



**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2022
AND 2021**

(Unaudited, Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	February 28, 2022	May 31, 2021
		\$	\$
ASSETS			
Current			
Cash		1,240,127	3,937,446
Receivables		309,786	200,591
Prepaid expenses and deposits	4	284,471	233,306
		1,834,384	4,371,343
Non-current			
Reclamation bonds	5,6	90,300	90,300
Exploration and evaluation assets	5,6	8,261,256	8,219,806
		10,185,940	12,681,449
LIABILITIES			
Current			
Accounts payable and accrued liabilities		545,312	576,823
Loans	5,7	125,436	206,803
Due to related parties	7,11(b)	792,503	1,082,090
Flow-through share premium liability	8	183,707	246,125
		1,646,958	2,111,841
Non-current			
Severance liability	9	642,800	598,570
		2,289,758	2,710,411
SHAREHOLDERS' EQUITY			
Share capital	10	17,933,472	15,832,383
Share-based payment reserve	10(f)	1,664,441	1,451,736
Foreign currency translation reserve		(3,586)	(3,586)
Deficit		(11,698,145)	(7,309,495)
		7,896,182	9,971,038
		10,185,940	12,681,449

Nature of Operations and Going Concern – Note 1
Commitments – Note 14

Approved on behalf of the Board:

“Timothy A. Johnson”, Director

“Michael Rowley”, Director

GRANITE CREEK COPPER LTD.

Consolidated Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended February 28, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
	Note	February 28,		February 28,	
		2022	2021	2022	2021
		\$	\$	\$	\$
EXPENSES					
Consulting and management fees	11(a)	65,210	201,035	187,201	321,575
Corporate advisory fees		66,466	34,018	162,414	109,124
Exploration expenditures	6,11(a)	433,936	216,500	3,672,463	1,132,302
Investor relations		31,579	45,058	195,141	81,748
Office and administration		12,620	16,401	29,576	21,614
Professional fees		27,891	17,663	55,964	93,998
Property evaluation		-	1,238	-	3,120
Share-based payment expense	10(f),11(a)	61,946	23,810	304,836	118,237
Transfer agent, regulatory and filing fees		11,942	22,559	23,785	65,840
Travel and accommodation		3,291	369	6,708	3,176
		(714,881)	(578,651)	(4,638,088)	(1,950,734)
Other Items					
Other income	8	24,626	70,772	270,751	161,460
Interest expense	7	(1,349)	(5,698)	(24,001)	(5,698)
Gain / (loss) on investment in associate	5	-	-	-	1,072,878
Severance liability accretion expense	9	(14,931)	-	(44,230)	-
Loss on settlement of debt	10(b)	(16,349)	-	(16,349)	-
NET LOSS AND COMPREHENSIVE LOSS					
		(722,884)	(513,577)	(4,451,917)	(722,094)
Basic and diluted loss per share					
		(0.01)	(0.01)	(0.04)	(0.01)
Weighted average number of shares outstanding					
		123,064,833	96,770,763	122,234,774	74,395,967

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited - Expressed in Canadian Dollars)

