	10	-	-	236,000	-
Travel and promotion		8,973	3,578	29,026	36,223
Net loss		(112,251)	(18,898)	(914,783)	(74,466)
Gain on forgiveness of loan	8	24,300	-	24,300	-
Share of net loss of joint venture	5	-	-	(8,201)	-
Net loss and comprehensive loss for the period		(87,951)	(18,898)	(898,684)	(74,466)
Loss per share		(28.80)	(7.43)	(327.27)	(29.28)
Weighted average number of common shares outstanding		3,054	2,543	2,746	2,543

WESTERN ALASKA COPPER & GOLD COMPANY

Consolidated Statements of Cash Flows
(Unaudited, Expressed in US Dollars)

		Nine Months Ended	
	Note	September 30, 2021	September 30, 2020
		$	$
Cash provided by (used for):			
Operating activities			
Net loss for the period		(898,684)	(74,466)
Adjustments for non-cash items:			
Share-based compensation		236,000	-
Share of net loss of joint venture		8,201	21,423
Shares issued for consulting services		400,500	-
Gain on forgiveness of loan		(24,300)	-
Interest accrued		17,990	-
Changes in non-cash working capital components:			
Trade accounts payable		275,819	20,300
Advances from shareholders		50,000	-
Loan payable		-	24,300
Cash provided by (used in) operating activities		65,526	(8,443)
Investing activities			
Exploration and evaluation property interests		(2,307,293)	(69,978)
Investment in joint venture		(66,893)	(860,202)
Cash used in investing activities		(2,374,186)	(930,180)
Financing activities			
Issuance of common shares		2,911,500	897,000
Share issuance costs		(128,757)	(34,615)
Repayment of promissory note		(100,000)	-
Cash provided by financing activities		2,682,743	862,385
Net increase in cash during the period		374,083	(76,238)
Cash, beginning of period		52,181	254,978
Cash, end of period		426,264	178,740

Non-cash transactions:	**2021**	**2020**
	$	$
Exploration and evaluation assets in trade accounts payable	563,074	16,875
Exploration and evaluation assets in advances from shareholders	90,685	90,685
Share issue costs in trade accounts payable	23,307	-

WESTERN ALASKA COPPER & GOLD COMPANY
Consolidated Statements of Changes in Shareholders' Equity
As at September 30, 2021 and 2020
(Unaudited, Expressed in US Dollars)

	Common Shares				
	Number	Amount	Share Option Reserve	Deficit	Total Equity
		$	$	$	$
January 1, 2020	2,402	8,317,665	151,810	(462,016)	8,007,459
Private placements	129	838,500	-	-	838,500
Exercise of stock options	13	66,040	(7,540)	-	58,500
Costs of share issuances	-	(34,615)	-	-	(34,615)
Comprehensive loss for the period	-	-	-	(74,466)	(74,466)
September 30, 2020	2,544	9,187,590	144,270	(536,482)	8,795,378
January 1, 2021	2,544	9,187,500	144,270	(627,147)	8,704,713
Private placements	605	2,722,500			2,722,500
Shares issued for consulting services	89	400,500			400,500
Exercise of stock options	42	213,360	(24,360)		189,000
Shares issued per Stock Purchase Agreement (Note 4)	120	540,000			540,000
Shares canceled in wind up of JV Operating Agreement (Note 5)	(346)	(1,557,000)			(1,557,000)
Costs of share issuances		(152,064)			(152,064)
Share-based compensation			236,000		236,000
Comprehensive loss for the period				(898,684)	(922,984)
September 30, 2021	3,054	11,354,886	355,910	(1,525,831)	10,160,665

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated in Alaska, USA on June 15, 2010 and is in the business of pursuing and developing property interests that are considered to be sites of potential economic mineralization. The Company's registered office is PO Box 881, Talkeetna, Alaska, 99676.

The mineral exploration business involves, by its nature, a high degree of risk. There can be no assurance that exploration projects will result in valuable mineral discoveries or profitable mining operations. Additionally, there can be no assurance that a mining operation will achieve profitability once it commences operation.

At September 30, 2021, the Company had a working capital deficiency of $1,839,173 (December 31, 2020 – $133,531). The Company has no source of operating revenue and has incurred losses since inception aggregating $1,550,131. The Company has and will continue to raise additional equity financing to meet future exploration expenditures and general working capital requirements. The Company's continued operations are dependent upon its ability to raise the necessary funds through debt or equity issues, or the sale of assets, on terms which are commercially acceptable to the Company. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

The Company prepares their annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS 34).

