



ANGEL WING METALS INC.
(Formerly Huntington Exploration Inc.)

**2022 SECOND QUARTER CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

Notice for National Instrument 51-102

The interim condensed consolidated financial statements and notes thereto for the six months ended June 30, 2022 are prepared by management and have not been independently audited or reviewed by the Company's auditors.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

| As At | NOTE | June 30, 2022 | December 31, 2021 |
|--|------|------------------|----------------------|
| <u>Assets</u> | | | |
| Current Assets | | | |
| Cash and cash equivalents | | \$ 5,001,371 | \$ 5,758,720 |
| Marketable securities | 4 | - | 3,009,127 |
| Accounts receivable | | 117,964 | 61,763 |
| Prepaid expense | | 1,751 | 107,562 |
| | | 5,121,086 | 8,937,172 |
| Restricted cash | 9 | 72,246 | 46,035 |
| Investment in Lago de Oro SA de Cv | 5 | 2,400,403 | - |
| Mineral exploration and evaluation assets | 6 | 3,458,120 | 1,585,236 |
| Property and equipment | 7 | 2,797 | 3,295 |
| | | \$ 11,054,652 | \$ 10,571,738 |
| <u>Liabilities and Shareholders' Equity</u> | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 220,179 | \$ 262,840 |
| Flow-through share provision | 8 | 62,725 | 323,275 |
| Provision for abandonment | | 33,000 | 33,000 |
| | | 315,904 | 619,115 |
| Long-term Liabilities | | | |
| Decommissioning obligations | 9 | 91,332 | 89,935 |
| Deferred income taxes | | 455,963 | - |
| | | 863,199 | 709,050 |
| Shareholders' Equity | | | |
| Share capital | 10 | 22,815,449 | 21,890,449 |
| Contributed surplus | | 3,941,858 | 3,348,908 |
| Retained earnings (deficit) | | (16,565,854) | (15,376,669) |
| | | 10,191,453 | 9,862,688 |
| | | \$ 11,054,652 | \$ 10,571,738 |

Approved by the Board:

"Mark Santarossa"
Mark Santarossa, Director

"Marc Sontrop"
Marc Sontrop, Director

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

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)

| | NOTE | Six months ended June 30, | | Three months ended June 30, | |
|--|------|---------------------------|-----------------------|-----------------------------|-----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | | |
| Production sales | | \$ 63,657 | \$ 36,867 | \$ 44,979 | \$ 17,088 |
| Less: Royalties | | (9,377) | (6,203) | (5,736) | (3,025) |
| | | <u>54,280</u> | <u>30,664</u> | <u>39,243</u> | <u>14,063</u> |
| Other income | | 8,477 | 185 | 2,464 | 129 |
| | | <u>62,757</u> | <u>30,849</u> | <u>41,707</u> | <u>14,192</u> |
| Expenses | | | | | |
| Operating expense | | 27,188 | 40,783 | 14,280 | 11,680 |
| Administrative | | 434,496 | 525,277 | 203,600 | 249,691 |
| Property investigation and evaluation | | - | - | - | - |
| Share-based compensation | | 592,950 | 1,107,350 | 592,950 | 1,107,350 |
| Accretion of decommissioning obligations | | 1,397 | 1,355 | 701 | 680 |
| Depletion and depreciation | | 498 | 26 | 249 | 13 |
| | | <u>1,056,529</u> | <u>1,674,791</u> | <u>811,780</u> | <u>1,369,414</u> |
| Loss before income taxes | | (993,772) | (1,643,942) | (770,073) | (1,355,222) |
| Deferred income tax expense (recovery) | | 195,413 | - | 55,825 | - |
| Loss and comprehensive loss | | <u>\$ (1,189,185)</u> | <u>\$ (1,643,942)</u> | <u>\$ (825,898)</u> | <u>\$ (1,355,222)</u> |
| Basic and diluted loss per share | | <u>\$ (0.013)</u> | <u>\$ (0.034)</u> | <u>\$ (0.009)</u> | <u>\$ (0.026)</u> |
| Weighted average number of common shares outstanding | | | | | |
| Basic and diluted | (1) | <u>92,735,182</u> | <u>48,541,497</u> | <u>90,120,817</u> | <u>52,703,980</u> |

(1) The options and warrants have been excluded from the diluted loss per share computation as they are anti-dilutive.

