



Coppernico Metals Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

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

Coppernico Metals Inc.

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

	As at June 30, 2022	As at December 31, 2021
Assets		
Current assets:		
Cash	\$ 820,341	\$ 2,965,269
Accounts receivable	33,842	20,175
Prepaid expenses and deposits	372,310	512,668
	1,226,493	3,498,112
Non-current assets:		
Equity investments (Note 5)	116,166	-
Mineral property interests (Note 3)	6,520,544	6,370,754
	6,636,710	6,370,754
Total assets	\$ 7,863,203	\$ 9,868,866
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 613,386	\$ 837,468
Non-current liabilities:		
Provision for equity share of losses (Note 5)	710	-
	710	-
Total liabilities	\$ 614,096	837,468
Equity:		
Share capital (Note 4)	13,288,433	13,288,433
Accumulated other comprehensive loss	(89,543)	(171,304)
Deficit	(5,949,783)	(4,085,731)
	7,249,107	9,031,398
Total equity	7,249,107	9,031,398
Total liabilities and equity	\$ 7,863,203	\$ 9,868,866

Going concern (Note 1(c)); Commitments (Note 5(a))

Approved on behalf of the Board of Directors:

"Ivan Bebek"

President, Chief Executive Officer and Director

"Jeffrey Mason"

Director

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

Coppernico Metals Inc.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Operating expenses:				
Exploration and evaluation	\$ 396,166	\$ 382,620	\$ 735,990	\$ 781,043
Fees, salaries and other employee benefits	211,573	193,321	409,961	398,685
Project investigation	154,368	1,148	180,876	21,525
Office and administration	85,802	69,540	156,074	133,421
Marketing and investor relations	63,299	43,706	126,351	75,789
Legal and professional	46,027	112,152	95,451	216,804
Regulatory and transfer agent	5,293	3,035	10,344	6,275
	962,528	805,522	1,715,047	1,633,542
Other expenses:				
Foreign exchange loss, net	10,302	6,922	12,973	11,611
Mineral property impairment	100,320	-	100,320	-
Net loss from equity investments (Note 5)	35,712	-	35,712	-
Loss for the period	\$ 1,108,862	\$ 812,444	\$ 1,864,052	\$ 1,645,153
Other comprehensive (income) loss				
Unrealized currency (income) loss on translation	(163,659)	55,157	(81,761)	111,113
Comprehensive loss for the period	\$ 945,203	\$ 867,601	\$ 1,782,291	\$ 1,756,266
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.01
Basic and diluted weighted average number of shares	112,340,434	112,340,434	112,340,434	112,340,434

Certain comparative figures have been reclassified in accordance with current year presentation.

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

Coppertino Metals Inc.

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

	Attributable to common shareholders of the Company				
	Number of common shares	Share capital	Other comprehensive loss	Deficit	Total
Balance at December 31, 2020	112,340,434	\$ 13,288,433	\$ (175,082)	\$ (892,426)	\$ 12,220,925
Other comprehensive loss	-	-	(111,113)	-	(111,113)
Net loss	-	-	-	(1,645,153)	(1,645,153)
Balance at June 30, 2021	112,340,434	\$ 13,288,433	\$ (286,195)	\$ (2,537,579)	\$ 10,464,659
Balance at December 31, 2021	112,340,434	\$ 13,288,433	\$ (171,304)	\$ (4,085,731)	\$ 9,031,398
Other comprehensive income	-	-	81,761	-	81,761
Net loss	-	-	-	(1,864,052)	(1,864,052)
Balance at June 30, 2022	112,340,434	\$ 13,288,433	\$ (89,543)	\$ (5,949,783)	\$ 7,249,107

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

Coppernico Metals Inc.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Operating activities:				
Loss for the period	\$ (1,108,862)	\$ (812,444)	\$ (1,864,052)	\$ (1,645,153)
Non-cash transactions:				
Unrealized foreign exchange (gain) loss	(22,181)	5,668	(25,202)	16,597
Mineral property impairment (Note 3)	100,320	-	100,320	-
Net loss from equity investments (Note 5)	35,712	-	35,712	-
Changes in non-cash working capital:				
Accounts receivable	(14,082)	(6,289)	(13,667)	(5,508)
Prepaid expenses and deposits	55,965	(469,553)	(8,524)	(488,241)
Accounts payable and accrued liabilities	(454,174)	(426,608)	(216,229)	(346,234)
Cash used in operating activities	(1,407,302)	(1,709,226)	(1,991,642)	(2,468,539)
Investing activities:				
Acquisition of investment (Note 5)	(1,000)	-	(1,000)	-
Deferred acquisition costs	-	(13,317)	-	(13,317)
Mineral property additions (Note 3)	-	(371,671)	(149,411)	(556,711)
Cash used in investing activities	(1,000)	(384,988)	(150,411)	(570,028)
Effect of foreign exchange on cash	(377)	12,998	(2,875)	10,001
Decrease in cash	(1,408,679)	(2,081,216)	(2,144,928)	(3,028,566)
Cash, beginning of the period	2,229,020	6,902,781	2,965,269	7,850,131
Cash, end of the period	\$ 820,341	\$ 4,821,565	\$ 820,341	\$ 4,821,565