Basis of preparation

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements however they do not contain all of the disclosures found in annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual financial statements. On November 29, 2021, the Board of Directors approved these financial statements for issuance.

The financial statements at September 30, 2021 include the accounts of the Company's wholly-owned subsidiary, Piek Inc., acquired on March 31, 2021. All intercompany balances have been eliminated on consolidation. Refer to Note 4.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting standards adopted during the period

There were no accounting standards adopted during the period that would have resulted in any significant differences in the condensed interim consolidated financial statements.

Accounting standards issued but not yet effective

IAS 1 – Presentation of Financial Statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2022. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

(Unaudited, Expressed in US Dollars)

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Schedule of cumulative exploration and evaluation property costs:

	Note	Round Top Property	Honker Property	Illinois Creek Mine	Total
		$	$	$	$
December 31, 2020		**5,008,221**	**266,500**	**-**	**5,274,721**
Acquisition costs	4	-	-	4,238,000	4,238,000
Claim maintenance		150	-	25,875	26,025
DNR permit fees		1,930	3,050	4,980	9,960
Assays		-	-	96,302	96,302
Camp food, supplies & accommodations		-	-	88,754	88,754
Camp labor/payroll costs		-	-	470,666	470,666
Consultant fees		-	-	57,119	57,119
Drilling		-	-	733,222	733,222
Equipment		11,240	-	380,995	392,235
Fixed wing & fuel		-	-	362,313	362,313
Helicopter & fuel		-	-	150,024	150,024
Travel		-	-	33,631	33,631
River access		-	-	182,449	182,449
Other field expenses		48	-	43,454	43,502
Reclassification of joint venture exploration costs	5	-	-	1,373,215	1,373,215
Reclassification of share consideration	5	-	-	692,000	692,000
September 30, 2021		**5,021,589**	**269,550**	**8,932,999**	**14,224,138**

Round Top Property, Alaska

The Round Top Property consists of 102 state mineral claims, owned 100% by the Company, located in the Mount McKinley and Nulato mining districts of Alaska.

Of the 102 claims comprising this property, 92 were staked prior to the incorporation of the Company. Upon incorporation, these claims were transferred into the Company at a fair value of $101,271 in exchange for 821 of the initial 1,000 founders' shares. The fair value of the shares was based upon the reimbursement of the historical exploration and evaluation costs incurred by the Company's two founding shareholders prior to incorporation.

Honker Property, Alaska

The Honker Property consists of 24 state mineral claims, owned 100% by the Company, located in the Mount McKinley mining district of Alaska.

Of the 24 claims comprising this property, 20 were staked prior to the incorporation of the Company. Upon incorporation, these claims were transferred into the Company at a fair value of $22,016 in exchange for 179 of the initial 1,000 founders' shares. The fair value of the shares was based upon the reimbursement of the historical exploration and evaluation costs incurred by the Company's two founding shareholders prior to incorporation.

(Unaudited, Expressed in US Dollars)

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS *(continued)*

Illinois Creek Mine Project, Alaska

On March 31, 2021, the Company and one of its shareholders, Joe Piekenbrock, entered into a stock purchase agreement (the "Agreement"), whereby the Company acquired 100% of the issued and outstanding common shares of an Alaska private company, Piek Incorporated ("Piek"), in exchange for 120 common shares of the Company (valued at $540,000) and $3,698,000 payable by the issuance of a promissory note. See Note 9.

Piek is the sole owner of 62 state mineral claims, known as the Illinois Creek Mine Project, located in the Mount McKinley mining district of Alaska.

The Company has had an effective interest in this property since 2018. See Note 5.

5. INVESTMENT IN JOINT VENTURE

On October 17, 2018, the Company and Joe Piekenbrock (at the time, the sole shareholder of Piek) entered into an Operating Agreement (the "Operating Agreement") to form the Illinois Creek Joint Venture, LLC (the "JV"). Pursuant to the JV Operating Agreement, the Company issued and contributed to the JV 346 of its common shares (valued at $2,249,000), and Joe Piekenbrock contributed, to the JV, 30% of his outstanding common shares. The Company and Joe Piekenbrock each had a 50% working interest in the JV. The business purpose of the JV was to advance exploration work in respect to the Illinois Creek Mine Project.

On March 31, 2021, the Company and Joe Piekenbrock agreed to wind up the JV and the previously contributed common shares of the Company and Piek were returned to each party. The Company retained the tax attributes of the expenditures it funded via the JV.

