

**WESTERN ALASKA MINERALS CORP.**  
**(FORMERLY 1246779 B.C. LTD.)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(EXPRESSED IN UNITED STATES DOLLARS)

(UNAUDITED)

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited, Expressed in United States Dollars)*

	Notes	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 2,684,757	\$ 1,904,981
GST receivable		21,079	7,585
Prepaid and deposits	3	84,022	14,057
		2,789,858	1,926,623
<b>Non-Current Assets</b>			
Equipment	4	81,644	-
Exploration and evaluation properties	5	17,952,747	14,983,643
<b>TOTAL ASSETS</b>		\$ 20,824,249	\$ 16,910,266
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 1,261,867	\$ 346,268
Promissory note – current portion	8	500,000	500,000
		1,761,867	846,268
<b>Non-Current Liabilities</b>			
Promissory note	8	2,610,167	2,700,000
<b>TOTAL LIABILITIES</b>		4,372,034	3,546,268
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	20,340,764	16,301,277
Reserve for options	9	688,912	466,686
Reserve for foreign exchange		(111,681)	(67,439)
Accumulated deficit		(4,465,780)	(3,336,526)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		16,452,215	13,363,998
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		\$ 20,824,249	\$ 16,910,266
Nature and continuance of operations	1		
Subsequent events	12		

Approved by the Board of Directors:

“Christopher (Kit) Marrs”  
 Director

“Kevin Nishi”  
 Director

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
(Unaudited, Expressed in United States Dollars)

	Notes	For the three months ended		For the six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>EXPENSES</b>					
Bank charges		\$ 402	\$ -	\$ 600	\$ 36
Consulting fees		183,219	400,500	185,019	400,500
Depreciation expense		413	-	413	-
Exploration expense		-	753	-	753
Filing and regulatory fees		25,123	-	32,335	-
Insurance		19,971	-	22,892	-
Management fees	7	163,879	-	293,560	-
Marketing		90,073	-	171,601	-
Office and sundry		3,122	99,740	14,826	103,913
Professional fees		44,052	9,441	110,689	28,130
Share-based payments	7, 9	190,644	63,000	263,893	236,000
Travel and promotion		2,537	6,342	2,537	20,053
		(723,435)	(579,776)	(1,098,365)	(789,385)
<b>OTHER ITEMS</b>					
Foreign exchange loss		(2,852)	-	(3,904)	-
Interest expense	8	(15,500)	(13,147)	(31,500)	(13,147)
Interest income		4,515	-	4,515	-
Share of net loss of joint venture		-	-	-	(8,201)
<b>NET LOSS</b>		<b>(737,272)</b>	<b>(592,923)</b>	<b>(1,129,254)</b>	<b>(810,733)</b>
<b>OTHER COMPREHENSIVE LOSS</b>					
Unrealized foreign exchange loss on translation of foreign operations		(48,134)	-	(44,242)	-
<b>COMPREHENSIVE LOSS</b>		<b>\$ (785,406)</b>	<b>\$ (592,923)</b>	<b>\$ (1,173,496)</b>	<b>\$ (810,733)</b>
<b>LOSS PER SHARE –</b>					
<b>BASIC AND DILUTED</b>		<b>\$ (0.05)</b>	<b>\$ (226.05)</b>	<b>\$ (0.08)</b>	<b>\$ (313.15)</b>
<b>WEIGHTED AVERAGE NUMBER</b>					
<b>OF SHARES OUTSTANDING –</b>					
<b>BASIC AND DILUTED</b>		<b>17,193,817</b>	<b>2,623</b>	<b>15,449,150</b>	<b>2,589</b>

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
*(Unaudited, Expressed in United States Dollars)*