	Note	Common Shares number	Share Capital \$	Share-based Payments Reserve \$	Subscriptions Received \$	Foreign Currency Translation Reserve \$	Deficit \$	Total \$
Balance, May 31, 2020		46,313,033	5,379,133	416,589	149,264	(3,586)	(5,198,481)	742,919
Private placements, net of issue costs	10(b)	25,228,868	2,441,505	195,036	(149,264)	-	-	2,487,277
Flow-through share premium liability	8,10(b)	-	(227,254)	-	-	-	-	(227,254)
Shares issued for acquisition	5	24,893,918	3,734,088	-	-	-	-	3,734,088
Shares issued on exercise of options	10(b)	381,000	96,412	(44,012)	-	-	-	52,400
Shares issued on exercise of warrants	10(b)	605,000	54,750	-	-	-	-	54,750
Subscriptions received, net of issue costs		-	-	-	107,600	-	-	107,600
Options acquired on acquisition	5	-	-	259,203	-	-	-	259,203
Warrants acquired on acquisition	5	-	-	116,056	-	-	-	116,056
Share-based payment expense	10(f)	-	-	118,237	-	-	-	118,237
Net loss and comprehensive loss		-	-	-	-	-	(722,094)	(722,094)
Balance, February 28, 2021		97,421,819	11,478,634	1,061,109	107,600	(3,586)	(5,920,575)	6,723,182
Private placements, net of issue costs		23,408,181	4,569,620	292,019	(107,600)	-	-	4,754,039
Flow-through share premium liability		-	(310,302)	-	-	-	-	(310,302)
Shares issued on exercise of options		150,000	37,388	(14,888)	-	-	-	22,500
Shares issued on exercise of warrants		454,800	42,693	(8,583)	-	-	-	34,110
Shares issued on exercise of RSUs		70,000	14,350	(14,350)	-	-	-	-
Share-based payment expense		-	-	166,359	-	-	-	166,359
Re-class of cancelled options		-	-	(29,930)	-	-	29,930	-
Net loss and comprehensive loss		-	-	-	-	-	(1,418,850)	(1,418,850)
Balance, May 31, 2021		121,504,800	15,832,383	1,451,736	-	(3,586)	(7,309,495)	9,971,038
Private placements, net of issue costs	10(b)	8,333,337	1,378,622	20,039	-	-	-	1,398,661
Flow-through share premium liability	10(b)	-	(208,333)	-	-	-	-	(208,333)
Shares issued for debt	10(b)	344,648	49,974	-	-	-	-	49,974
Shares issued on exercise of options	10(b)	420,588	103,903	(48,903)	-	-	-	55,000
Shares issued on exercise of warrants	10(b)	4,728,366	776,923	-	-	-	-	776,923
Share-based payment expense	10(f)	-	-	304,836	-	-	-	304,836
Re-class of expired options and warrants	10(f)	-	-	(63,267)	-	-	63,267	-
Net loss and comprehensive loss		-	-	-	-	-	(4,451,917)	(4,451,917)
Balance, February 28, 2022		135,331,739	17,933,472	1,664,441	-	(3,586)	(11,698,145)	7,896,182

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Cash Flows
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

		Three months ended February 28,		Nine months ended February 28,	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net loss for the period		(722,884)	(513,577)	(4,451,917)	(722,094)
Items not involving cash:					
Other income	8	(24,626)	(70,772)	(270,751)	(161,460)
Interest expense	7	1,233	5,479	12,373	5,479
Gain on investment in associate	5	-	-	-	(1,072,878)
Share-based payment expense	10(f)	61,946	23,810	304,836	118,237
Severance liability accretion expense	9	14,931	-	44,230	-
Loss on settlement of debt	10(b)	16,349	-	16,349	-
		(653,051)	(555,060)	(4,344,880)	(1,832,716)
Net change in non-cash working capital items	12	(590,429)	(210,566)	(451,573)	(240,812)
Cash used in operating activities		(1,243,480)	(765,626)	(4,796,453)	(2,073,528)
INVESTING ACTIVITIES					
Acquisition of exploration and evaluation assets	6	(30,000)	(11,521)	(41,450)	(11,521)
Acquisition transaction costs		-	-	-	(201,688)
Acquisition of cash		-	-	-	2,784
Cash used in investing activities		(30,000)	(11,521)	(41,450)	(210,425)
FINANCING ACTIVITIES					
Proceeds received from private placements	10(b)	1,500,001	-	1,500,001	2,557,593
Share issue costs	10(b)	(101,340)	(5,534)	(101,340)	(70,316)
Repayment of loan	7	(90,000)	-	(90,000)	-
Proceeds from exercise of warrants	10(b)	508,666	47,250	776,923	54,750
Proceeds from exercise of options	10(b)	55,000	52,250	55,000	52,400
Subscriptions received		-	107,600	-	107,600
Cash provided by financing activities		1,872,327	201,566	2,140,584	2,702,027
CHANGE IN CASH		598,847	(575,581)	(2,697,319)	418,074
Cash, beginning of period		641,280	1,158,520	3,937,446	164,865
CASH, END OF PERIOD		1,240,127	582,939	1,240,127	582,939

Supplemental cash flow information (Note 12)