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

Coppernico Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and six months ended June 30, 2022 and 2021

1. Business Overview

(a) Corporate information

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

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

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

These condensed consolidated interim financial statements were approved and authorized for issuance on August 12, 2022, by the Board of Directors.

(b) Nature of operations

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

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

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

(c) Going concern

As at June 30, 2022, the Company has net working capital of \$613,107 while it incurred a net loss of \$1,864,052 for the six months ended June 30, 2022. The Company has no operating revenue to date and no operating cash flow to support its activities. With no source of revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Coppernico’s ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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

These condensed consolidated interim financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Coppertino Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(d) Response to COVID-19

The situation in Canada and Peru with respect to the management of COVID-19 remains fluid and permitted activities are subject to change; the Company is continually reviewing the situation along with provincial and government guidelines and allowing work to be undertaken as long as it is confident that its employees and communities are safe to do so. The Company continues to monitor the situation and will respond appropriately.

2. Basis of presentation

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent audited consolidated financial statements for the year ended December 31, 2021, except for the following:

Equity investments

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

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

(b) Basis of measurement

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

(c) Basis of consolidation

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

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

Coppertino Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

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

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

All intercompany balances and transactions have been eliminated.

(d) Functional and presentation currency

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

(e) Critical accounting judgments and estimates

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

No new estimates and judgements were applied for the six months ended June 30, 2022.

3. Mineral property interests

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

	Sombrero	Takana	Total
Balance as at December 31, 2020	\$ 5,053,193	\$ -	\$ 5,053,193
Mineral property additions	1,104,496	222,016	1,326,512
Currency translation adjustment	(12,361)	3,410	(8,951)
Balance as at December 31, 2021	\$ 6,145,328	\$ 225,426	\$ 6,370,754
Mineral property additions	149,411	-	149,411
Mineral property impairment	(100,320)	-	(100,320)
Currency translation adjustment	99,596	1,103	100,699
Balance as at June 30, 2022	\$ 6,294,015	\$ 226,529	\$ 6,520,544

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

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

Coppernico Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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There have been no further developments regarding the Sombrero district (including the Sombrero project plus ancillary concessions) or the Takana district since the Company's most recent audited annual consolidated financial statements.

4. Share capital

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

(b) Common share issuances

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

5. Equity investments

UMS Canada

On April 1, 2022, the Company purchased a 25% share interest in UMS Canada for nominal consideration. The remaining 75% of UMS Canada is owned equally by Tier One Silver Inc. ("Tier One"), Torq Resources Inc. and Fury Gold Mines Limited. The Company further recognized as part of its net investment in UMS Canada, a cash deposit of \$150,000 which is held by UMS Canada for the purposes of general working capital, and which will only be returned to the Company upon termination of the UMS Canada arrangement. Prior to 2022, UMS Canada was owned by Ivan Bebek and Shawn Wallace who are directors of Coppernico. On December 31, 2021, these two shareholders sold their shares in UMS Canada for nominal consideration and at the same time resigned as directors of UMS Canada. Steven Cook, who acquired the UMS Canada shares, is also a director of Coppernico and on the date of transfer also took over as sole director of UMS Canada. On April 1, 2022, UMS Canada was restructured whereby Mr. Cook transferred his ownership for nominal consideration to the four public companies which share its services.

UMS Canada provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS Canada on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The service agreement with UMS Canada has an indefinite term and can be terminated by either party upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at June 30, 2022, the Company expects to incur approximately \$1 million in respect of its share of future rent.