	Notes	June 30, 2022	June 30, 2021
<b>Cash flows used in operating activities</b>			
Net loss for the period		\$ (1,129,254)	\$ (810,733)
Adjustments for non-cash items:			
Depreciation expense	4	413	-
Share-based payments	9	263,893	236,000
Share of net loss of joint venture	6	-	8,201
Shares issued for consulting services		-	400,500
Interest accrued on Promissory Note	8	10,167	-
		(854,781)	(166,032)
Changes in non-cash working capital			
GST receivable		(13,494)	-
Prepaid and deposits		(69,965)	-
Accounts payable and accrued liabilities		915,600	3,483
Advances from shareholders		-	50,000
		(22,640)	(112,549)
<b>Cash flows used in (from) investing activities</b>			
Purchase of equipment	4	(94,013)	-
Exploration costs incurred	5	(2,957,149)	(878,760)
Advances to Illinois Creek joint venture	6	-	(66,893)
		(3,051,162)	(945,653)
<b>Cash flows from (used in) financing activities</b>			
Issuance of common shares	9	3,823,820	2,782,743
Exercise of stock options	9	174,000	-
Repayment of Promissory Note	8	(100,000)	(100,000)
		3,897,820	2,682,743
Effect of exchange rate changes on cash			
		(44,242)	-
Net change in cash for the period			
		824,018	1,624,541
Cash, beginning of period			
		1,904,981	52,181
Cash, end of period			
	\$	2,684,757	\$ 1,676,722
<b>Cash flow supplemental</b>			
Decrease in accounts payable for stock option exercise	\$	135,000	\$ -
Exploration and evaluation assets in accounts payable	\$	915,600	\$ -
Interest paid in cash	\$	21,333	\$ -

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
*(Unaudited, Expressed in United States Dollars, except number of shares)*

	Shares			Share Option Reserve	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Common	Proportional Voting	Amount				
December 31, 2020	2,544	-	\$ 9,187,590	\$ 144,270	\$ -	\$ (627,147)	\$ 8,704,713
Private placements	605	-	2,722,500	-	-	-	2,722,500
Exercise of stock options	42	-	213,360	(24,360)	-	-	189,000
Shares issued for consulting services	89	-	400,500	-	-	-	400,500
Shares issued per Purchase Agreement	120	-	540,000	-	-	-	540,000
Shares canceled in wind up of JV	(346)	-	(1,557,000)	-	-	-	(1,557,000)
Costs of share issuance	-	-	(152,064)	-	-	-	(152,064)
Share-based payments	-	-	-	236,000	-	-	236,000
Comprehensive loss for the period	-	-	-	-	-	(810,733)	(810,733)
June 30, 2021	3,054	-	11,354,886	355,910	-	(1,437,880)	10,272,916
Cancellation of WACG shares	(3,054)	-	-	-	-	-	-
Issuance of WAM shares for RTO	4,470,000	260,700	-	-	-	-	-
Recapitalization of 1246779 BC Ltd	1,510,314	-	1,030,972	-	-	-	1,030,972
Private placements	6,124,506	-	4,180,718	-	-	-	4,180,718
Costs of share issuance	-	-	(265,299)	-	-	-	(265,299)
Share-based payments	-	-	-	110,776	-	-	110,776
Foreign translation exchange loss	-	-	-	-	(67,439)	-	(67,439)
Comprehensive loss	-	-	-	-	-	(1,898,646)	(1,898,646)
December 31, 2021	12,104,820	260,700	\$ 16,301,277	\$ 466,686	\$ (67,439)	\$ (3,336,526)	\$ 13,363,998
Decompression of proportional voting shares	2,205,700	(22,057)	-	-	-	-	-
Private placements	4,170,000	-	3,921,574	-	-	-	3,921,574
Exercise of stock options	320,000	-	215,667	(41,667)	-	-	174,000
Share-based payments	-	-	-	263,893	-	-	263,893
Costs of share issuance	-	-	(97,754)	-	-	-	(97,754)
Foreign translation exchange loss	-	-	-	-	(44,242)	-	(44,242)
Comprehensive loss	-	-	-	-	-	(1,129,254)	(1,129,254)
June 30, 2022	18,800,520*	238,643*	\$ 20,340,764	\$ 688,912	\$ (111,681)	\$ (4,465,780)	\$ 16,452,215

\* The proportional voting shares are exchangeable into a total of 23,864,300 common shares, for no additional consideration.

