
ANGEL WING METALS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Angel Wing Metals Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

| As at, | September 30, 2023 | December 31, 2022 |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| <i>Current</i> | | |
| Cash | \$ 2,902,632 | \$ 269,484 |
| Short-term investments | - | 2,517,085 |
| Accounts receivable | 18,273 | 31,527 |
| Prepaid expenses and other | 12,615 | 686,012 |
| Assets held for sale (note 5) | - | 222,315 |
| Total current assets | 2,933,520 | 3,726,423 |
| Non-current assets | | |
| Value-added tax recoverable | 646,013 | 305,885 |
| Mineral exploration and evaluation assets (note 3) | 10,138,156 | 7,603,981 |
| Property, plant and equipment (note 4) | 7,591 | 6,613 |
| Total assets | \$ 13,725,280 | \$ 11,642,902 |
| LIABILITIES | | |
| <i>Current</i> | | |
| Accounts payable and accrued liabilities (note 9) | \$ 278,239 | \$ 331,645 |
| Liabilities held for sale related to assets (note 5) | - | 136,888 |
| Total liabilities | 278,239 | 468,533 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 6) | 26,176,594 | 23,592,949 |
| Contributed surplus | 4,163,482 | 3,941,858 |
| Deficit | (17,414,963) | (16,452,997) |
| Accumulated other comprehensive income | 521,928 | 92,559 |
| Total shareholders' equity | 13,447,041 | 11,174,369 |
| Total liabilities and shareholders' equity | \$ 13,725,280 | \$ 11,642,902 |

Corporate information (note 1)

Commitments and contingencies (note 11)

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Angel Wing Metals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

| | Three months ended | | Nine months ended | |
|---|---------------------|---------------------|---------------------|-----------------------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Expenses (income) | | | | |
| Administrative (note 12) | \$ 192,605 | \$ 176,673 | \$ 727,167 | \$ 729,407 |
| Share-based compensation (note 7) | 35,713 | - | 221,624 | 592,950 |
| Depreciation | 672 | 249 | 1,870 | 747 |
| Foreign exchange | 8,671 | (67,541) | 30,372 | (52,313) |
| Other income | (774) | (9,222) | (33,977) | (17,699) |
| Disposal of equipment | - | - | 2,298 | - |
| Loss before income taxes | (236,887) | (100,159) | (949,354) | (1,253,092) |
| Deferred income tax expense | - | (26,636) | - | (222,049) |
| Net loss from continuing operations | (236,887) | (126,795) | (949,354) | (1,475,141) |
| Net income (loss) from discontinuing operations (note 5) | - | 2,004 | (12,612) | 27,700 |
| Net loss | (236,887) | (124,791) | (961,966) | (1,447,441) |
| Cumulative translation adjustment | 12,339 | 8,684 | 429,369 | (38,115) |
| Net income (loss) and comprehensive loss | \$ (224,548) | \$ (116,107) | \$ (532,597) | \$ (1,485,556) |
| Net (loss) income per share | | | | |
| from continuing operations - basic and diluted | \$ (0.00) | \$ (0.02) | \$ (0.02) | \$ (0.03) |
| from discontinued operations - basic and diluted | \$ 0.00 | \$ (0.00) | \$ (0.00) | \$ 0.00 |
| Total - basic and diluted | \$ (0.00) | \$ (0.02) | \$ (0.02) | \$ (0.03) |
| Weighted average number of common shares outstanding | | | | |
| - basic and diluted (notes 7, 8) | 67,252,909 | 47,847,909 | 61,928,541 | 46,866,453 |