For accounting and future presentation purposes, the Company reclassified its residual March 31, 2021 balance of Investment in joint venture to Exploration and evaluation property interests in the context of maintaining the continuity of its economic interest in the Illinois Creek Mine Project, as described in Note 4.

A summary of the changes in the carrying value of the Company's investment in joint venture is presented below:

	$
December 31, 2019	**2,680,029**
Cash contributions	911,788
Share of net loss of joint venture	(28,294)
December 31, 2020	**3,563,523**
Cash contributions	66,893
Share of net loss of joint venture	(8,201)
Cancellation of common shares issued under the Operating Agreement	(1,557,000)
Reclassification of share consideration under the Operating Agreement *	(692,000)
Reclassification of joint venture exploration costs	(1,373,215)
March 31, 2021 (date of dissolution of JV)	**-**

* *$2,000 per share of the Company's initial 346 share contribution to the joint venture was in excess of the per share amount applicable to the March 31, 2021 issuance and concurrent cancellation of shares in connection with the acquisition of the Illinois Creek Mine Project. This amount has therefore been reclassified within exploration and evaluation assets.*

(Unaudited, Expressed in US Dollars)

5. INVESTMENT IN JOINT VENTURE *(continued)*

The following are the expenses of the joint venture for the period from January 1, 2021 up to March 31, 2021 (the date of dissolution of the JV), and January 1, 2020 to September 30, 2020:

	Nine Months Ended September 30, 2021	2020
	$	$
Accounting fees	-	-
Bank charges	7	-
Travel expenses	-	-
Payroll expenses	5,155	-
Miscellaneous expenses	11,240	-
Joint venture net loss	16,402	-
Net loss allocation:		
The Company	8,201	-
Joe Piekenbrock	8,201	-
	16,402	-

The continuity of the exploration costs incurred by the JV during the first quarter of fiscal 2021, reclassified to exploration and evaluation property interests upon the dissolution of the JV, is as follows:

	Illinois Creek Mine
	$
December 31, 2020 *	**1,314,523**
Assays	10,537
Camp labor/payroll costs	20,804
Consultants' fees	20,971
Equipment	580
Other field expenses	5,800
March 31, 2021	**1,373,215**

** The Company's net investment in the JV at December 31, 2020 comprised this figure plus the estimated fair value of its common shares contributed to the JV ($2,249,000).*

6. TRADE ACCOUNTS PAYABLE

	September 30, 2021	**December 31, 2020**
	$	$
Financial liabilities		
Trade accounts payable	708,762	70,727

All amounts are short term. The carrying value of trade accounts payable is considered a reasonable approximation of fair value.

(Unaudited, Expressed in US Dollars)

7. RELATED PARTY DISCLOSURES

Relationships	**Nature of the relationship**
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Directors, and the Chief Financial Officer.

Joe Piekenbrock, principal of both Piek and Piek Exploration LLC, entered into a Consulting Services Agreement (the "Services Agreement") with the Company on January 6, 2019. In accordance with the terms of the Services Agreement, the Company will pay Joe Piekenbrock $11,250 per month. The Service Agreement was in effect until December 31, 2019, at which time it was extended on a month-to-month basis. The Company did not pay any amounts in respect of this agreement during the period ended September 30, 2021 (2020 - $16,875).

During the period ended September 30, 2021, the Company incurred share based compensation to key management of $194,173 (2020 - $nil).

As at September 30, 2021, there was $119,250 (December 31, 2020 - $61,875) included in trade accounts payable owing to an officer and a director of the Company. This amount is non-interest bearing and has no specific terms of repayment.

As at September 30, 2021, the Company had received advances of $140,685 from officers and directors of the Company (December 31, 2020 - $90,685). This amount is non-interest bearing and has no specific terms of repayment.

8. LOAN PAYABLE

On April 29, 2020, the Company entered into a promissory note (the "Note") for the principal amount of $24,300. The Note charges interest at 1.0% per annum, and matures two years from the date of first disbursement of the Note. The Note is repayable in 18 monthly instalments of $1,368, beginning on November 29, 2020. All subsequent monthly instalments are due on the same day of each month thereafter.

The Company may apply for forgiveness of the Note amount in an amount equal to the sum of the following costs incurred by the Company during the eight-week period beginning on the date of the first disbursement of the Note:

- Payroll costs;
- Any payment of mortgage of interest on a covered mortgage obligation;
- Any payment on a covered rent obligation; and/or
- Any covered utility payment.

During the nine months ended September 30, 2021, the Company applied for and was granted forgiveness of the Note in entirety.

9. PROMISSORY NOTE

In accordance with the Agreement described in Note 4, the Company issued a promissory note of $3,698,000. The promissory note will accrue interest at 2.0% per annum.

