



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements

**For the Three Months Ended
January 31, 2022**

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three months ended January 31, 2022 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by its auditor.

Copper Lake Resources Ltd.
Condensed Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian dollars)

As at	January 31, 2022	October 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 474,305	\$ 520,594
HST receivable	83,979	44,868
Prepaid expenses and deposits	392,034	373,480
	<u>950,318</u>	<u>938,942</u>
Mineral property interests (note 3)	2,565,362	2,565,362
Total assets	\$ 3,515,680	\$ 3,504,304
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 295,206	\$ 380,652
Advances from shareholder (note 6)	-	10,049
Convertible debentures (note 4)	100,000	100,000
Total liabilities	<u>395,206</u>	<u>490,701</u>
Shareholders' equity		
Capital stock (note 5)	18,906,980	18,092,499
Reserves	676,358	698,072
Deficit	(16,462,864)	(15,776,968)
	<u>3,120,474</u>	<u>3,013,603</u>
Total liabilities and shareholders' equity	\$ 3,515,680	\$ 3,504,304

On behalf of the Board:

“Terrence MacDonald” Director

“Paul Mcgroary” Director

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended January 31,	
	2022	2021
Expenses		
Accretion of interest on convertible debentures	-	1,275
Exploration and evaluation expenditures (note 4)	630,074	29,251
General and administration	7,162	378
Interest and bank charges	3,033	4,079
Investor relations	33,210	15,157
Management fees	6,000	6,000
Professional fees	2,673	3
Share-based compensation	-	-
Transfer agent and regulatory fees	3,744	1,722
Net loss and comprehensive loss for the period	\$ 685,896	\$ 57,865
Basic and diluted loss per share	\$ 0.004	\$ 0.001
Weighted average number of common shares outstanding	189,906,013	147,760,100

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian dollars)

	Shares	Capital stock Amount	Share-based payment reserve	Equity component of convertible debt	Deficit	Total
		\$	\$	\$	\$	\$
Balance, October 31, 2020	147,760,100	16,322,576	342,716	35,890	(14,575,748)	2,125,434
Net loss and comprehensive loss for the period	-	-	-	-	(57,865)	(57,865)
Balance, January 31, 2021	147,760,100	16,322,576	342,716	35,890	(14,126,214)	2,067,569
Balance, October 31, 2021	183,019,096	18,092,499	698,072	-	(15,776,968)	3,013,603
Exercise of warrants	13,884,333	756,639	(1,372)	-	-	755,267
Exercise of options	750,000	57,842	(20,342)	-	-	37,500
Net loss and comprehensive loss for the period	-	-	-	-	(685,896)	(685,896)
Balance, January 31, 2022	197,653,429	18,906,980	676,358	-	(16,462,864)	3,120,474

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statement of Cash Flows

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended	
	January 31,	
	2022	2021
Cash flows from operating activities:		
Loss income for the period	\$ (685,896)	\$ (57,865)
Items not affecting cash:		
Accretion of interest on convertible debentures	-	1,275
Change in non-cash working capital items:		
HST receivable	(39,111)	20,597
Prepaid expenses and deposits	(18,554)	3,516
Accounts payable and accrued liabilities	(85,446)	(40,655)
Net cash provided by (used in) operating activities	(829,007)	(73,132)
Cash flows from investing activities:		
Mineral property interests	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Advances from shareholder	(24,575)	63,924
Proceeds on exercise of warrants	755,267	-
Proceeds on exercise of options	37,500	-
Net cash provided by (used in) financing activities	782,718	63,924
Increase (decrease) in cash during the period	(46,289)	(9,208)
Cash and cash equivalents, beginning of period	520,594	11,703
Cash and cash equivalents, end of period	\$ 474,305	\$ 2,495

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2022

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (“Copper Lake” or the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral resource properties. On January 20, 2022, the Company received a Certificate of Continuance under the Ontario Business Corporations Act. The address of the Company’s head office is 1 King Street West, Suite 4800, Toronto, Ontario. The Company’s shares are listed on the TSX-V under the trading symbol CPL.