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Angel Wing Metals Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

| | Nine months ended September 30, | |
|---|------------------------------------|---------------------|
| | 2023 | 2022 |
| Operating activities | | |
| Net loss from continuing operations | \$ (949,354) | \$ (1,475,141) |
| <i>Items not affecting cash:</i> | | |
| Depreciation | 1,870 | 747 |
| Disposal of equipment | 2,298 | - |
| Share-based compensation | 221,624 | 592,950 |
| Deferred income tax expense | - | 222,049 |
| Foreign exchange | 184,918 | (38,116) |
| <i>Changes in non-cash working capital items:</i> | | |
| Accounts receivable | 13,254 | (24,781) |
| Prepaid expenses and other | 117,630 | 88,154 |
| Value-added tax recoverable | (296,335) | - |
| Accounts payable and accrued liabilities | (150,303) | (71,509) |
| Net cash used in operating activities of continuing operations | (854,398) | (705,647) |
| Operating activities | | |
| Net (loss) income from discontinuing operations | (12,612) | 27,700 |
| <i>Items not affecting cash:</i> | | |
| Accretion on decommissioning liabilities | - | 2,104 |
| Deferred income tax expense | - | - |
| Loss on sale of subsidiary | 8,511 | - |
| <i>Changes in non-cash working capital items:</i> | | |
| Accounts payable and accrued liabilities | 16 | - |
| Restricted cash | - | 19,998 |
| Net cash (used in) provided by operating activities of discontinued operations | (4,085) | 49,802 |
| Financing activities | | |
| Share issue (net of issue costs) | 2,583,645 | 1,030,000 |
| Net cash provided by financing activities | 2,583,645 | 1,030,000 |
| Investing activities | | |
| Sale of short-term investments | 2,517,085 | 3,009,127 |
| Purchase of equipment | (4,289) | - |
| Net cash on the sale of Huntington Capital Inc. | (33,051) | - |
| Mineral property expenditures | (1,681,710) | (2,123,833) |
| Acquisition of Lago de Oro SA de CV | - | (3,555,047) |
| Net cash provided by (used in) investing activities | 798,035 | (2,669,753) |
| Increase (decrease) in cash | 2,523,197 | (2,295,598) |
| Cash, within subsidiary sold | 109,951 | - |
| Cash, beginning of period | 269,484 | 5,758,720 |
| Cash, end of period | \$ 2,902,632 | \$ 3,463,122 |

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Angel Wing Metals Inc.**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

| | Number of Common Shares (note 1) | Share Capital | Contributed Surplus | Accumulated other comprehensive income | Deficit | Total |
|------------------------------------|---|----------------------|------------------------|---|------------------------|----------------------|
| Balance, December 31, 2021 | 44,410,409 | \$ 21,890,449 | \$ 3,348,908 | \$ - | \$ (15,376,669) | \$ 9,862,688 |
| Shares issued as consideration | 2,000,000 | 800,000 | - | - | - | 800,000 |
| Share based compensation | - | - | 592,950 | - | - | 592,950 |
| Exercise of warrants | 2,300,000 | 230,000 | - | - | - | 230,000 |
| Net loss for the period | - | - | - | - | (1,485,556) | (1,485,556) |
| Balance, September 30, 2022 | 48,710,409 | \$ 22,920,449 | \$ 3,941,858 | \$ - | \$ (16,862,225) | \$ 10,000,082 |
| Balance, December 31, 2022 | 55,435,095 | \$ 23,592,949 | \$ 3,941,858 | \$ 92,559 | \$ (16,452,997) | \$ 11,174,369 |
| Private placement | 11,817,500 | 2,599,850 | - | - | - | 2,599,850 |
| Share issuance costs | - | (16,205) | - | - | - | (16,205) |
| Share based compensation | - | - | 221,624 | - | - | 221,624 |
| Cumulative translation adjustment | - | - | - | 429,369 | - | 429,369 |
| Net loss for the period | - | - | - | - | (961,966) | (961,966) |
| Balance, September 30, 2023 | 67,252,595 | \$ 26,176,594 | \$ 4,163,482 | \$ 521,928 | \$ (17,414,963) | \$ 13,447,041 |

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

1. CORPORATE INFORMATION

Angel Wing Metals 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 was incorporated as 676182 Alberta Ltd. under the laws of the Province of Alberta on November 28, 1995. The Company’s principal operating and registered office address is 82 Richmond Street East, Suite 1000, Toronto, ON M5C 1P1.