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Granite Creek Copper Ltd. (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company’s corporate office and its principal place of business is Suite 904, 409 Granville Street, Vancouver, BC, V6C 1T2. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol “GCX”.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$4,451,917 during the nine months ended February 28, 2022, and as of that date, had an accumulated deficit of \$11,698,145 (May 31, 2021: \$7,309,495) and working capital of \$187,426 (May 31, 2021: working capital of \$2,259,502). At February 28, 2022, the Company had a total of \$1,834,384 (May 31, 2021 - \$4,371,343) in current assets and 642,800 (May 31, 2021 - \$598,570) in long term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2021, which have been prepared in accordance with IFRS. These condensed interim consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these condensed interim consolidated financial statements on April 29, 2022.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

Basis of Consolidation

The condensed interim consolidated financial statements include the results or financial information of Granite Creek Copper Ltd. and its wholly-owned subsidiaries listed in the following table:

Name	Country of incorporation
Copper North Mining Corp.	Canada
Carmacks Mining Corp.	Canada
Granite Creek (Barbados) Limited (inactive)	Barbados
Granite Creek (Mali) Sarl (inactive)	Mali
838232 Yukon Inc.	Canada

On November 27, 2020 the Company acquired 100% of the outstanding common shares of Copper North Mining Corp ("Copper North") and its wholly owned subsidiary Carmacks Mining Corp ("Carmacks Mining"). The operating results of Copper North and Carmacks Mining were recognized in the interim consolidated statement of loss beginning on that date (Note 5).

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All intercompany balances and transactions have been eliminated upon consolidation.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended May 31, 2021.

4. PREPAID EXPENSES AND DEPOSITS

	February 28, 2022	May 31, 2021
	\$	\$
Prepaid expenses	250,471	47,089
Deposits	34,000	186,217
	284,471	233,306

In March 2021, the Company engaged Goldspot Discoveries Corp., an arms-length party, to assist the Company in identifying preferential environments for precious and base metal mineralization on the Company's properties by utilizing artificial intelligence and its proprietary technology. A payment of \$280,000 was made upon engagement and during the three months ended February 28, 2022 the work was completed and the full deposit was drawn down on the advance. The Company has made a deposit of \$27,000 to SGS for work to be completed on the Carmacks property and to date invoices of \$11,000 were drawn down on the advance.

5. ACQUISITION OF COPPER NORTH MINING CORP.

On December 5, 2019, the Company acquired 26,146,233 common shares of Copper North in exchange for 10,529,663 common shares of the Company. At that date, the Company owned 30% of the outstanding shares of Copper North and accounted for the investment using the equity method of accounting.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

On August 31, 2020, the Company entered into a definitive arrangement agreement (the "Arrangement") with Copper North pursuant to which the Company acquired all of the outstanding Copper North common shares not already owned by the Company.

Under the terms of the Arrangement, Copper North shareholders received one common share of the Company for every two and one-half Copper North Shares ("Exchange Ratio"). All outstanding warrants and options of Copper North were exchanged (or deemed to be exchanged) for warrants and options, respectively, of the Company at the Exchange Ratio, with appropriate adjustments to the exercise price, but shall not otherwise be amended, including with respect to vesting and expiry. The transaction was completed on November 27, 2020 for an additional consideration of 24,893,918 common shares of the Company.

As at November 27, 2020, the Company discontinued the equity method of accounting. The Company's investment in associate as at November 27, 2020, prior to the acquisition, and the changes for the six months then ended are as follows:

Investment in Associate	\$
Initial recognition	684,428
Share of loss in equity accounted investee	(177,857)
Balance, May 31, 2020	506,571
Share of loss in equity accounted investee	(93,730)
Balance, November 27, 2020	412,841
Gain on net increase in value of investment in associate	1,166,608
Discontinuance of equity method	(1,579,449)
November 27, 2020	-

The following is a summary of Copper North's financial information on a 100% basis as at November 27, 2020. Copper North's consolidated financial statements are prepared in accordance with IFRS.