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Western Alaska Minerals Corp. (“WAM” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on April 8, 2020, as 1246779 B.C. Ltd. (“779”). The Company is a public company whose common shares are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol “WAM”. The Company’s registered office is PO Box 881, Talkeetna, Alaska, 99676. As discussed further below, the Company is in the mineral exploration and development business.

### **Reverse Takeover**

On November 10, 2021, 779 completed the acquisition of Western Alaska Copper and Gold Company (“WACG”), a private Alaska-based company incorporated on June 15, 2010. WACG is in the business of pursuing and developing property interests that are considered to be sites of potential economic mineralization. The Company acquired all of the issued and outstanding shares of WACG under a share purchase agreement (the “Reverse Takeover Transaction”, the “Transaction” or the “RTO”). In connection to the Transaction, 779 changed its name to Western Alaska Minerals Corp., operating the primary business of WACG.

On the closing of the RTO, WACG became a wholly owned subsidiary of the Company. As WACG was deemed to be the acquirer and continuing entity for accounting purposes, its assets and liabilities and operations since incorporation on June 15, 2010 are included in the consolidated financial statements at their historical carrying values.

779’s results of operations are included from the closing date, November 10, 2021, and onwards.

### **Going Concern**

These condensed interim consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has no current source of operating revenue, has incurred a current net loss for the first two quarters of 2022 of \$1,129,254 and has an accumulated operating deficit of \$4,465,780. The Company will require further financing to operate and further develop its business. The Company’s ability to realize its assets and discharge its liabilities is dependent upon it obtaining financing as necessary and ultimately upon its ability to dispose of its mineral property interests on a profitable basis or otherwise achieve profitable operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These condensed interim consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

### **COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of its effects on the Company’s business or results of operations at this time.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

The condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Accordingly, these condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent annual consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with IFRS as issued by IASB.

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s most recent audited consolidated financial statement for the year ended December 31, 2021.

The preparation of financial statements in conformity with IFRS also requires management to make estimates and judgments that may have a significant impact on these condensed interim consolidated 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 critical accounting judgments and estimates were presented in the Company’s most recent audited consolidated financial statements for the year ended December 31, 2021, and are the same as those applied for the three and six months ended June 30, 2022.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 22, 2022.

### **Basis of Presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### **Basis of Consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned and controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated from all dates presented within these financial statements:

Subsidiary	Ownership	Location
Western Alaska Copper & Gold Company.	100%	USA
Piek Inc.	100%	USA

All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

## **2. BASIS OF PRESENTATION** (continued)

These condensed interim consolidated financial statements are presented in United States dollars. The functional currency of each entity in the consolidated group is determined with reference to the currency of the primary economic environment in which that entity operates. Accordingly, the functional currency of entities operating principally in the United States will be the United States dollar, while the functional currency of entities operating principally in Canada will be the Canadian dollar.

### **Significant Accounting Policies**

#### **Equipment**

##### *i) Recognition and measurement*

Items of equipment are measured initially at cost, unless they are acquired as part of a business combination in which case they are initially measured at fair value. Thereafter, equipment is recorded net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

Cost may also include any gain or loss realized on foreign currency transactions directly attributable to the purchase or construction of equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment. The gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized within other expense or income in earnings.

##### *ii) Subsequent costs*

The cost of replacing a part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and recorded as depreciation expense. The cost of maintenance and repair expenses of the equipment are recognized in earnings as incurred.

##### *iii) Depreciation*

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in earnings on a straight line or declining balance basis, which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation methods, useful lives, economic lives and residual values are reviewed annually and adjusted if appropriate.



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**2. BASIS OF PRESENTATION** (continued)

The Company depreciates its equipment on a straight-line basis over the estimated useful lives of the assets. Management estimated the useful lives of its computer software to be 1 year, equipment to be 5 years and vehicles to be 10 years.