The Company has transferred its legacy oil and gas properties in Western Canada to Huntington Capital Inc. effective June 2022, and sold its subsidiary on January 2023.

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

On September 20, 2023, the common shares of the Company were consolidated on a 2:1 basis the share consolidation is reflected retrospectively in these consolidated financial statements.

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, 2022. These condensed financial statements were authorised for issue by the Board of Directors on November 22, 2023.

Going concern assumption

These consolidated 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, 2022.

Functional and presentation currency

The functional currency of Angel Wing Metals Inc. and Huntington Capital Inc. is the Canadian dollar and the Mexican Peso for Lago de Oro Resources SA de CV, as determined by management. All amounts in these consolidated financial statements are presented in Canadian dollars. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PREPARATION (continued)

Functional and presentation currency (continued)

The results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities at each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
- ii. Income and expenses for each income statement are translated at average exchange rates; and
- iii. All resulting exchange differences are recognized in other comprehensive income (loss).

Basis of consolidation

The consolidated financial statements comprise of the financial statements of Angel Wing Exploration Inc. (the parent Company) and its previously wholly owned subsidiaries Huntington Capital Inc. and Lago de Oro Resources SA de CV. All intercorporate transactions have been eliminated on consolidation.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control ceases.

| Entity | December 31, 2022 | September 30, 2023 |
|--------------------------------|-------------------|------------------------|
| Angel Wings Metals Inc. | Parent | Parent |
| Lago de Oro Resources SA de CV | 100% | 100% |
| Huntington Capital Inc. | 100% | 0% - Sold January 2023 |

Changes in accounting policy:

During the nine months ended September 30, 2023, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's unaudited condensed consolidated interim financial statements.

Future Changes in Accounting Policies:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

3. MINERAL EXPLORATION AND EVALUATION ASSETS

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.

A summary of exploration costs is summarized below:

| | Winora Property | Quartz Lake Property | La Reyna Gold Property | Total |
|-------------------------------------|---------------------|-------------------------|------------------------------|----------------------|
| Balance, December 31, 2021 | \$ 1,491,848 | \$ 93,387 | \$ - | \$ 1,585,235 |
| Acquisition costs | - | - | 2,298,922 | 2,298,922 |
| Consulting costs | 2,058,519 | 206,963 | 1,116,694 | 3,382,176 |
| Site costs | 5,000 | 3,058 | 215,540 | 223,598 |
| Exchange translation | - | - | 114,050 | 114,050 |
| Balance, December 31, 2022 | 3,555,367 | 303,408 | 3,745,206 | 7,603,981 |
| Acquisition costs | - | - | 725,324 | 725,324 |
| Geology and project drillings costs | 4,023 | 12,181 | 1,326,659 | 1,342,863 |
| Site costs | - | 4,607 | 165,200 | 169,807 |
| Exchange translation | - | - | 296,181 | 296,181 |
| Balance, September 30, 2023 | \$ 3,559,390 | \$ 320,196 | \$ 6,258,570 | \$ 10,138,156 |

Winora Property

On July 28, 2021, the Company completed the acquisition of the Winora Property from an arm's length third party. The Winora Project consists of 17 patented mining claims located in the District of Kenora, Northern Ontario. Under the terms of the agreements, the purchase price was satisfied by the issuance of 2,000,000 common shares at a deemed price of \$0.608 per share and a 2.0% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the property.