	November 27, 2020
	\$
Total current assets	40,191
Total non-current assets	17,233,627
Total current liabilities	(1,640,394)
Total non-current liabilities	(570,342)
Net asset value	15,063,082
Net loss from June 1, 2020 to November 27, 2020	(309,000)
Proportionate share of net loss (30% ownership)	(93,730)

The acquisition of Copper North did not meet the definition of a business under IFRS 3 *Business Combinations* and has been accounted for as an asset acquisition in these consolidated financial statements. On the acquisition date, November 27, 2020, the Company has allocated the purchase price of the acquisition to the assets and liabilities acquired as follows:

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

Purchase Price	\$
Discontinuance of equity method	1,579,449
Common shares issued	3,734,088
Options issued ⁽¹⁾	259,203
Warrants issued ⁽²⁾	116,056
Transaction costs	201,688
	<u>5,890,484</u>
Net assets acquired	
Current assets	40,191
Reclamation bonds	90,300
Exploration and evaluation assets	7,970,728
Current liabilities	(1,640,393)
Non-current liabilities	(570,342)
	<u>5,890,484</u>
Total	5,890,484

⁽¹⁾ The Company issued 2,344,000 options on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - \$0.22; risk-free rate - 0.38%; expected life - 1.44 years; expected volatility - 117%; and expected dividends - nil

⁽²⁾ The Company issued 2,798,996 warrants on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - \$0.32; risk-free rate - 0.26%; expected life - 1.48 years; expected volatility - 73%; and expected dividends - nil

6. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation acquisition costs is presented below:

	Carmacks North	Carmacks	Total
	\$	\$	\$
Balance, May 31, 2020	237,557	-	237,557
Acquisition of Copper North	-	7,970,728	7,970,728
Licensing & maintenance	11,521	-	11,521
Balance, May 31, 2021	249,078	7,970,728	8,219,806
Advanced royalty payment	30,000	-	30,000
Licensing & maintenance	-	11,450	11,450
Balance, February 28, 2022	279,078	7,982,178	8,261,256

Carmacks North (previously named Stu Project)

In January 2019, the Company acquired an undivided 100% interest in the Carmacks North (formerly Stu Project) in Yukon Territory, Canada from arms-length vendors (the "Vendors"). In consideration, the Company issued an aggregate of 3,000,000 units (each, a "Transaction Unit") valued at \$225,000 and granted a 3% net smelter return royalty to the Vendors on any future production on the Stu Property (the "Royalty"). The Company has the option to purchase up to two-thirds of the Royalty from the Vendors. The agreement also provides that the Company will make annual advance Royalty payments of \$30,000 to the Vendors beginning in May 2022, and in each subsequent year thereafter, until the commencement of any commercial production on Carmacks North. At February 28, 2022, \$30,000 has been paid in advance royalty payments.

Each Transaction Unit was comprised of one common share and one common share purchase warrant, with each warrant exercisable into one additional common share at an exercise price of \$0.15 per share, with an expiry date of January 16, 2022. Subsequently, 2,500,000 warrants were exercised and 500,000 expired unexercised.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

Carmacks Project

The Company acquired 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada, through its acquisition of Copper North (Note 5).

At February 28, 2022, \$1.9 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of \$100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. (Paid subsequent to November 30, 2021) Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at the Company's election. If the Company elects to pay the net smelter return royalty, it has the right to purchase the royalty for \$2.5 million, less any advance royalty payments made to that date.

The Company holds a Guaranteed Investment Certificate in the amount of \$80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property.

Other

The Company acquired a deposit of \$10,000 held by the Government of British Columbia to cover reclamation costs for the work performed on a previously held property when it acquired Copper North (Note 5).

The Company incurred exploration expenses for the three months ended February 28, 2022 as follows:

	Carmacks North	Carmacks	Total
	\$	\$	\$
Analysis	3,159	98,916	102,075
Camp	126,728	4,543	131,271
Consulting	20,814	36,862	57,676
Equipment and communication	-	33,504	33,504
Helicopter and fuel	-	186	186
Permitting	-	413	413
Transport	2,119	6,692	8,811
Royalty advance	-	100,000	100,000
	152,820	281,116	433,936

The Company incurred exploration expenses for the three months ended February 28, 2021 as follows:

	Carmacks North	Carmacks	Total
	\$	\$	\$
Analysis	11,475	8,845	20,320
Camp	55,638	2,828	58,466
Consulting	7,913	98	8,011
Equipment and communication	17,444	6,850	24,294
Helicopter and fuel	-	184	184
Transport	3,788	1,437	5,225
Royalty advance	-	100,000	100,000
	96,258	120,242	216,500

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

The Company incurred exploration expenses for the nine months ended February 28, 2022 as follows:

