



ANGEL WING
M E T A L S I N C

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

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

Notice for National Instrument 51-102

The interim condensed consolidated financial statements and notes thereto for the nine months ended September 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	September 30, 2022	December 31, 2021
<u>Assets</u>			
Current Assets			
Cash and cash equivalents		\$ 3,463,122	\$ 5,758,720
Marketable securities	4	-	3,009,127
Accounts receivable		86,544	61,763
Prepaid expense		19,408	107,562
		3,569,074	8,937,172
Restricted cash	8	26,037	46,035
Mineral exploration and evaluation assets	5	7,264,115	1,585,236
Property and equipment	6	2,548	3,295
		\$ 10,861,774	\$ 10,571,738
<u>Liabilities and Shareholders' Equity</u>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 191,329	\$ 262,840
Flow-through share provision	7	27,211	323,275
Provision for abandonment		33,000	33,000
		251,540	619,115
Long-term Liabilities			
Decommissioning obligations	8	92,039	89,935
Deferred income taxes		518,113	-
		861,692	709,050
Shareholders' Equity			
Share capital	9	22,920,449	21,890,449
Contributed surplus		3,941,858	3,348,908
Retained earnings (deficit)		(16,824,110)	(15,376,669)
Accumulated other comprehensive income		(38,115)	-
		10,000,082	9,862,688
		\$ 10,861,774	\$ 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 unaudited interim consolidated financial statements.

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

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

	NOTE	Nine months ended September 30,		Three months ended September 30,	
		2022	2021	2022	2021
Revenue					
Production sales		\$ 81,120	\$ 60,429	\$ 17,463	\$ 17,088
Less: Royalties		(13,345)	(10,159)	(3,968)	(3,025)
		<u>67,775</u>	<u>50,270</u>	<u>13,495</u>	<u>14,063</u>
Other income		17,699	8,949	9,222	129
		<u>85,474</u>	<u>59,219</u>	<u>22,717</u>	<u>14,192</u>
Expenses					
Operating expense		37,971	58,375	10,784	11,680
General and Administrative	12	677,095	797,834	109,133	279,691
Share-based compensation	9d	592,950	1,107,350	-	1,107,350
Accretion of decommissioning obligations	8	2,104	2,040	707	680
Depreciation	6	747	40	249	13
		<u>1,310,867</u>	<u>1,965,639</u>	<u>120,873</u>	<u>1,399,414</u>
Loss before income taxes and comprehensive loss		(1,225,393)	(1,906,420)	(98,156)	(1,385,222)
Deferred income tax expense (recovery)		222,049	4,441	26,636	4,441
Loss before other comprehensive items		<u>(1,447,441)</u>	<u>(1,910,861)</u>	<u>(124,792)</u>	<u>(1,389,663)</u>
Foreign currency translation gain(loss)		(38,115)	-	8,684	-
Loss and comprehensive loss		<u>\$ (1,485,556)</u>	<u>\$ (1,910,861)</u>	<u>\$ (116,107)</u>	<u>\$ (1,389,663)</u>
Basic and diluted loss per share		<u>\$ (0.016)</u>	<u>\$ (0.027)</u>	<u>\$ (0.001)</u>	<u>\$ (0.016)</u>
Weighted average number of common shares outstanding					
Basic and diluted	(1)	<u>93,732,905</u>	<u>70,085,070</u>	<u>95,695,817</u>	<u>86,919,000</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 unaudited interim consolidated financial statements.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	Number of	Share	Share Based	Comprehensive	Deficit	Total
	Common Shares	Capital	Payment Reserve	Loss		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	4,200,000	1,249,000	-	-	-	1,249,000
Share based compensation	-	-	1,107,350	-	-	1,107,350
Flow-through share premium	-	(357,118)	-	-	-	(357,118)
Common shares issued on exercise of warrants	12,600,000	630,000	-	-	-	630,000
Share issue costs	-	(590,126)	-	-	-	(590,126)
Net and comprehensive loss for the period	-	-	-	-	(1,910,861)	(1,910,861)
Balance at September 30, 2021	88,020,359	21,861,557	3,314,408	-	(15,357,135)	9,818,830
Issued for cash	458	30,000	-	-	-	30,000
Shares issued as consideration	-	-	-	-	-	-
Share based compensation	-	-	34,500	-	-	34,500
Common shares issued on exercise of warrants	800,000	40,000	-	-	-	40,000
Share issue costs	-	(41,108)	-	-	-	(41,108)
Net and comprehensive loss for the period	-	-	-	-	(19,534)	(19,534)
Balance at December 31, 2021	88,820,817	21,890,449	3,348,908	-	(15,376,669)	9,862,688
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	4,600,000	230,000	-	-	-	230,000
Net and comprehensive loss for the period	-	-	-	(38,115)	(1,447,441)	(1,485,556)
Balance at September 30, 2022	97,420,817	\$ 22,920,449	\$ 3,941,858	\$ (38,115)	\$ (16,824,110)	\$ 10,000,082