Quartz Lake Property

On December 1, 2020, the Company entered into two mineral property acquisition agreements with arm's length third parties with respect to the purchase of rights to mineral exploration properties that comprises the Quartz Lake Project in the Birch-Uchi region in Ontario bridging Treaty 3 and Treaty 9 Territories. Under the terms of the agreements, the purchase price was satisfied by aggregate cash payments of \$30,000 and the issuance of 100,000 common shares at a deemed price of \$0.33 per share. One of the vendors retains a 1.5% Net Smelter Return ("NSR") royalty, payable upon the commencement of commercial production from the Quartz Lake Project. The Company has the right at any time to purchase one-half of the NSR royalty from the vendor for \$500,000. The Company has the right to terminate the agreements in their entirety at any time prior to the transfer date. The acquisition of the Quartz Lake Project was completed February 8, 2021.

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

3. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

La Reyna Gold Project

On March 30, 2022 the Company completed the acquisition of Lago de Oro Resources 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 2,000,000 common shares of the Company at a deemed price of \$0.40 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 10,000,000 shares subject to TSXV approval at the time of issuance. The common shares issued in connection with the acquisition will be subject to a hold period of four months and a day from the date of closing.

The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS3, Business Combinations, the Company acquired net identifiable assets and liabilities of \$122,496, and allocated \$1,301,994 to the mineral exploration and evaluation assets.

On February 23, 2023, the Company closed a transaction with a private entity to acquire a 100% interest in the La Reyna group of claims adjoining the El Grande Project to the southeast. Pursuant to a Purchase and Assignment Agreement ("The Agreement"), Angel Wing Metals, through its subsidiary Lago de Oro S.A. de C.V., has made a total payment of US\$700,000 upon completion of three performance milestones:

- US\$150,000 upon signing of The Agreement (paid)
- US\$150,000 upon presentation of The Agreement to, and acceptance for registration by the Public Registry of Mining of Mexico, (paid) and
- US\$400,000 upon Registration of the Agreement by the Public Registry of Mines of Mexico., which is deemed to be regulatory approval In Mexico. (paid)

A further payment of US\$50,000 will be due upon Angel Wing Metals identifying each 1.0 million ounces of gold in the Measured and Indicated categories of a Mineral Resource as defined by the Canadian National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects on the La Reyna Property, and a 1.5% net smelter return royalty with Angel Wing Metals retaining a right of first refusal to purchase the royalty for US\$2.0 million.

4. PROPERTY, PLANT AND EQUIPMENT

| Costs | Petroleum Properties | Office Equipment | Total |
|-------------------------------------|-------------------------|---------------------|---------------------|
| December 31, 2021 | \$ 1,168,896 | \$ 10,984 | \$ 1,179,880 |
| Additions | - | 4,454 | 4,454 |
| Transferred to assets held for sale | (1,168,896) | - | (1,168,896) |
| December 31, 2022 | - | 15,438 | 15,438 |
| Additions | - | 4,289 | 4,289 |
| Disposal | - | (10,984) | (10,984) |
| Exchange translation | - | 1,062 | 1,062 |
| Balance, September 30, 2023 | \$ - | \$ 9,805 | \$ 9,805 |

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

| Depletion, depreciation and impairment losses: | Petroleum Properties | Office Equipment | Total |
|---|-----------------------------|-------------------------|-----------------|
| December 31, 2021 | \$ 1,168,896 | \$ 7,689 | \$ 1,176,585 |
| Depreciation | - | 1,246 | 1,246 |
| Transferred to assets held for sale | (1,168,896) | - | (1,168,896) |
| Exchange translation | - | (110) | (110) |
| December 31, 2022 | - | 8,825 | 8,825 |
| Depreciation | - | 1,870 | 1,870 |
| Disposal | - | (8,686) | (8,686) |
| Exchange translation | - | 205 | 205 |
| Balance, September 30, 2023 | \$ - | \$ 2,214 | \$ 2,214 |

| Carrying amount: | Petroleum Properties | Office Equipment | Total |
|-------------------------|-----------------------------|-------------------------|--------------|
| December 31, 2022 | \$ - | \$ 6,613 | \$ 6,613 |
| September 30, 2023 | \$ - | \$ 7,591 | \$ 7,591 |