	Carmacks North	Carmacks	Total
	\$	\$	\$
Analysis	4,087	227,618	231,705
Camp	136,332	244,566	380,898
Consulting	325,578	705,235	1,030,813
Drilling	47,559	1,463,524	1,511,083
Equipment and communication	15,552	77,473	93,025
Geophysics	186,479	-	186,479
Helicopter and fuel	44,646	21,305	65,951
Permitting	-	413	413
Transport	2,535	69,561	72,096
Royalty advance	-	100,000	100,000
	762,768	2,909,695	3,672,463

The Company incurred exploration expenses for the nine months ended February 28, 2021 as follows:

	Carmacks North	Carmacks	Total
	\$	\$	\$
Analysis	64,279	8,845	73,124
Camp	103,267	2,828	106,095
Consulting	325,651	98	325,749
Drilling	417,389	-	417,389
Equipment and communication	61,368	6,850	68,218
Helicopter and fuel	28,928	184	29,112
Transport	11,178	1,437	12,615
Royalty advance	-	100,000	100,000
	1,012,060	120,242	1,132,302

7. LOANS

The Company acquired loans through the acquisition of Copper North (Note 5).

On September 12, 2019 Copper North entered into a grid promissory note which would permit the Company to borrow up to a maximum of \$395,000 and bear interest at the rate of 10% per annum compounding annually. The Lender provided an initial advance of \$220,000 to the Company under the Loan. Since the initial advance the Company has repaid \$137,806 and accrued interest of \$43,242, for a balance as at February 28, 2022 of \$125,436. Subsequent to February 28, 2022 the balance was repaid in full.

Copper North entered into a promissory note for \$100,000 on February 5, 2020. The promissory note bears interest at the rate of 5% per annum. The balance as at February 28, 2022 is \$110,329 including \$10,329 of accrued interest and included in due to related parties (Note 11).

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	\$
Balance, May 31, 2020	6,608
Flow-through share premium on the issuance of flow-through common shares	537,556
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(298,039)</u>
Balance, May 31, 2021	246,125
Flow-through share premium on the issuance of flow-through common shares (Note 10)	208,333
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(270,751)</u>
Balance, February 28, 2022	<u>183,707</u>

9. SEVERANCE LIABILITY

The Company acquired a long-term severance liability through the acquisition of Copper North (Note 5).

On June 16, 2020 Copper North reached a Settlement Agreement with the departing CEO which resolves all his outstanding claims for unpaid wages, severance, and unpaid expenses. The settlement amount of \$880,957 will be due and payable in five years with provisions for earlier payment or shares-for-debt settlement under certain conditions and subject to approvals as may be required.

As the severance liability is non-current, it was discounted to its present value of \$547,005 on inception of the liability, using a 10% interest rate. At November 27, 2020, accretion of \$23,337 was recorded, which was accounted for in the purchase price allocation (Note 5). Further accretion expense of \$28,228 was recorded during the year ended May 31, 2021. During the three and nine months ended February 28, 2022 accretion expense of \$14,931 and \$44,230 respectively was recorded for a balance as at February 28, 2022 of \$642,800.

10. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Nine Months Ended February 28, 2022

- On December 17, 2021, the Company closed a non-brokered private placement of 8,333,337 FT common shares of the Company at a price of \$0.18 per common share for gross proceeds of \$1,500,001. In connection with the private placement, the Company paid cash finders fees of \$91,000 and issued 505,554 finders' warrants, valued at \$20,039 using the Black-Scholes pricing model. Each common share purchase warrant will entitle the holder to purchase one common share of the Company at a price of \$0.17 per common share for a period of 24 months following the closing date. A total of \$208,333 was allocated to flow-through share premium liability using the residual value method. The Company also incurred cash share issuance costs of \$10,340.
- On December 23, 2021, the Company issued 344,648 common shares to settle debt of \$33,625. The shares were valued at \$49,974. Which resulted in loss on settlement of debt of \$16,349.

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- The Company issued 400,000 common shares pursuant to the exercise of 400,000 options with a weighted average exercise price of \$0.1375 per share for total gross proceeds of \$55,000. The weighted average share price on the date of exercise was \$0.155. An additional total of 50,000 options exercised were using Share Appreciation Rights ("SAR") and 20,588 common shares were issued.
- During the nine months ended February 28, 2022, the Company issued 4,728,366 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.16 per share. The weighted average share price on the date of exercise was \$0.16.