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the the nine months ended September 30,	<u>2022</u>	<u>2021</u>
Operating activities		
Net loss	\$ (1,485,556)	\$ (1,910,861)
Add items not affecting cash:		
Depletion and depreciation	747	40
Accretion on decommissioning liabilities	2,104	2,040
Share-based compensation	592,950	1,107,350
Deferred income tax recovery	222,049	4,441
	<u>(667,706)</u>	<u>(796,990)</u>
Changes in non-cash working capital items related to operating activities	<u>(8,137)</u>	<u>309,591</u>
	<u>(675,843)</u>	<u>(487,399)</u>
Financing activities		
Decrease in Marketable Securities	3,009,127	-
Decrease in restricted cash	19,998	(172)
Shares issued (net of costs)	1,030,000	9,401,581
	<u>4,059,125</u>	<u>9,401,409</u>
Investing activities		
Mineral Exploration and evaluation additions	(2,123,833)	(1,331,435)
Acquisition of Lago de Oro SA de CV	(3,555,047)	-
Flow through premium	-	357,118
	<u>(5,678,880)</u>	<u>(974,317)</u>
Increase (decrease) in cash for the year	(2,295,598)	7,939,693
Cash and cash equivalents, beginning	5,758,720	1,144,150
Cash and cash equivalents, end	<u>\$ 3,463,122</u>	<u>\$ 9,083,843</u>
Cash consists of:		
Cash in a Financial Institution	350,039	9,083,843
Cash in GIC Investment	3,113,083	-
	<u>\$ 3,463,122</u>	<u>\$ 9,083,843</u>
Supplementary information:		
Interest received	<u>\$ 17,983</u>	<u>\$ 4,853</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

As at and for the nine months ended September 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 82 Richmond Street East, Suite 1000, Toronto, ON M5C 1P1 and the registered office is located at 215-10205 101 St NW, Edmonton, AB T5J 2Y9.

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 November 25, 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

The functional currency of Angel Wing Metals Inc. and Huntington Capital Inc. is the Canadian dollar and the Mexican Peso for Lago de Oro 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. (Formerly Huntington Exploration Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

As at and for the nine months ended September 30, 2022

2. BASIS OF PREPARATION (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 measurement

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

Basis of consolidation

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

On March 30, 2022 the Company acquired 100% of the common shares of Lago de Oro Sa de CV ("LOM"). 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 (note 5). As a result, Lago de Oro Sa CV is a wholly controlled subsidiary of the Company and is consolidated within these financial statements.

Acquisitions

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition includes the purchase price, and those transaction costs direct and incremental to complete the asset acquisition, such as finders fees. The consideration is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

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,

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

As at and for the nine months ended September 30, 2022

2. BASIS OF PREPARATION (CONTINUED)

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 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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

As at and for the nine months ended September 30, 2022

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 of 2022 the marketable securities were converted into GIC investments.

5. MINERAL EXPLORATION AND EVALUATION ASSETS

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. 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 allocation of consideration transferred is summarized below:

Cash	\$	624,490
4,000,000 common shares		800,000
El Grande Gold Property	\$	<u>1,424,490</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

5. MINERAL EXPLORATION AND EVALUATION ASSETS (CONTINUED)

A summary of exploration costs is summarized below:

	Total	Winora Property	Quartz Lake Property	El Grande Gold Property
December 31, 2020	\$ 33,634	\$ -	\$ 33,634	\$ -
Acquisition costs	1,298,795	1,256,595	42,200	-
Consulting costs	148,874	142,424	6,450	-
Site costs	103,932	92,829	11,103	-
December 31, 2021	1,585,235	1,491,848	93,387	-
Acquisition costs	3,555,047	-	-	3,555,047
Project drilling costs	2,079,683	2,079,683	-	-
Site costs	44,150	5,000	39,150	-
September 30, 2022	<u>\$ 7,264,115</u>	<u>\$ 3,576,531</u>	<u>\$ 132,537</u>	<u>\$ 3,555,047</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 nine months ended September 30, 2022

6. 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	-	-	-
September 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
Depreciation	-	222	222
December 31, 2021	1,168,896	7,689	1,176,585
Depreciation	-	747	747
September 30, 2022	\$ 1,168,896	\$ 8,436	\$ 1,177,332
	Petroleum Properties	Office Equipment	Total
Carrying amounts:			
At December 31, 2021	\$ -	\$ 3,295	\$ 3,295
At September 30, 2022	\$ -	\$ 2,548	\$ 2,548

7. 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	(33,843)
Balance at December 31, 2021	323,275
Settlement of flow-through share liability on incurring expenditures	(296,064)
Balance at September 30, 2022	\$ 27,211

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

7. Flow-through Share Provision (CONTINUED)

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 September 2022, the Company had incurred \$2,309,351 (December 2021- \$236,898) exploration expenditures in relation to flow-through share financing. The remaining expenditures need to be completed by December 31, 2022.

8. 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>September 30, 2022</u>	<u>December 31, 2021</u>
Opening balance	\$ 89,935	\$ 87,204
Accretion expense	2,104	2,731
Closing balance	<u>\$ 92,039</u>	<u>\$ 89,935</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 \$26,037 (2021 - \$46,035) restricted for the completion of future abandonments. The Company received \$46,209 of restricted funds in the quarter as a result of transferring the legacy oil and gas properties to the subsidiary.