**Recent Accounting Pronouncements**

Below are new standards, amendments to existing standards, and interpretations that have been issued and are not yet effective.

i. Classification of liabilities as current or non-current

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of financial statements. The narrow scope amendment clarifies that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2023, and applied retrospectively. The Company will adopt the narrow scope amendments on the date they become effective and is currently evaluating the impact of the amendments on its consolidated financial statements.

ii. Deferred tax related to assets and liabilities arising from a single transaction

In May 2021, the IASB published a narrow scope amendment to IAS 12 Income taxes. In September 2021, IAS 12 was revised to reflect this amendment. The amendment narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after January 1, 2023, and applied retrospectively. The Company will adopt the amendment on the date it becomes effective and is currently evaluating the impact of the amendment on its consolidated financial statements.

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**3. PREPAIDS AND DEPOSITS**

	June 30, 2022	December 31, 2021
Prepaid	\$ 34,810	\$ 10,113
Deposits	49,212	3,944
	\$ 84,022	\$ 14,057

**4. EQUIPMENT**

<b>Cost</b>	<b>Computer Software</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance, December 31, 2021	\$ -	\$ -	\$ -	\$ -
Additions	25,050	8,260	60,703	94,013
Balance, June 30, 2022	\$ 25,050	\$ 8,260	\$ 60,703	\$ 94,013
<b>Accumulated Amortization</b>				
Balance, December 31, 2021	\$ -	\$ -	\$ -	\$ -
Charge	10,438	413	1,518	12,369
Balance, June 30, 2022	\$ 10,438	\$ 413	\$ 1,518	\$ 12,369
<b>Net Book Value</b>				
Balance, December 31, 201	\$ -	\$ -	\$ -	\$ -
Balance, June 30, 2022	\$ 14,612	\$ 7,847	\$ 59,185	\$ 81,644

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021  
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**5. EXPLORATION AND EVALUATION PROPERTIES**

Schedule of cumulative exploration and evaluation properties costs:

	<b>Round Top Property</b>	<b>Honker Property</b>	<b>Illinois Creek Property</b>	<b>Total</b>
	\$	\$	\$	\$
<b>December 31, 2020</b>	<b>5,008,221</b>	<b>266,500</b>	<b>-</b>	<b>5,274,721</b>
Acquisition costs (Note 5)	-	-	4,930,000	4,930,000
Claim maintenance	72,600	14,750	40,845	128,195
DNR permit fees	2,090	3,050	6,161	11,301
Assays	-	11,958	147,857	159,815
Camp food, supplies & accommodations	-	-	96,410	96,410
Camp labor/payroll costs	-	40,825	535,254	576,079
Consultant fees	-	-	120,927	120,927
Drilling	-	176,038	798,437	974,475
Equipment	11,240	21,170	493,181	525,591
Fixed wing & fuel	-	-	387,457	387,457
Helicopter & fuel	-	69,390	80,634	150,024
Travel	-	-	45,397	45,397
Access route engineering	-	-	190,042	190,042
Other field expenses	47	-	39,947	39,994
Reclassification of joint venture exploration costs	-	-	1,373,215*	1,373,215
<b>December 31, 2021</b>	<b>5,094,198</b>	<b>603,681</b>	<b>9,285,764</b>	<b>14,983,643</b>
Claim maintenance	-	-	5,014	5,014
DNR permit fees	-	-	1,869	1,869
Assays	-	-	70,659	70,659
Camp food, supplies & accommodations	-	-	495,382	495,382
Camp labour/payroll costs	-	-	377,642	377,642
Consultant fees	6,917	-	215,995	222,912
Depreciation of equipment (Note 4)	-	-	11,956	11,956
Drilling	-	-	770,575	770,575
Equipment	-	-	226,438	226,438
Fixed wing & fuel	-	-	328,139	328,139
Helicopter & fuel	-	-	64,448	64,448
Travel	-	-	204,172	204,172
Access route engineering	-	-	113,765	113,765
Other field expenses	-	-	76,133	76,133
<b>June 30, 2022</b>	<b>5,101,115</b>	<b>603,681</b>	<b>12,247,951</b>	<b>17,952,747</b>

\* of which \$1,314,523 was incurred prior to 2021.