Nine Months Ended February 28, 2021

- On October 29, 2020 the Company closed three private placements (in multiple tranches) by issuing a total of 6,278,587 flow-through ("FT") units, 2,289,382 non-FT units and 2,050,833 FT shares for aggregate gross proceeds of \$1,988,220.

The 6,278,587 FT units were issued at \$0.205 per unit for gross proceeds of \$1,287,110. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The Company allocated \$160,085 of the gross proceeds to warrant reserve using the Black-Scholes option pricing model. A total of \$185,237 was allocated to flow-through share premium liability using the residual value method.

The 2,289,382 non-FT units were issued at \$0.145 per unit for gross proceeds of \$331,960. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The Company allocated \$4,460 to warrant reserve using the residual value method.

The 2,050,833 FT shares were issued at \$0.18 per share for total gross proceeds of \$369,150. The Company allocated \$42,017 of the gross proceeds to flow-through share premium liability.

In connection with the three private placements, the Company issued 410,066 finders' units. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The shares were issued at a value of \$57,409 and a value of \$9,387 was attributed to the 205,033 finders warrants using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of \$28,000.

- On June 18, 2020, the Company closed a private placement which consisted of a total of 14,200,000 units at a price of \$0.05 per unit for gross proceeds of \$710,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.075 per share for a period of 36 months following the closing date. The Company had received subscriptions of \$149,264, net of issue costs at May 31, 2020.

In connection with the private placement, the Company issued 554,400 brokers warrants, valued at \$21,104 using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of \$33,679.

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- The Company issued 381,000 common shares pursuant to the exercise of options with a weighted average exercise price of \$0.14 per share. The weighted average share price on the date of exercise was \$0.22.
- The Company issued 605,000 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.09 per share. The weighted average share price on the date of exercise was \$0.21.

c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan whereby the Board can grant, subject to regulatory terms and approval, various awards including stock options, to its officers, directors, employees and service providers. The Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 20,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, May 31, 2020	3,650,000	0.15
Granted	6,135,000	0.16
Exercised	(531,000)	0.14
Cancelled	(50,000)	0.15
Expired	(300,000)	0.13
Acquired on acquisition (Note 5)	2,344,000	0.14
Balance, May 31, 2021	11,248,000	0.15
Granted	1,400,000	0.19
Exercised	(450,000)	0.13
Expired	(264,000)	0.19
Balance, February 28, 2022	11,934,000	0.16
Exercisable, February 28, 2022	8,644,000	0.14

The following stock options were outstanding as at February 28, 2022:

Outstanding	Exercisable	Weighted average exercise price \$	Expiry date	Weighted average remaining life (in years)
80,000	80,000	0.21	September 27, 2022	0.58
2,649,000	2,649,000	0.15	February 1, 2024	1.93
600,000	600,000	0.15	May 15, 2024	2.21
2,950,000	2,950,000	0.10	June 19, 2025	3.31
1,420,000	1,420,000	0.14	August 21, 2025	3.48
2,610,000	870,000	0.22	March 17, 2026	4.05
225,000	75,000	0.22	May 15, 2026	4.21
300,000	-	0.16	October 6, 2026	4.61
1,100,000	-	0.20	February 14, 2027	4.96
11,934,000	8,644,000	0.16		3.31

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Subsequent to February 28, 2022, a total of 50,000 options exercised were using Share Appreciation Rights ("SAR") and 21,429 common shares were issued.

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, May 31, 2020	29,941,175	0.19
Issued	20,805,498	0.21
Exercised	(1,059,800)	0.08
Expired	(355,360)	1.25
Acquired on acquisition (Note 5)	2,798,996	0.34
Balance, May 31, 2021	52,130,509	0.20
Issued	505,554	0.27
Exercised	(4,728,366)	0.16
Expired	(1,643,636)	0.03
Balance, February 28, 2022	46,264,061	0.21

The following share purchase warrants were outstanding as at February 28, 2022:

Outstanding	Weighted average exercise price \$	Expiry date	Weighted average remaining life (in years)
500,000	0.15	March 1, 2022	0.01
2,941,175	0.20	August 21, 2022	0.48
3,139,293	0.25	October 6, 2022	0.60
698,691	0.25	October 13, 2022	0.62
651,033	0.25	October 29, 2022	0.67
22,046,634	0.20	January 16, 2023	0.88
8,662,081	0.30	March 16, 2023	1.04
3,349,800	0.075	June 5, 2023	1.27
2,969,800	0.075	June 18, 2023	1.30
800,000	0.125	August 7, 2023	1.44
505,554	0.27	December 17, 2023	1.80
46,264,061	0.21		0.93