9. 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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

9. SHARE CAPITAL (CONTINUED)

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.

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

	Nine Months Ended September 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	(150,000)	0.31	-	-
Exercised	-	-	-	-
Balance, end of year	<u>7,400,000</u>	<u>\$ 0.25</u>	<u>4,200,000</u>	<u>\$ 0.28</u>
Exercisable, end of period	<u>7,400,000</u>	<u>\$ 0.25</u>	<u>4,200,000</u>	<u>\$ 0.28</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

9. SHARE CAPITAL (CONTINUED)

As at September 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
2,350,000	\$ 0.31	June 2031
150,000	\$ 0.31	October 2031
3,350,000	\$ 0.20	May 2032
<u>7,400,000</u>		

The weighted average remaining contractual life of the options is 9.09 years (December 2021 - 9.92 years).

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

	May 6, 2022
Fair value of options granted	\$0.177
Risk-free interest rate	2.76%
Estimated life	10 years
Expected volatility based on historic volatility	151.64%
Expected dividend yield	nil
Forfeiture rate	0%

d) Share-based compensation

The Company recorded \$592,950 (December 31, 2021 - \$1,141,850) in share-based compensation expense in the second 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
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9. SHARE CAPITAL (CONTINUED)

e) Warrants

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

	Nine Months Ended September 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	(4,600,000)	0.05	(13,400,000)	0.05
Expired	-	-	-	-
Balance, end of year	<u>29,035,464</u>	<u>\$ 0.21</u>	<u>33,635,464</u>	<u>\$ 0.20</u>
Exercisable, end of period	<u>29,035,464</u>	<u>0.21</u>	<u>33,635,464</u>	<u>0.20</u>

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

Number of common shares under warrant	Exercise price per common share	Expiry Date
14,750,000	\$0.05	November 2022
14,285,464	\$0.40	June 2023
<u>29,035,464</u>		

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

10. 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:

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
Consulting and management fees	\$ 176,500	\$ 139,000	\$ 22,500	\$ 23,500
Stock based compensation	265,500	-	-	-
	<u>\$ 442,000</u>	<u>\$ 139,000</u>	<u>\$ 22,500</u>	<u>\$ 23,500</u>

11. 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 nine months ended September 30, 2022

11. 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 September 30, 2022 and December 31, 2021 is comprised of the following:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Trade accounts payable	\$ 11,668	\$ 193,543
Accruals (1)	69,847	27,500
Joint Venture (2)	109,813	41,797
Balance, end of period	<u>\$ 191,328</u>	<u>\$ 262,840</u>

(1) Includes \$27,000 (December 31, 2021 - \$27,500) with respect to professional fees and \$42,847 (December 31, 2021 - \$NIL) with respect to Winora project costs.

(2) Relates to Mining costs owed to vendors and gas production costs owed to the operator.

The Company's trade accounts payable and accrued liabilities as at September 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
	\$191,328	\$155,417	\$20,617	\$1,639
				\$13,655

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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

As at and for the nine months ended September 30, 2022

12. GENERAL AND ADMINISTRATIVE

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
Professional fees	\$ 236,335	\$ 334,874	\$ 28,602	\$ 112,880
Management and consulting fees	265,401	284,776	90,894	78,076
Shareholder communication	77,988	57,430	24,132	31,247
Insurance	20,218	13,387	6,036	4,389
Fees and licenses	39,978	57,945	1,939	9,765
Rent	4,286	4,443	1,429	1,429
Evaluation fees	9,110	-	1,861	-
Software lease	1,426	7,549	128	3,375
Foreign exchange	(52,312)	-	(67,540)	-
Other	74,665	37,429	21,652	38,530
	<u>\$ 677,095</u>	<u>\$ 797,833</u>	<u>\$ 109,133</u>	<u>\$ 279,691</u>

13. SEGMENTED INFORMATION

The Company operates in one business segment, mineral exploration. As at September 30, 2022, its mineral properties and head office are located in two geographic locations: Canada and Mexico.

The Company's net loss is allocated to the geographic segments as follows:

	Nine month ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
Canada	\$ 1,299,869	1,910,861	\$ 110,682	1,389,663
Mexico	147,572	-	14,110	-
	<u>\$ 1,447,441</u>	<u>\$ 1,910,861</u>	<u>\$ 124,792</u>	<u>\$ 1,389,663</u>

The Company's total assets are allocated to the geographic segments as follows:

	September 30, 2022	December 31, 2021
Canada	\$ 7,275,694	\$ 10,571,738
Mexico	3,586,080	-
	<u>\$ 10,861,774</u>	<u>\$ 10,571,738</u>

14. SUBSEQUENT EVENT

The Company has warrants with an expiry date of November 26, 2022. The expected number of warrants to be exercised is 14,750,000 at a price of \$0.05 per warrant for cash of \$737,500. (see Note 9e)