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

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

| | Number of Common Shares | Share Capital | Share Based Payment Reserve | Deficit | Total Shareholders' Equity |
|--|----------------------------|-----------------------------|-----------------------------------|-------------------------------|----------------------------------|
| Balance at January 1, 2021 | 42,649,431 | \$ 12,459,976 | \$ 2,207,058 | \$ (13,446,274) | \$ 1,220,760 |
| Issued for cash (net of issue costs) | 28,570,928 | 8,469,825 | - | - | 8,469,825 |
| Shares issued as consideration | 200,000 | 33,000 | - | - | 33,000 |
| Share based compensation | - | - | 1,107,350 | - | 1,107,350 |
| Flow-through share premium | - | (357,118) | - | - | (357,118) |
| Common shares issued on exercise of warrants | 7,275,000 | 363,750 | - | - | 363,750 |
| Share issue costs | - | (583,507) | - | - | (583,507) |
| Net and comprehensive loss for the period | - | - | - | (1,643,942) | (1,643,942) |
| Balance at June 30, 2021 | <u>78,695,359</u> | <u>20,385,926</u> | <u>3,314,408</u> | <u>(15,090,216)</u> | <u>8,610,118</u> |
| Issued for cash | 458 | 30,000 | - | - | 30,000 |
| Shares issued as consideration | 4,000,000 | 1,216,000 | - | - | 1,216,000 |
| Share based compensation | - | - | 34,500 | - | 34,500 |
| Common shares issued on exercise of warrants | 6,125,000 | 306,250 | - | - | 306,250 |
| Share issue costs | - | (47,727) | - | - | (47,727) |
| Net and comprehensive loss for the period | - | - | - | (286,453) | (286,453) |
| Balance at December 31, 2021 | <u><u>88,820,817</u></u> | <u><u>21,890,449</u></u> | <u><u>3,348,908</u></u> | <u><u>(15,376,669)</u></u> | <u><u>9,862,688</u></u> |
| Balance at January 1, 2022 | 88,820,817 | 21,890,449 | 3,348,908 | (15,376,669) | 9,862,688 |
| Share issued as consideration | 4,000,000 | 800,000 | - | - | 800,000 |
| Share-based compensation | - | - | 592,950 | - | 592,950 |
| Common shares issued on exercise of warrants | 2,500,000 | 125,000 | - | - | 125,000 |
| Net and comprehensive loss for the period | - | - | - | (1,189,185) | (1,189,185) |
| Balance at June 30, 2022 | <u><u>95,320,817</u></u> | <u><u>\$ 22,815,449</u></u> | <u><u>\$ 3,941,858</u></u> | <u><u>\$ (16,565,854)</u></u> | <u><u>\$ 10,191,453</u></u> |

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

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

| For the the six months ended June 30, | 2022 | 2021 |
|---|----------------|----------------|
| Operating activities | | |
| Net loss | \$ (1,189,185) | \$ (1,643,942) |
| Add items not affecting cash: | | |
| Depletion and depreciation | 498 | 26 |
| Accretion on decommissioning liabilities | 1,397 | 1,355 |
| Share-based compensation | 592,950 | 1,107,350 |
| Deferred income tax recovery | 195,413 | - |
| | (398,927) | (535,211) |
| Changes in non-cash working capital items related to operating activities | 6,949 | 343,655 |
| | (391,978) | (191,556) |
| Financing activities | | |
| Increase in Marketable Securities | 3,009,127 | - |
| Increase in restricted cash | (26,211) | (114) |
| Share issue (net of costs) | 925,000 | 7,925,950 |
| | 3,907,916 | 7,925,836 |
| Investing activities | | |
| Mineral Exploration and evaluation additions | (1,872,884) | (48,500) |
| Investment | (2,400,403) | - |
| Flow through premium | - | 357,118 |
| Changes in non-cash working capital | - | - |
| | (4,273,287) | 308,618 |
| Increase (decrease) in cash for the year | (757,349) | 8,042,898 |
| Cash and cash equivalents, beginning | 5,758,720 | 1,144,150 |
| Cash and cash equivalents, end | \$ 5,001,371 | \$ 9,187,048 |
| Cash consists of: | | |
| Cash in a Financial Institution | 285,375 | 9,187,048 |
| Cash in GIC Investment | 4,715,996 | - |
| | \$ 5,001,371 | \$ 9,187,048 |
| Supplementary information: | | |
| Interest received | \$ 8,761 | \$ 185 |