The Company is a mineral exploration company focused on acquiring, exploring and developing mineral property interests in Canada.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations, and receive continued financial support from its creditors and shareholders.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favorable to the Company. These 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 as a going concern. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended October 31, 2021.

These condensed interim financial statements were authorized for issue by the Board of Directors on April 1, 2022.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2022

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION *(Continued)*

Significant accounting policies

The policies applied in these condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our audited financial statements for the year ended October 31, 2021.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the 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 may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended October 31, 2021.

3. MINERAL PROPERTY INTERESTS

Marshall Lake Property

The Company entered into an option agreement dated July 6, 2010 with Rainy Mountain Royalty Corp. ("Rainy Mountain") and Marshall Lake Mining Limited ("MLMP") of London, England, whereby the Company was granted an option to earn up to a 50% interest in certain mining claims that comprise the Marshall Lake property located north-northeast of Thunder Bay, Ontario.

On May 5, 2016, the Company announced that it had reached an agreement to acquire the interest in the Marshall Lake property currently held by MLMP, a privately held company based in the United Kingdom. The acquisition subsequently closed on September 29, 2016. This acquisition gave Copper Lake a 68.75% interest in the property.

As a result of the acquisition, the Company could earn a 75% interest by incurring cumulative expenditures of \$4,000,000 on the property by July 15, 2018. As of October 31, 2018, the Company had incurred cumulative expenditures of \$4,163,076 and had completed the 75% earn-in.

On June 6, 2021, the Company exercised its option to acquire a 75% undivided interest in the Marshall Lake Joint Venture Agreement ("JV Agreement"). Rainy Mountain retains the remaining 25% interest. Each party will be responsible for funding its proportionate share of expenditures of the Project. Should Rainy Mountain choose not to contribute its pro rata share, then its interest in the JV would be diluted. Once Rainy Mountain's interest is reduced to 10%, it is automatically converted into a 1% Net Smelter Returns Royalty ("NSR"). Copper Lake would have the right to acquire the NSR at any time for \$1 million.

At January 31, 2022, Rainy Mountain's pro rata share of expenditures owing is \$288,745. No amount has been recorded in these financial statements for Rainy Mountain's pro rata share.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2022

(Unaudited)

(Expressed in Canadian dollars)

3. MINERAL PROPERTY INTERESTS *(Continued)*

Norton Lake Property

The Norton Lake property is subject to a joint venture agreement between the Company and Rainy Mountain, which was originally set up in 2009. The property is located north of Thunder Bay, Ontario and the Company is the operator. The Company's interest in the property is currently 71.41%.

Centrefire Redhat Property

The Company has a 25% interest in the Centrefire Redhat gold-copper property which will be subject to a joint venture agreement.

4. CONVERTIBLE DEBENTURES

	Principal Amount	Liability Component	Equity Component
Balance October 31, 2020	\$ 112,500	\$ 99,178	\$ 35,890
Accretion	-	10,733	-
Balance October 31, 2020	\$ 112,500	\$ 109,911	\$ 35,890
Accretion	-	2,589	-
Expiry of conversion feature upon maturity	-	-	(35,890)
Repayment of convertible debenture	(12,500)	(12,500)	-
Balance October 31, 2021 and January 31, 2022	\$ 100,000	\$ 100,000	-

On April 28, 2016 the Company closed a \$420,000 non-brokered private placement of convertible debentures. The unsecured subordinated convertible debentures bear interest at 12% per annum, calculated annually and had a term of five years from the date of issue, maturing on April 28, 2021. At the date of issue \$285,845 was allocated to the liability component of the convertible debenture and the residual amount of \$134,155 was allocated to the equity component, based on an effective interest rate of 20%. In April 2017, debentures with a face value of \$307,500 were converted into shares and warrants, leaving \$112,500 of convertible debentures outstanding.

The conversion option expired during 2021 and the equity component was transferred to deficit. The remaining debenture balance of \$100,000 bears interest at 12% per annum.