5. SALE OF SUBSIDIARY AND DISCONTINUED OPERATIONS

In November 2022, the Company entered into negotiations with an arm's length third party to sell 100% of the issued and outstanding shares of Huntington, and on January 20, 2023, the Company sold its subsidiary Huntington including all assets and liabilities for gross proceeds of \$96,000 and paid finders fees of \$19,100. Upon completion of the sale effective on January 20, 2023, the Company derecognized Huntington and recorded a loss on sale of subsidiary as follows:

| | |
|--|------------|
| Total assets | \$ 222,309 |
| Total liabilities | 136,898 |
| Net assets as of January 20, 2023 | 85,411 |
| Proceeds received (net of commissions) | 76,900 |
| Loss on sale of subsidiary | \$ 8,511 |

The financial performance information of Huntington is presented below for the nine months ended September 30, 2022 and for the period from January 1, 2023 to January 20, 2023:

| | January 1, 2023 to January 20, 2023 | Nine months ended September 30, 2022 |
|---|--|---|
| Revenue | | |
| Production sales | \$ - | \$ 81,120 |
| Royalties | - | (13,345) |
| | - | 67,775 |
| Operating expenses | | |
| Operating expense | 4,092 | 37,971 |
| Administrative | 9 | - |
| Accretion of decommissioning obligations | - | 2,104 |
| Total expenses | (4,101) | (40,075) |
| Other item | | |
| Loss on sale of subsidiary | (8,511) | - |
| Net (loss) income from discontinuing operation | \$ (12,612) | \$ 27,700 |

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value, preferred shares, assumable in series

Common shares issued

(i) On March 30, 2022 the Company completed its acquisition of Lago de Oro Resources SA de CV for 2,000,000 shares at a price of \$0.40 per share and a cash payment of US\$500,000.

(ii) During the nine months ended September 30, 2022, 2,300,000 warrants were exercised with a weighted average exercise price of \$0.10 for gross proceeds of \$230,000.

(iii) On May 3, 2023, the Company closed a non-brokered private placement for 11,817,500 common share units of the Company at a price of \$0.22 for total gross proceeds of \$2,599,850. The Company had share issuance costs of \$16,205. Each unit consisted of one common share of the Company and one-half warrant. Each full warrant is exercisable for a period of two years from issuance at a price per common share of \$0.50. Directors and an officer of the Company, participated in and subscribed for 1,725,000 Units.

7. 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.

The following table reflects the continuity of stock options for the periods presented:

| | Number of stock options | Weighted average exercise price (\$) |
|------------------------------------|----------------------------|---|
| Balance, December 31, 2021 | 2,100,000 | 0.56 |
| Expired | (75,000) | 0.62 |
| Granted (i) | 1,675,000 | 0.40 |
| Balance, September 30, 2022 | 3,700,000 | 0.25 |
| Balance, December 31, 2022 | 3,700,000 | 0.50 |
| Granted (ii)(iii) | 1,000,000 | 0.40 |
| Expired | (425,000) | 0.50 |
| Balance, September 30, 2023 | 4,275,000 | 0.46 |

(i) On May 6, 2022, the Company granted 1,675,000 stock options at an exercise price of \$0.40 directors, officers, and consultants of the Company. 750,000 stock options were granted to directors and officers. The stock options granted vest immediately and are exercisable for a period of ten years from date of grant.

(ii) On February 24, 2023 the Company granted 250,000 stock options at an exercise price of \$0.30 to a director of the Company. The stock options granted vest immediately and are exercisable for a period of ten years from date of grant.

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

7. STOCK OPTIONS (continued)

(iii) On April 10, 2023, the Company granted 750,000 stock options at an exercise price of \$0.40 to the President & CEO. The stock options granted vest in three equal instalments over two years and are exercisable for a period of ten years from the date of grant.