UMS Peru

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

UMS Peru is a company incorporated under Peruvian law, which provides administrative and geological services to Sombrero Minerales S.A.C. and the Peruvian subsidiaries of Tier One. In order to comply with Peruvian transfer pricing rules, UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

Coppertino Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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

For the period ended June 30, 2022, the Company's share of net losses of UMS Canada and UMS Peru were as follows:

	UMS Canada	UMS Peru
Cost recoveries	\$ (1,689,579)	\$ (245,749)
Geological services	665,023	177,970
Administrative services	1,163,892	69,534
Net loss for the period since investment	139,336	1,755
Company's share of net losses for the period ended June 30, 2022	\$ 34,834	\$ 878

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

	UMS Canada	UMS Peru
Acquisition of equity investment	\$ 151,000	\$ 168
Company's share of net loss of investments	(34,834)	(878)
Carrying amount as at June 30, 2022	\$ 116,166	\$ (710)

The Company's share of equity loss from UMS Peru was \$878 resulting in the initial investment being reduced to nil. The Company is contractually obligated to provide for certain operating expenses, as such the Company recognized a provision of \$710 in the condensed consolidated interim financial position as at June 30, 2022.

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

	UMS Canada	UMS Peru
Current assets	\$ 1,209,328	\$ 198,769
Non-current assets	2,791,467	124,538
Current liabilities	(2,013,089)	(322,597)
Non-current liabilities	(1,523,043)	-
Net assets (liabilities) 100%	464,183	(1,420)
Company's equity share of net assets and liabilities	\$ 116,166	\$ (710)

(b) Services rendered and balances

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

Coppertino Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and six months ended June 30, 2022 and 2021

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Exploration and evaluation	\$ 127,017	\$ 41,511	\$ 182,499	\$ 45,589
Project Investigation	106,281	1,115	126,850	4,143
Marketing and investor relations	18,865	40,277	31,758	46,864
General and administration	214,682	130,188	363,802	232,676
Total transactions for the period	\$ 466,845	\$ 213,091	\$ 704,909	\$ 329,272

As at June 30, 2022, \$130,685 (December 31, 2021 - \$63,021) was included in accounts payable and \$220,000 (December 31, 2021 - \$370,000) in prepaid expenses and deposits relating to transactions with UMS Canada; upon the acquisition of the share of UMS Canada in April 2022, \$150,000 was reclassified to the investment in associate balance.

As at June 30, 2022, \$13,780 (December 31, 2021 - \$nil) was included in accounts payable, and \$30,411 (December 31, 2021 - \$75,202) was included in prepaid expenses and deposits relating to transactions with UMS Peru.

(c) Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management and board members, being its four executives, of which two are Board Directors, and five non-executive directors:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Salary and benefits provided to executives	\$ 147,442	\$ 151,847	\$ 299,099	\$ 296,007
Fees paid to non-executive directors	41,711	30,770	73,007	61,575
	\$ 189,153	\$ 182,617	\$ 372,106	\$ 357,582

On April 1, 2022, the Company entered into a shared services agreement with UMS Canada. Under the agreement, the Company's CFO and Chief Geological Officer terminated their direct employment status with the Company, became employed by UMS Canada and entered into secondment employment arrangements between the Company and UMS Canada.

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

6. Financial instruments

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

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

- Level 1** – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2** – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3** – fair values based on inputs for the asset or liability that are not based on observable market data.

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

Coppernico Metals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited (Expressed in Canadian dollars)

Three and six months ended June 30, 2022 and 2021

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

a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's primary source of liquidity is equity. The funds are primarily used to finance working capital and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. In June 2022, the Company paid US\$398,367 for the 2021 concession holding fees and approximately US\$272,000 has been recorded within accounts payable related to concession holding fees for the year 2022 which are payable in June 2023. The Company has working capital of \$613,107 as at June 30, 2022 (December 31, 2021 - \$2,660,664) which includes cash of \$820,341 (December 31, 2021 - \$2,965,269), that is entirely unrestricted. The Company did not have long term liabilities, and there are no other commitments held by the Company at the balance sheet date other than as disclosed in Note 5.

b) Market risk

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

i) Currency risk

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

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

	June 30, 2022	December 31, 2021
Financial assets	\$ 3,062	\$ 48,047
Financial liabilities	(12,447)	(13,409)
Net exposure	\$ (9,385)	\$ 34,638

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

7. Segmented information

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

Coppernico was not subjected to restrictions on its cash and cash equivalents as at June 30, 2022 and December 31, 2021.

8. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration of resource properties, and to maintain a flexible capital

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structure which optimizes the costs of capital at an acceptable risk. The capital of the Company is determined as follows:

	June 30, 2022	December 31, 2021
Equity	\$ 7,249,107	\$ 9,031,398
Less cash	(820,341)	(2,965,269)
	\$ 6,428,766	\$ 6,066,129

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

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

The Company currently has sufficient working capital and is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its company objectives, being the acquisition and exploration of mineral properties. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.