The Company will make payments under the promissory note as follows:

(i) $100,000, together with accrued interest, on the earlier of the closing of the Company's financing round to be commenced in April 2021, and the first anniversary of the promissory note (*paid during the period ended June 30, 2021*);
(ii) $398,000, together with accrued interest, on the earlier of the next private or public financing after the round to be commenced in April 2021, and the first anniversary of the promissory note;
(iii) $500,000 due on first anniversary of the promissory note and $1.5 million is due May 31, 2023; and
(iv) The outstanding principal balance, together with accrued interest, on the third anniversary of the promissory note.

10. EQUITY

a) Share capital

At September 30, 2021, the authorized share capital consists of 10,000,000 Series A common shares with a par value per share of $1.

Fiscal 2021

On March 31, 2021, the Company issued 120 common shares in accordance with the Agreement described in Note 4. These shares were valued upon issuance at $540,000.

Also on March 31, 2021, the Company canceled the previously issued 346 common shares issued in accordance with Operating Agreement described in Note 5.

On May 26, 2021, the Company issued, by private placement, an aggregate of 605 common shares for gross proceeds of $2,722,500, and incurred share issue costs of $152,064.

Also on May 26, 2021, the Company issued 89 common shares pursuant to an engagement agreement for consulting services. These shares were valued upon issuance at $400,500, and have been recognized as a consulting expense on the statement of loss and comprehensive loss.

During the period ended September 30, 2021, the Company also issued, by way of stock options exercised, and aggregate of 42 common shares for gross proceeds of $189,000. Share based compensation of $24,360 was reclassified from Share option reserve to Share capital.

Fiscal 2020

During the period ended June 30, 2020, the Company issued, by private placement, an aggregate of 56 common shares for gross proceeds of $364,000, and incurred share issue costs of $34,615.

During the period ended June 30, 2020, the Company also issued, by way of stock options exercised, and aggregate of 13 common shares for gross proceeds of $58,500. Share based compensation of $7,540 was reclassified from Share option reserve to Share capital.

b) Share purchase options

Fiscal 2021

On March 1, 2021, the Company granted stock options to acquire up to 77 common shares of the Company at a price of $4,500 per share with an exercise period of five years. The Company recognized share based compensation of $173,000.

On June 15, 2021, the Company granted stock options to acquire up to 70 common shares of the Company at a price of $4,500 per share with an exercise period of five years. The Company recognized share based compensation of $63,000.

Fiscal 2020

The Company did not grant any stock options during the period ended September 30, 2020.

Changes in these subjective input assumptions can materially affect the fair value estimates, and therefore management believes that the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options and warrants.

(Unaudited, Expressed in US Dollars)

10.* EQUITY *(continued)

b) Share purchase options *(continued)*

A summary of the status of the stock option plan as of June 30, 2021 and December 31, 2020 and changes during the periods then ended on those dates is presented below:

	September 30, 2021			December 31, 2020		
	Shares		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
Outstanding at beginning of period	188	$	5,601	206	$	5,505
Granted	147		4,500	-		-
Exercised	(42)		4,500	(13)		4,500
Expired	-		-	(5)		4,500
Options outstanding at end of period	293	$	5,206	188	$	5,601
Options exercisable at end of period	293	$	5,206	188	$	5,601
Weighted remaining life in years			3.05			1.99

At September 30, 2021, the Company has 293 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
30	$5,500	February 15, 2022
55	$5,500	July 31, 2022
61	$6,500	June 16, 2024
77	$4,500	March 1, 2026
70	$4,500	June 15, 2026
293		

The Company employed the Black-Scholes option-pricing model using the following assumptions:

	2021	**2020**
Risk free interest rate	0.97% - 0.99%	-
Expected life of options in years	5	-
Expected volatility	11.68% - 20.34%	-
Dividend per share	N/A	-
Forfeiture rate	0.00%	-

11. EVENTS AFTER THE REPORTING PERIOD

The Company completed a business combination with 1246779 BC Ltd. (“1246779 BC”), a reporting issuer in British Columbia and Alberta, which 1246779 BC acquired 100% of the Company’s issued and outstanding share capital in consideration for the issue of approximately 95% of the (post-transaction) common shares of 1246779 BC. This resulted in a reverse acquisition for legal and accounting purposes, with the Company considered to be the acquiring and continuing entity for reporting purposes, and 1246779 BC the entity being acquired. 1246779 BC has renamed to Western Alaska Minerals Corp and listed under TSXV under the symbol “WAM”.