5. CAPITAL STOCK

The common shares of the Company are entitled to one vote per share at meetings of the shareholders of the Company, and upon dissolution or any other distribution of assets, to receive pro rata such assets of the Company as are distributable to the holders of common shares.

The Company is authorized to issue unlimited common shares without par value.

During the three months ended January 31, 2022, the Company completed the following share transactions:

The Company received proceeds from the exercise of warrants totaling \$755,267 during the quarter. In addition, 750,000 options were exercised providing proceeds in the amount of \$37,500.

There were no transactions during the three months ended January 31, 2021.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2022

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

Stock Options

Stock option transactions for the three months ended January 31, 2022 and the year ended October 31, 2021 are summarized as follows:

	January 31, 2022		October 31, 2021	
	Number of Options	Weighted Ave Exercise Price	Number of Options	Weighted Ave Exercise Price
Opening balance	15,850,000	0.063	9,650,000	0.051
Granted	-	-	9,700,000	0.071
Exercised	(750,000)	0.050	(1,000,000)	0.055
Expired	-	-	(2,500,000)	0.050
Ending balance	15,100,000	\$0.064	15,850,000	\$0.063
Options exercisable	15,100,000	\$0.064	15,850,000	\$0.063

The following options were outstanding as at January 31, 2021 and October 31, 2020:

Expiry Date	Number of Options		Exercise Price
	January 31, 2022	October 31, 2021	
January 18, 2023	1,550,000	1,550,000	\$0.050
March 15, 2023	250,000	250,000	0.080
February 11, 2024	100,000	100,000	0.050
August 7, 2024	1,000,000	1,000,000	0.050
December 2, 2024	1,750,000	1,750,000	0.050
December 13, 2024	1,000,000	1,000,000	0.050
April 28, 2025	500,000	500,000	0.050
August 26, 2026	2,300,000	3,050,000	0.050
October 18, 2026	6,650,000	6,650,000	0.080
Outstanding	15,100,000	15,850,000	0.051
Weighted average remaining life	3.70 years	3.99 years	\$0.064

Share-based compensation

During the three months ended January 31, 2022, the Company recognized \$nil (three months ended January 31, 2021 - \$39,900) as share-based compensation expense for options vested during the period.

Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Three months ended January 31, 2022		Year ended October 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	41,122,615	\$ 0.078	36,963,988	\$ 0.050
Issued	-	0.050	22,983,950	0.100
Exercised	(14,484,333)	0.052	(8,544,000)	0.050
Expired	-	-	(10,281,323)	0.050
Ending balance	26,638,282	\$ 0.050	41,122,615	\$ 0.078
Warrants exercisable	26,638,282	\$ 0.091	41,122,615	\$ 0.078

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2022

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

As at January 31, 2022 and October 31, 2021 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price \$
	January 31, 2022	October 31, 2021	
December 30, 2021	-	11,663,333	0.050
February 18, 2022	42,000	642,000	0.050
May 8, 2022	4,833,332	5,833,332	0.050
April 15, 2023	14,201,950	15,422,950	0.100
May 17, 2023	7,561,000	7,561,000	0.100
Outstanding and exercisable	26,638,282	41,122,615	\$0.070

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The compensation paid to these key management personnel for the three months ended January 31, 2022 and 2021 is outlined below:

	2022	2021
Short-term benefits	\$ 6,000	\$ 6,000
Share-based compensation	-	39,900
	\$ 6,000	\$ 45,900

Included in accounts payable and accrued liabilities as at January 31, 2022 is \$1,488 (October 31, 2021 - \$37,253) owed to directors and officers, companies controlled by former directors or companies having certain directors in common.

As at January 31, 2022, a director of the Company had advanced funds to the Company in the amount of \$nil (October 31, 2021 – \$10,049). This advance is unsecured, non-interest bearing and has no terms of repayment.

8. SUBSEQUENT EVENT

Subsequent to January 31, 2022, the Company received \$83,333 from the exercise of warrants.