The Company received TSX Venture approval to extend the expiry date on certain warrants that were due to expire January 16, 2022. The warrants will now have an expiry date of January 16, 2023. All other terms of the warrants stay the same. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.20

Subsequent to February 28, 2022, a total of 2,640 warrants with a weighted average exercise price of \$0.075 were exercised and a total of 500,000 warrants with a weighted average exercise price of \$0.15 expired unexercised.

e) Compensation options

A total of 175,000 compensation options were issued pursuant to a private placement completed in March 2021. Each compensation option entitles the holder to acquire one Unit at a price of \$0.20 until March 16, 2023. Each Unit consists of one common share and one-half of one warrant. The

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warrant entitles the holder to purchase an additional common share at a price of \$0.30 until March 16, 2023.

f) Share-based payment expense and reserve

During the nine months ended February 28, 2022, the Company granted 1,400,000 incentive stock options to Directors, Officers and consultants of the Company. The fair value of the stock options granted during the nine months ended February 28, 2022 was calculated using the Black Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.64%
Expected life in years	5.0
Expected volatility	81%
Expected dividends	Nil

During the nine months ended February 28, 2021, the Company granted 3,150,000 incentive stock options to Directors, Officers and consultants of the Company. The fair value of the stock options granted during the nine months ended February 28, 2021 was calculated using the Black Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.33%
Expected life in years	5.0
Expected volatility	103%
Expected dividends	Nil

During the nine months ended February 28, 2022, total share-based payment expense was \$304,836 (2021 - \$118,237) in respect of the vesting of previously granted stock options and newly granted options and was recorded in profit or loss. The weighted average fair value on grant date of the options granted during the nine months ended February 28, 2022 was \$79,023 (2021 - \$168,704), or \$0.08 (2021 - \$0.05) per option.

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

The fair value of the 505,554 finders' warrants, valued at \$20,039 that were issued during the nine months ended February 28, 2022 pursuant to the December 2021 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.95%
Expected life in years	2.0
Expected volatility	75%
Expected dividends	Nil

The fair value of the 3,139,293 flow-through warrants within the flow-through units, valued at \$160,085 that were issued during the nine months ended February 28, 2021 pursuant to the October 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.21%
Expected life in years	2.0
Expected volatility	89%
Expected dividends	Nil

The fair value of the 205,033 warrants within the finders' units, valued at \$9,387 that were issued during the nine months ended February 28, 2021 as a finders' fee pursuant to the October 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

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Risk free interest rate	0.21%
Expected life in years	2.0
Expected volatility	90%
Expected dividends	Nil

The fair value of the 554,400 broker warrants, valued at \$21,104 that were issued during the nine months ended February 28, 2021 pursuant to the June 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.32%
Expected life in years	3.0
Expected volatility	89%
Expected dividends	Nil

During the nine months ended February 28, 2022, the Company reclassified \$10,909 (2021 - \$nil) from share-based payment reserve to deficit with respect to options that expired and \$52,358 (2021 - \$nil) from share-based payment reserve to deficit with respect to warrants that expired during the period.

11. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three and nine months ended February 28, 2022 and 2021:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs and other admin costs. Timothy Johnson, President and CEO of the Company, and Michael Rowley director of the Company, are minority shareholders of TruePoint;
- 1111040 BC Ltd., a private company controlled by the President and CEO of the Company; and
- MVR Consulting Inc., a private company controlled by Michael Rowley, Director.

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Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Transactions

The Company's related party transactions for the three and nine months ended February 28, 2022 and 2021 were as follows:

	Three months ended February 28,		Nine months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting and management fees ⁽¹⁾	52,458	80,820	159,181	144,256
Share-based payments ⁽²⁾	16,321	7,937	72,228	31,845
Exploration and administrative support costs ⁽³⁾	273,410	304,281	3,486,590	1,315,083
	342,189	393,038	3,717,999	1,491,184

¹ Consulting fees for the three and nine months ended February 28, 2022 and 2021 consisted of fees earned by key management personnel including the CEO and CFO.