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

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

1. CORPORATE INFORMATION

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.) (“Angel Wing” or the “Company”) is a junior mining company. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests. The Company’s shares trade on the TSX Venture Exchange under the symbol AWM.

Angel Wing Exploration Inc. (“Angel Wing” or the “Company”) was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. The Company’s principal operating address is Suite 205 1170 Kensington Crescent NW, Calgary, Alberta T2N 1X6.

The Company has transferred its legacy oil and gas properties in Western Canada to Huntington Capital Inc. effective June 2022

Angel Wing has a 100% interest in Huntington Capital Inc. and a 100% interest in Lago de Oro SA de CV (“LOM”)

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2021. These condensed financial statements were authorised for issue by the Board of Directors on August 29, 2022.

Going concern assumption

These financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern management has taken into account available information about the future, which is at least, but not limited to, one year from December 31, 2021.

Coronavirus

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown resulting in significant volatility and weakness.

Governments and central banks have reacted to the global pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the governments and central bank interventions.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Basis of measurement

These financial statements have been prepared on a historical cost basis except share based payment transactions that are measured at fair value.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements comprise of the financial statements of Angel Wing Exploration Inc. (the parent Company) and its subsidiary, Huntington Capital Inc. The subsidiary has been fully consolidated from the date of its incorporation. Intercorporate transactions have been eliminated.

Use of Estimates

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

Share-based compensation

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information become available.

Valuation of Accounts Receivable

The valuation of accounts receivable is based on management's best estimate of the provision for expected credit losses.

Decommissioning and Abandonment Provisions

Decommissioning and abandonment provisions have been created based on the Company's knowledge as at December 31, 2021 and 2020. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standard and techniques will result in changes to provisions from period to period. Actual decommissioning costs will ultimately depend on future market prices from the decommissioning costs which will reflect the market conditions at the time of the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

2. BASIS OF PREPARATION (CONTINUED)

will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Deferred price premium on flow-through shares

The amounts recorded for the deferred price premium on flow-through shares and the related deferred income tax effect are based on management's estimates of the estimated market value of the Company's shares on the date of issuance of the flow-through common shares.

Reserves

The estimate of reserves is used in forecasting the recoverability and economic viability of the Company's oil and gas properties, and in the depletion and impairment calculations. The process of estimating reserves is complex and requires significant interpretation and judgment. It is affected by economic conditions, production, operating and development activities, and is performed using available geological, geophysical, engineering, and economic data. As of December 31, 2021, the Company no longer carries any oil and gas assets that have been assigned economic reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited financial statements for the year ended December 31, 2021.

4. MARKETABLE SECURITIES

The marketable securities held by the Company consist of units in Scotia Mortgage Income Fund. The principal of \$3,000,000 is guaranteed by Scotia Bank. During the second quarter the marketable securities were converted into GIC investments.

5. INVESTMENT IN LAGO DE ORO SA DE CV

On March 30, 2022 the Company completed the acquisition of Lago de Oro SA de CV ("LOM") and its El Grande Gold Project (the "Project") covering a 550 square kilometer area in the southern extension of the Sierra Madre Occidental ("SMO") gold-silver belt in the state of Nayarit, Mexico.