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**5. EXPLORATION AND EVALUATION PROPERTIES** (continued)

**Round Top Property, Alaska**

The Round Top Property consists of 92 state mineral claims, owned 100% by WACG, located in the Mount McKinley and Nulato mining districts of Alaska.

**Honker Property, Alaska**

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

**Illinois Creek Mine Project, Alaska**

The Company has had an effective interest in this property since 2018. On March 31, 2021, WACG and one of its shareholders, Joe Piekenbrock, entered into a stock purchase agreement (the "Illinois Creek Agreement"), whereby WACG acquired 100% of the issued and outstanding common shares of an Alaska private company, Piek Incorporated ("Piek"), in exchange for 120 WACG (note 9) common shares (valued at \$540,000) and \$3,698,000 payable by the issuance of a promissory note. See Note 8.

Piek is the sole owner of 110 state mineral claims, known as the Illinois Creek Project, located in the Mount McKinley mining district of Alaska. An additional 86 claims were staked by WACG in 2021 after the acquisition of Piek.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	June 30, 2022	December 31, 2021
Accounts payable	\$ 187,567	\$ 72,490
Accrued liabilities	1,071,864	270,999
Other payable	2,436	2,779
	\$ 1,261,867	\$ 346,268

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common.

**Due to/from Related Parties**

As at June 30, 2022, \$123,775 (December 31, 2021 - \$193,750) is included in accounts payable and accrued liabilities and \$3,110,167 (2020 - \$nil) in promissory note (Note 8) for amounts owing to related parties.

During the three and six months ended June 30, 2022, the Company received advances of \$nil and \$nil (June 30, 2021 - \$nil and \$140,685) respectively from officers and directors of the Company, which were non-interest bearing and had no specific terms of repayment.

**WESTERN ALASKA MINERALS CORP. (FORMERLY 1246779 B.C. LTD.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
*(Unaudited, Expressed in United States Dollars)*

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**7. RELATED PARTY TRANSACTIONS (continued)**

**Key Management Compensation**

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Management fees:				
Directors and Officers	\$ 162,403	\$ 33,750	\$ 293,561	\$ 67,500
	\$ 162,403	\$ 33,750	\$ 293,561	\$ 67,500

During the three and six months ended June 30, 2022, the Company had share-based compensation made to directors and management of \$81,653 and \$123,776 (June 30, 2021 - \$59,368 and \$194,173) respectively.

**8. PROMISSORY NOTE**

In accordance with the Illinois Creek Agreement, WACG issued a promissory note of \$3,698,000. The promissory note accrues interest at 2.0% per annum.

WACG will make payments under the promissory note as follows:

- (i) \$498,000, together with the accrued interest were paid during the year ended December 31, 2021;
- (ii) \$100,000 is due on May 16, 2022\*, \$400,000 is due December 1, 2022\* and \$1,500,000 is due May 31, 2023; and
- (iii) The outstanding principal balance, together with accrued interest, on March 31, 2024.

\*Original \$500,000 repayment was amended on March 31, 2022 and \$100,000 was paid on May 16, 2022.

As at June 30, 2022, the balance of the promissory note was \$3,110,167 with \$10,167 being accrued interest.

**9. SHARE CAPITAL**

**Authorized Share Capital**

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

**Common and Proportional Shares**

Pursuant to the RTO transaction, each WACG common share held by a U.S. resident shareholder was exchanged for either: (i) a “Merger Unit”, comprised of 1,000 WAM common shares (“WAM common shares” or “common shares”) and 90 Proportional Shares (“WAM proportional shares” or “Proportional Shares”); or (ii) 100 Proportional Shares, and each WACG common share held by a non-U.S. resident shareholder was exchanged for 10,000 WAM common shares. The Proportional Shares are, in effect, common shares compressed at the ratio of 100:1 which have voting and economic rights on an as-converted basis. The Proportional Shares are convertible to common shares at the request of the shareholder and with the consent of the Company.