² Share-based payments expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

³ Transactions with TruePoint for the nine months ended February 28, 2022 consisted of exploration expenditures (\$3,238,276) and investor relations and corporate development fees (\$248,314).

b) Related Party Balances

The Company's related party payable balances consisted of the following:

	February 28, 2022	May 31, 2021
	\$	\$
Current liabilities – Due to related parties		
TruePoint, net ⁽¹⁾	644,754	946,817
TruePoint, Promissory note	110,329	106,590
Tim Johnson	4,337	355
1111040 BC Ltd	15,750	10,500
MVR Consulting Inc.	-	495
Loy Chunpongtong	17,333	17,333
	792,503	1,082,090

¹ This amount was the net of cash advances made to TruePoint, partially offset by charges from TruePoint

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

c) Insider Participation in Private Placements

A summary of insider participation in the Company's private placements for the nine months ended February 28, 2022 was as follows:

December 2021 Private Placement	Number of Units	Price	Proceeds
		\$	\$
Timothy Johnson	222,225	0.18	40,001
Michael Rowley	55,556	0.18	10,000
	277,781		50,001

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A summary of insider participation in the Company's private placements for the nine months ended February 28, 2021 was as follows:

October 2020 Private Placement	Number of Units	Price	Proceeds
		\$	\$
Alicia Milne	50,000	0.18	9,000
Timothy Johnson	120,000	0.18	21,600
Rebecca Moriarty	14,900	0.145	2,161
Michael Rowley	42,000	0.18	7,560
	<u>226,900</u>		<u>40,321</u>

12. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and nine months ended February 28, 2022 and 2021 consisted of the following:

	Three months ended February 28,		Nine months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Receivable	(30,836)	24,251	(109,195)	(42,558)
Due to / from related parties	(339,301)	(18,666)	(293,327)	752,041
Prepaid expenses	(232,726)	(15,536)	(51,165)	(5,100)
Accounts payable and accrued liabilities	12,434	(200,615)	2,114	(945,195)
	<u>(590,429)</u>	<u>(210,566)</u>	<u>(451,573)</u>	<u>(240,812)</u>

During the nine months ended February 28, 2022, the non-cash transactions consisted of the following:

- (i) issuing 505,554 finders' warrants valued at \$20,039 pursuant to the December 2017 private placement noted in Note 10(b); and
- (ii) issuing 344,648 shares valued at \$49,974 to settle debt of \$33,625 noted in Note 10(b).

During the nine months ended February 2021, the non-cash transactions consisted of the following:

- (iii) issuing 24,893,918 shares for the acquisition of Copper North Mining as well as 2,344,000 options and 2,798,996 warrants (Note 5);
- (iv) issuing 410,066 finders' shares valued at \$57,409 and 205,033 finders' warrants valued at \$9,387 pursuant to the October 2020 private placement noted in Note 10(b); and
- (v) issuing 554,400 brokers' warrants valued at \$21,104 pursuant to the June 2020 private placement noted in Note 10(b).

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash, accounts receivable, accounts payable and accrued liabilities and due to related parties are classified as amortized cost.

As at February 28, 2022 the Company believes the carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

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The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk. There have been no changes in any risk management policies since May 31, 2021.

14. COMMITMENTS

As a result of the issuance of FT units and shares in March 2021, the Company had a commitment to incur \$3,200,300 on qualifying Canadian exploration expenditures. At February 28, 2022, the Company had incurred the full \$3,200,300 of those qualifying expenditures.

As a result of the issuance of FT shares in December 2021, the Company had a commitment to incur \$1,500,001 on qualifying Canadian exploration expenditures. At February 28, 2022, the Company had incurred the \$177,311 of those qualifying expenditures.

15. CORONA VIRUS (COVID 19) PANDEMIC

Outbreak of the corona virus and the worldwide COVID-19 pandemic may result in impacts to the Company's on-going exploration plans and activities in 2021. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate.

The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected that are difficult to quantify. Regional disease outbreaks represent a threat to hiring and maintaining skilled workers, and could be a major health-care challenge for its workforce. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and ultimately that the Company could see its workforce productivity reduced or incur increased medical costs as a result of these health risks.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital.

There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity, thereby limiting access to additional capital.