The acquisition was completed by way of a definitive purchase agreement with an arm's length third party for 100% of the issued and outstanding shares of LOM in exchange for i) cash payment of US\$500,000; ii) issuance of 4,000,000 common shares of the Company at a deemed price of \$0.20 per share; iii) a capped 2% NSR to the vendor; and iv) future share-based "milestone payments" based on the incremental addition of gold-equivalent (gold-silver) NI 43-101 resource ounces above a base 500,000 ounces on any given deposit currently held by LOM, capped at 20,000,000 shares subject to TSXV approval at the time of issuance.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

5. INVESTMENT IN LAGO DE ORO SA DE CV (CONTINUED)

The acquisition represents a unique opportunity for Angel Wing to be the first mover in a potential district - scale gold-silver system as the project already contains widespread evidence of gold mineralization with no history of modern exploration or drilling to date.

The carrying amount of the investment in Lago de Oro SA de CV is summarized below:

| | |
|---------------------------------------|------------------|
| | \$ |
| Balance, January 1, 2022 | - |
| Cash investment | 624,490 |
| Equity investment | 816,800 |
| Contributions to Lago De Oro SA De CV | 959,113 |
| Balance, June 30, 2022 | <u>2,400,403</u> |

6. MINERAL EXPLORATION AND EVALUATION ASSETS

| | Quartz Lake Property | Winora Property | Total |
|--------------------------|-------------------------|---------------------|---------------------|
| Cost: | | | |
| December 31, 2020 | \$ 33,635 | \$ - | \$ 33,635 |
| Additions | 59,753 | 1,491,848 | 1,551,601 |
| December 31, 2021 | 93,388 | 1,491,848 | 1,585,236 |
| Additions | 39,149 | 1,833,735 | 1,872,884 |
| June 30, 2022 | <u>\$ 132,537</u> | <u>\$ 3,325,583</u> | <u>\$ 3,458,120</u> |

Mineral Exploration and Evaluation (E&E) assets consist of the Company's mineral property projects which are pending the Exploration determination of proven or probable reserves.

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (E&E) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

7. PROPERTY, PLANT AND EQUIPMENT

The following represents a summary of changes in the Company's property and equipment.

| | Petroleum Properties | Office Equipment | Total |
|--|-------------------------|---------------------|--------------|
| Cost: | | | |
| December 31, 2020 | \$ 1,168,896 | \$ 7,599 | \$ 1,176,495 |
| Additions | - | 3,385 | - |
| December 31, 2021 | 1,168,896 | 10,984 | 1,179,880 |
| Additions | - | - | - |
| June 30, 2022 | \$ 1,168,896 | \$ 10,984 | \$ 1,179,880 |
| | Petroleum Properties | Office Equipment | Total |
| Depletion, depreciation and impairment losses: | | | |
| December 31, 2020 | \$ 1,168,896 | \$ 7,467 | \$ 1,176,363 |
| Depletion/depreciation | - | 222 | 222 |
| December 31, 2021 | 1,168,896 | 7,689 | 1,176,585 |
| Depletion/depreciation | - | 498 | 498 |
| June 30, 2022 | \$ 1,168,896 | \$ 8,187 | \$ 1,177,083 |
| | Petroleum Properties | Office Equipment | Total |
| Carrying amounts: | | | |
| At December 31, 2021 | \$ - | \$ 3,295 | \$ 3,295 |
| At June 30, 2022 | \$ - | \$ 2,797 | \$ 2,797 |

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

8. Flow-through Share Provision

The following is a continuity schedule of the liability portion of the flow-through shares issuances.

| | Issued on June 16, 2021 |
|--|----------------------------|
| Balance at January 1, 2021 | - |
| Liability incurred on flow-through shares issued | \$ 357,118 |
| Settlement of flow-through share liability on incurring expenditures | <u>(33,843)</u> |
| Balance at December 31, 2021 | <u>323,275</u> |
| Settlement of flow-through share liability on incurring expenditures | <u>(260,550)</u> |
| Balance at June 30, 2022 | <u><u>\$ 62,725</u></u> |

On June 16, 2021 the Company closed its private placement with Canaccord Genuity Corp. and Sprott Capital Partners for gross proceeds of \$6,000,000 comprised of units (“Common Units”) sold at a price of \$0.28 per Common Unit. The Company also closed its contemporaneous non-brokered private placement of flow-through units (“FT Units”) sold at a price of \$0.35 per FT Unit for aggregate proceeds of \$2,500,000. Each Common Unit and FT Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of \$0.40 for the period of 2 years following the closing of the Offering.