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**9. SHARE CAPITAL** (continued)

**Issued Share Capital**

On January 8, 2021, WACG issued 12 WACG common shares for gross proceeds of \$54,000 on exercise of stock options. \$6,960 was reclassified from Share Option Reserve to Share Capital.

On March 31, 2021, WACG issued 120 WACG common shares in accordance with the Illinois Creek Agreement described in Note 5. These WACG common shares were valued upon issuance at \$540,000.

Also on March 31, 2021, WACG canceled the previously issued 346 WACG common shares issued in accordance with the Operating Agreement with Joe Piekenbrock.

In April 2021, WACG issued 30 WACG common shares for gross proceeds of \$135,000 on exercise of stock options. \$17,400 was reclassified from Share Option Reserve to Share Capital.

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

Also on May 26, 2021, WACG issued 89 WACG common shares pursuant to an engagement agreement for consulting services. These shares have been valued upon issuance at \$400,500 and have been recognized as a consulting expense in net loss.

Prior to November 10, 2021, 779 consolidated its common shares on a basis of one post-consolidation share for each 2.036 pre-consolidation shares. Prior to the completion of the Transaction, 779 had 1,510,314 post-consolidation common shares outstanding, and the WAM common shares issued in connection with the Transaction were on post-consolidation basis.

On November 10, 2021, pursuant to the Agreement (see Note 3), 4,470,000 common shares and 260,700 proportional voting shares were issued to WACG shareholders, and 6,124,506 common shares were issued to WAM subscription receipts holders on completion of the RTO.

On February 2, 2022, 22,057 Proportionate Shares were converted on a 1:100 basis into 2,205,700 WAM common shares.

On February 4, 2022, the Company issued 300,000 common shares for gross proceeds of \$165,000 on exercise of stock options. \$38,497 was reclassified from Share Option Reserve to Share Capital.

On April 13, 2022, the Company issued 20,000 common shares for gross proceeds of \$9,000 on exercise of stock options. \$3,170 was reclassified from Share Option Reserve to Share Capital.

On May 5, 2022, the Company completed a private placement and raised \$3,921,575 (CAD\$5,014,607) by issuing 4,170,000 common shares at a price of CAD\$1.20 per share. The Company also paid finder's fees of CAD\$129,765 to certain finders who assisted with the private placement.

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**9. SHARE CAPITAL** (continued)

**Stock Options**

The Company has a stock option plan under which the Board of Directors may grant options to acquire common shares to the Company to qualified directors, officers, employees, and other service providers. The stock option vests according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum 10 years. The plan allows for the issuance up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

The changes in stock options are summarized as follows:

	Weighted Average Exercise Price	Number of WAM Common Shares Issued or Issuable on Exercise
Balance at December 31, 2020	\$ 0.56*	1,880,000
Granted	0.51*	2,045,000
Exercised	0.45*	(420,000)
Balance at December 31, 2021	0.55*	3,505,000
Granted	1.25	300,000
Exercised	0.45	(320,000)
Balance at June 30, 2022	0.61	3,485,000

\* The weighted average exercise price and number of common shares issued or issuable on exercise have been adjusted for 1:10,000 split.

On March 1, 2021, WACG granted 77 WACG options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.45 per common share.

On June 15, 2021, WACG granted 70 WACG options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.45 per common share.

Prior to the completion of the Transaction, those WACG stock options originally granted by WACG were split on a 1:10,000 basis whereby WAM assumes the post-split terms of the stock options upon the completion of the RTO, granting the holder the option to acquire WAM common shares.

On November 13, 2021, the Company granted 575,000 options to directors, officers and employees of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.68 (CAD\$0.85) per common share and are vested 25% every six months starting from November 13, 2021, onwards.