The following table reflects the stock options issued and outstanding as of September 30, 2023:

| Expiry Date | Weighted Exercise Price (\$) | Remaining Contractual Life (years) | Number of Options Outstanding | Number of Options Vested (Exercisable) |
|--------------------|-------------------------------------|---|--------------------------------------|---|
| August 27, 2027 | 0.48 | 3.91 | 350,000 | 350,000 |
| April 7, 2031 | 0.48 | 7.52 | 525,000 | 525,000 |
| June 29, 2031 | 0.62 | 7.75 | 900,000 | 900,000 |
| October 8, 2031 | 0.62 | 8.03 | 75,000 | 75,000 |
| May 6, 2032 | 0.40 | 8.61 | 1,425,000 | 1,425,000 |
| February 24, 2033 | 0.30 | 9.41 | 250,000 | 250,000 |
| April 10, 2033 | 0.40 | 9.53 | 750,000 | 250,000 |
| | 0.46 | 8.11 | 4,275,000 | 3,775,000 |

The Company recorded \$221,624 (September 30, 2022 - \$592,950) in share-based compensation expense in the period and a corresponding amount was credited to share based payment reserve.

Details of the weighted average fair value of options granted and the weighted average assumptions used in the Black-Scholes option pricing model are as follows:

| | September 30, 2023 | September 30, 2022 |
|--|---------------------------|---------------------------|
| Fair value of options granted | \$ 0.344 | \$ 0.355 |
| Risk-free interest rate | 3.02 % | 2.76 % |
| Estimated life | 10 years | 10 years |
| Expected volatility based on historic volatility | 182.13 % | 151.64 % |
| Expected dividend yield | nil | nil |
| Forfeiture rate | 0 % | 0 % |

8. WARRANTS

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

| | Number of warrants | Weighted average exercise price (\$) |
|------------------------------------|---------------------------|---|
| Balance, December 31, 2021 | 16,817,732 | 0.40 |
| Exercised | (2,300,000) | 0.10 |
| Balance, September 30, 2022 | 14,517,732 | 0.42 |
| Balance, December 31, 2022 | 7,142,732 | 0.40 |
| Granted (note 6(iii)) | 5,908,751 | 0.50 |
| Balance, September 30, 2023 | 13,051,483 | 0.66 |

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

8. WARRANTS (continued)

The following table reflects the warrants outstanding as of September 30, 2023:

| Expiry Date | Exercise Price (\$) | Remaining Contractual Life (years) | Number of Warrants Outstanding |
|------------------------------|----------------------------|---|---------------------------------------|
| June 16, 2024 ⁽¹⁾ | 0.80 | 0.71 | 7,142,732 |
| May 3, 2025 | 0.50 | 1.59 | 5,908,751 |

⁽¹⁾ The Warrants were issued pursuant to a private placement that closed on June 16, 2021. The Company extended the expiry date of these warrants to June 16, 2024.

9. RELATED PARTY BALANCES AND TRANSACTIONS

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 consolidated financial statements the Company had the following related party transactions during the period:

| | Three months ended September 30, | | Nine months ended September 30, | |
|-----------------------------------|---|------------------|--|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Consulting and management fees | \$ 47,635 | \$ 25,500 | \$ 93,158 | \$ 176,500 |
| Stock based compensation (note 7) | 35,713 | - | 221,624 | 265,500 |
| | \$ 83,348 | \$ 25,500 | \$ 314,782 | \$ 442,000 |

Included in accounts payables and accrued liabilities is \$3,031 (December 31, 2022 - \$121,077) owing to officers of the Company, or companies controlled by or directors and officers.

See note 6 and 7.