As at June 2022, the Company had incurred \$2,060,749 (December 2021- \$236,898) exploration expenditures in relation to flow-through share financing. The remaining expenditures need to be completed by December 31, 2022.

9. DECOMMISSIONING LIABILITIES

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the decommissioning of oil and natural gas properties.

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> |
|-------------------|-------------------------|--------------------------|
| Opening balance | \$ 89,935 | \$ 87,204 |
| Accretion expense | 1,397 | 2,731 |
| Closing balance | <u><u>\$ 91,332</u></u> | <u><u>\$ 89,935</u></u> |

The undiscounted amount of cash flows, required over the estimated life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at \$110,487. The obligation was calculated using a risk-free discount rate of 3.13% and an inflation rate of 2.5%. It is expected that the majority of costs are expected to occur between 2022 and 2029.

Pursuant to government regulations, the Company has on deposit cash of \$72,246 (2021 - \$46,035) restricted for the completion of future abandonments. The Company expects a return of \$46,209 of restricted funds as a result of transferring the legacy oil and gas properties to the subsidiary.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

10. SHARE CAPITAL

a) Authorized

Unlimited number of:

Common shares without par value

Preferred shares, assumable in series

b) Class A Common Shares Issued

On March 30, 2022 the Company completed its acquisition of Lago de Oro Sa de CV for 4,000,000 shares at a price of \$0.20 per share and a cash payment of US\$500,000.

On July 28, 2021 the Company completed its acquisition of the Winora property for 4,000,000 shares at a price of \$0.304 per share.

On June 16, 2021 the Company closed its private placement with Canaccord Genuity Corp. and Sprott Capital Partners for gross proceeds of \$6,000,000 comprised of units ("Common Units") sold at a price of \$0.28 per Common Unit. The Company also closed its contemporaneous non-brokered private placement of flow-through units ("FT Units") sold at a price of \$0.35 per FT Unit for aggregate proceeds of \$2,500,000. Each Common Unit and FT Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of \$0.40 for the period of 2 years following the closing of the Offering.

On February 8, 2021 the Company completed its acquisition of rights to mineral exploration properties that comprises of the Quartz Lake Project and issued 200,000 common shares at a deemed price of \$0.165 per share.

c) Stock Options

The Company's stock option plan limits the number of common shares reserved under the plan from exceeding a "rolling maximum" of ten (10) percent of the Company's issued and outstanding common shares. Under the plan, the number of stock options for any one (1) individual may not exceed 5% of the issued and outstanding shares in any one twelve-month period. The stock options vest at the discretion of the Board of Directors upon grant to directors, officers, employees and consultants of the Company.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

10. SHARE CAPITAL (CONTINUED)

Changes in the number of stock options, with their weighted average exercise prices, are summarized below:

| | Three Months Ended June 30, 2022 | | Year Ended December 31, 2021 | |
|-----------------------------------|---|---------------------------------------|---|---------------------------------------|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of year | 4,200,000 | \$ 0.28 | - | \$ - |
| Granted | 3,350,000 | 0.20 | 4,200,000 | 0.28 |
| Granted, broker options | - | | - | - |
| Expired and cancelled | - | | - | - |
| Exercised | - | - | - | - |
| Balance, end of year | 7,550,000 | \$ 0.25 | 4,200,000 | \$ 0.28 |
| Exercisable, end of period | 7,550,000 | \$ 0.25 | 4,200,000 | \$ 0.28 |

As at June 30, 2022, the following stock options are outstanding:

| Number of common shares under option, outstanding | Exercise price per common share | Expiry Date |
|--|------------------------------------|--------------|
| 1,550,000 | \$ 0.24 | April 2031 |
| 2,500,000 | \$ 0.31 | June 2031 |
| 150,000 | \$ 0.31 | October 2031 |
| 3,350,000 | \$ 0.20 | May 2032 |
| 7,550,000 | | |

The weighted average remaining contractual life of the options is 9.34 years (December 2021 - 9.92 years).