On January 27, 2022, the Company granted 25,000 options to an employee of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$0.76 (CAD\$0.96) per common share and are vested 25% every six months starting from January 27, 2022, onwards.

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**9. SHARE CAPITAL** (continued)

**Stock Options** (continued)

On May 19, 2022, the Company granted 275,000 options to directors and consultants of the Company. These options may be exercised within 5 years from the date of the grant at a price of \$1.29 (CAD\$1.65) per common share. 190,000 options are vested 50% on grant date and 25% every six months starting from November 19, 2022 onwards. 85,000 options are vested 25% every six months starting from May 19, 2022 onwards.

The following assumptions were used for the Black-Scholes pricing model calculations:

	March 1, 2021	June 15, 2021	November 13, 2021	January 27, 2022	May 19, 2022
Risk-free interest rate	0.99%	0.97%	1.00%	1.65%	2.60%
Expected stock price volatility	11.68%	20.34%	105.38%	104.61%	102.92%
Expected option life in years	5 years	5 years	5 years	5 years	5 years
Dividend rate	Nil	Nil	Nil	Nil	Nil

Stock options outstanding and exercisable on June 30, 2022, are summarized as follows:

Outstanding			Exercisable		
Exercise Price (USD)	Number of Common Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Number of Common Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	
\$ 0.55	550,000	0.33	550,000	0.33	
\$ 0.65	610,000	2.21	610,000	2.21	
\$ 0.45	770,000	3.92	770,000	3.92	
\$ 0.45	700,000	4.21	700,000	4.21	
\$ 0.68	575,000	4.62	143,750	4.62	
\$ 0.76	25,000	4.83	6,250	4.83	
\$ 1.29	275,000	4.89	116,250	4.89	
	3,485,000		3,020,000		

Subsequent to June 30, 2022, the Company issued 580,000 common shares for gross proceeds of \$317,123 on exercises of stock options.



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**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Financial Assets and Liabilities**

Information regarding the Company's financial assets and liabilities as at June 30, 2022 and December 31, 2021 are summarized as follows:

	June 30, 2022	December 31, 2021
Financial Assets		
At amortized cost		
Cash	\$ 2,684,757	\$ 1,904,981
	\$ 2,684,757	\$ 1,904,981
Financial Liabilities		
At amortized cost		
Accounts payable and accrued liabilities	\$ 1,261,867	\$ 346,268
Promissory note	3,110,167	3,200,000
	\$ 4,372,034	\$ 3,546,268

**Financial Instrument Risk Exposure**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entry can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The carrying balance of financial assets and liabilities approximate their fair value due to their short-term nature.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

## **10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

### **Financial Instrument Risk Exposure (continued)**

#### ***Currency Risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's exposure to currency risk is limited as the majority of its expenditures are denominated in the same currency as its functional currency. As at June 30, 2022, the Company had CAD\$2,682,893 in its bank accounts.

#### ***Commodity Price Risk***

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time. However, the Company is exposed to commodity price risk as it impacts the Company's access to capital and funding.

#### ***Interest Rate Risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and term deposits is limited because of their short-term investment nature. A variable rate of interest is earned on cash and term deposits, changes in market interest rates at the year-end would not have a material impact on the Company's financial statements. The Company's promissory note has a fixed interest rate at 2% per annum and is not subject to interest rate risk.

#### ***Market Risk***

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

#### ***Environmental Risk***

The Company is engaged in resource exploration and development and is accordingly exposed to environmental risks associated with such activity. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements; however, there is no certainty that all environmental exposure has been addressed.

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**11. CAPITAL MANAGEMENT**

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds for the development and exploration of its mineral properties. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

**12. SUBSEQUENT EVENTS**

On August 19, 2022, the Company issued by private placement, an aggregate of 2,378,219 common shares for gross proceeds of C\$9,750,697.90 and incurred share issue costs of C\$352,901.20 and issued 36,585 finder's shares.