10. SEGMENTED INFORMATION

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Mexico. The companies discontinued operations related to oil & gas which were operated within Canada.

| September 30, 2023 | Canada | Mexico | Total |
|---------------------------|---------------|---------------|---------------|
| Mineral Properties | \$ 3,879,586 | \$ 6,258,570 | \$ 10,138,156 |
| Equipment | \$ - | \$ 7,591 | \$ 7,591 |
| | | | |
| December 31, 2022 | Canada | Mexico | Total |
| Mineral Properties | \$ 3,858,775 | \$ 3,745,206 | \$ 7,603,981 |
| Equipment | \$ 2,298 | \$ 4,315 | \$ 6,613 |

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

10. SEGMENTED INFORMATION (continued)

| Three months ended September 30, 2023 | Canada | Mexico | Total |
|--|--------------|-------------|--------------|
| Operating expenses | | | |
| Administrative | \$ 106,687 | \$ 85,918 | \$ 192,605 |
| Share-based compensation | 35,713 | - | 35,713 |
| Depreciation | - | 672 | 672 |
| Foreign exchange | 1,439 | 7,232 | 8,671 |
| Other income | (774) | - | (774) |
| Net loss from continuing operations | \$ (143,065) | \$ (93,822) | \$ (236,887) |

| Three months ended September 30, 2022 | Canada | Mexico | Total |
|--|--------------|-------------|--------------|
| Operating expenses | | | |
| Operating expense | \$ - | \$ - | \$ - |
| Administrative | 162,564 | 14,109 | 176,673 |
| Depreciation | 249 | - | 249 |
| Foreign exchange | (67,541) | - | (67,541) |
| Other income | (9,222) | - | (9,222) |
| Total expenses | (86,050) | (14,109) | (100,159) |
| Other items | | | |
| Deferred income tax expense | (26,636) | - | (26,636) |
| Net loss from continuing operations | \$ (112,686) | \$ (14,109) | \$ (126,795) |

| Nine months ended September 30, 2023 | Canada | Mexico | Total |
|--|--------------|--------------|--------------|
| Operating expenses | | | |
| Administrative | \$ 625,683 | \$ 101,484 | \$ 727,167 |
| Share-based compensation | 221,624 | - | 221,624 |
| Depreciation | - | 1,870 | 1,870 |
| Foreign exchange | (62) | 30,434 | 30,372 |
| Other income | (33,977) | - | (33,977) |
| Disposal of equipment | 2,298 | - | 2,298 |
| Net loss from continuing operations | \$ (815,566) | \$ (133,788) | \$ (949,354) |

| Nine months ended September 30, 2022 | Canada | Mexico | Total |
|--|----------------|--------------|----------------|
| Operating expenses | | | |
| Administrative | \$ 729,407 | \$ - | \$ 729,407 |
| Share-based compensation | 445,378 | 147,572 | 592,950 |
| Depreciation | 747 | - | 747 |
| Foreign exchange | (52,313) | - | (52,313) |
| Other income | (17,699) | - | (17,699) |
| Total expenses | (1,105,520) | (147,572) | (1,253,092) |
| Other items | | | |
| Deferred income tax expense | (222,049) | - | 222,049 |
| Net loss from continuing operations | \$ (1,327,569) | \$ (147,572) | \$ (1,031,043) |

Angel Wing Metals Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

11. COMMITMENTS AND CONTINGENCIES

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

12. GENERAL AND ADMINISTRATIVE

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------------|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Professional fees | \$ 43,227 | \$ 28,602 | \$ 356,474 | \$ 236,335 |
| Management and consulting fees | 65,048 | 90,894 | 123,289 | 265,401 |
| Shareholder communication | 1,514 | 24,132 | 41,580 | 77,988 |
| Insurance | 7,849 | 6,036 | 28,900 | 20,218 |
| Fees and licenses | 20,340 | 1,939 | 52,731 | 39,978 |
| Rent | 5,316 | 1,429 | 8,725 | 4,286 |
| Evaluation fees | - | 1,861 | - | 9,110 |
| Software lease | - | 128 | - | 1,426 |
| Other | 49,311 | 21,652 | 115,468 | 74,665 |
| | \$ 192,605 | \$ 176,673 | \$ 727,167 | \$ 729,407 |