d) Share-based compensation

The Company recorded \$592,950 (December 31, 2021 - \$1,141,850) in share-based compensation expense in the period and a corresponding amount was credited to share based payment reserve.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

10. SHARE CAPITAL (CONTINUED)

e) Warrants

Changes in the number of warrants, with their weighted average exercise prices, are summarized below:

| | Three Months Ended June 30, 2022 | | Year Ended December 31, 2021 | |
|----------------------------|-------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Balance, beginning of year | 33,635,464 | \$ 0.20 | 32,750,000 | \$ 0.05 |
| Granted | - | - | 14,285,464 | 0.40 |
| Exercised | (2,500,000) | 0.05 | (13,400,000) | 0.05 |
| Expired | - | - | - | - |
| Balance, end of year | <u>31,135,464</u> | <u>\$ 0.21</u> | <u>33,635,464</u> | <u>\$ 0.20</u> |
| Exercisable, end of period | <u>31,135,464</u> | <u>0.21</u> | <u>33,635,464</u> | <u>0.20</u> |

As at June 30, 2022, the following warrants are outstanding:

| Number of common shares under warrant | Exercise price per common share | Expiry Date |
|--|------------------------------------|---------------|
| 16,850,000 | \$0.05 | November 2022 |
| 14,285,464 | \$0.40 | June 2023 |
| <u>31,135,464</u> | | |

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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11. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the officers and vice-presidents. Executive officers are paid salaries or management fees and participate in the Company's stock option program. Key management personnel compensation is comprised of the following:

Except as disclosed elsewhere in these condensed financial statements the Company had the following related party transactions during the period:

| | Six months ended June 30, | | Three months ended June 30, | |
|--------------------------------|---------------------------|------------------|-----------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Consulting and management fees | \$ 151,000 | \$ 79,500 | \$ 75,500 | \$ 25,500 |
| | <u>\$ 151,000</u> | <u>\$ 79,500</u> | <u>\$ 75,500</u> | <u>\$ 25,500</u> |

12. FINANCIAL INSTRUMENTS

(a) Foreign Currency Exchange Risk

The Company periodically has transactions in US dollars. The US dollar also influences the price of oil and natural gas sold in Canada. Price fluctuations, as a result can affect the fair value of the Company's property and equipment and future cash flows however, given it is an indirect influence, the impact of changing exchange rates cannot be accurately quantified.

(b) Market risk

The Company is subject to market risk on its marketable securities from time to time. The Company mitigates its exposure to market risk by investing in mortgage funds that guarantee the principle.

Fair Value of Financial Instruments

The Company classifies the fair value of these financial instruments measured at fair value subsequent to initial recognition according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash, restricted cash and the investment have been classified as Level 1.

Angel Wing Metals Inc. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the six months ended June 30, 2022

12. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset.
- The Company is engaged in the mineral exploration field and its expected source of cash flow in the upcoming years will be through equity financing.

To manage cash flow requirements, the Company maintains a significant portion of its assets in cash and marketable securities.

The Company's accounts payable and accrued liabilities as at June 30, 2022 and December 31, 2021 is comprised of the following:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> |
|------------------------|----------------------|--------------------------|
| Trade accounts payable | \$ 23,289 | \$ 193,543 |
| Accruals (1) | 18,000 | 27,500 |
| Joint Venture (2) | 178,890 | 41,797 |
| Balance, end of period | <u>\$ 220,179</u> | <u>\$ 262,840</u> |

respect to other costs.

(2) Relates to Gas production costs owed to the operator.

The Company's trade accounts payable and accrued liabilities as at June 30, 2022 are aged as follows:

| Trade Accounts Payable and Joint Venture Payable | 0 to 30 Days | 31 to 60 Days | 61 to 90 Days | Greater than 90 Days |
|---|--------------|---------------|---------------|-------------------------|
| | \$220,179 | \$107,072 | \$52,399 | \$56,624 |
| | | | | \$4,084 |

The Company's trade accounts payable and accrued liabilities over 90 days relates to Gas production costs owed to the operator and royalty holders. The balance of the payables are related to current operations.

(d) Price Risk

The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

(e) Interest Rate Risk

The Company is not exposed to significant interest rate risk.