

Lupaka Gold Corp.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(Presented in Canadian Dollars) - Unaudited

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, 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 of Lupaka Gold Corp. (“the Company” or “Lupaka”) for the interim period ended March 31, 2022, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors have not performed a review of these interim financial statements.

Lupaka Gold Corp.

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022 and December 31, 2021

(expressed in Canadian Dollars, Except Share Data)

	March 31, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash	83,405	121,215
GST receivable (Note 3)	2,877	3,175
Prepaid expenses and deposits	5,853	1,987
	92,135	126,377
Non-current assets		
Mineral properties (Note 4)	11,144	11,239
Total assets	103,279	137,616
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	606,582	604,049
Due to related parties (Note 6)	32,550	31,500
Total liabilities	639,132	635,549
Shareholders' Equity		
Common shares (Note 8 (a))	59,892,640	59,892,640
Warrants (Note 8 (b))	171,440	171,440
Contributed surplus	8,402,676	8,375,119
Deficit	(68,160,528)	(68,095,146)
Accumulated other comprehensive income (loss)	(842,081)	(841,986)
Total shareholders' equity	(535,853)	(497,933)
Total liabilities and equity	103,279	137,616

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved and authorized for issue by the Board of Directors on May 13, 2022

signed "Gordon Ellis"

Director

signed "Mario Stifano"

Director

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

Lupaka Gold Corp.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss For the three months ended March 31, 2022 and 2021

(expressed in Canadian Dollars, Except Share Data)

	Three months ended March 31,	
	2022	2021
	\$	\$
Operating expenses		
Exploration		
Project administration	1,685	-
General and administration		
Management fees	32,230	28,693
Professional and regulatory fees	22,451	(2,179)
Consulting	8,056	-
Shareholder and investor relations	2,377	2,914
Office and general	1,410	3,059
General and administration	66,524	32,487
Operating loss	(68,209)	(32,487)
Foreign exchange gain	2,827	2,292
Net loss for the period	(65,382)	(30,195)
Other comprehensive loss	(95)	-
Net loss and comprehensive loss for the period	(65,477)	(30,195)
Weighted average number of shares outstanding		
Basic and diluted	160,277,702	152,872,827
Loss per share, basic and diluted	(\$0.00)	(\$0.00)

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

Lupaka Gold Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

	Three months ended March 31,	
	2022	2021
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(65,382)	(30,195)
Adjustment for items not affecting cash:		
Share-based compensation expense (Note 8)	27,557	18,987
Depreciation	-	177
	(37,825)	(11,031)
Changes in non-cash working capital		
Trade and other receivables	298	(278)
Prepaid expenses and deposits	(3,866)	526
Accounts payables and accrued liabilities	2,533	(42,257)
Due to/from related parties (Note 6)	1,050	(950)
Net cash used in operating activities	(37,810)	(53,990)
Cash flows from financing activities		
Proceeds from private placements, net	-	100,000
Proceeds from the exercise of stock options	-	18,917
Net cash from financing activities	-	118,917
Net decrease in cash	(37,810)	64,927
Cash- beginning of period	121,215	6,024
Cash - end of period	83,405	70,951

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

Lupaka Gold Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity For the three months ended March 31, 2022 and 2021

(presented in Canadian Dollars, Except Share Data)

	Three months ended March 31,			
	2022		2021	
	Number	\$	Number	\$
Common shares (Note 8 (a))				
Balance – beginning of period	160,277,702	59,892,640	153,509,368	59,725,318
Issued pursuant to private placements	-	-	2,000,000	100,000
Issued pursuant to the exercise of options	-	-	378,334	18,917
Fair value of stock options exercised	-	-	-	5,062
Fair value of share purchase warrants issued	-	-	-	(147,544)
Balance – end of period	160,277,702	59,892,640	155,887,702	59,701,753
Share purchase warrants (Note 8 (b))				
Balance – beginning of period		171,440		1,375,919
Issued pursuant to a private placement		-		147,544
Balance – end of period		171,440		1,523,463
Contributed surplus				
Balance – beginning of period		8,375,119		6,924,748
Share-based compensation		27,557		18,987
Fair value of stock options exercised		-		(5,062)
Balance – end of period		8,402,676		6,938,673
Deficit				
Balance – beginning of period		(68,095,146)		(67,879,206)
Net loss for the period		(65,382)		(30,195)
Balance – end of period		(68,160,528)		(67,909,401)
Accumulated other comprehensive income				
Balance – beginning of period		(841,986)		(842,280)
Currency translation adjustment on foreign operations		(95)		-
Balance – end of period		(842,081)		(842,280)
Total shareholders' equity		(535,853)		(587,792)

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

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

1 Nature of operations and going concern

Lupaka Gold Corp. (“Lupaka” or “the Company”) was incorporated in Canada on November 3, 2000 under the legislation of the Province of British Columbia, and is in the business of acquisition, exploration and development of mineral resource properties. Lupaka was dormant prior to January 1, 2010.

Lupaka’s head office, and records and registered offices are located at 1569 Dempsey Road, North Vancouver, BC V7K 1S8. Lupaka’s common shares trade in Canada on the TSX Venture Exchange (“TSX.V”) and in Germany on the Frankfurt Exchange under the symbol LQP.

Collectively, Lupaka and its subsidiaries are referred to hereafter as “the Company”.

The Company is presently pursuing an Arbitration Claim against the Republic of Peru as a result of its loss of ownership of the Invicta Gold Project (“Invicta”) to PLI Huaura Holdings LP (“PLI”; see Note 7), and recently acquired three potential gold properties in the state of Oregon, USA. Management is continuing to seek out other gold exploration projects for potential development and investment.

Going Concern

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

As at March 31, 2022, the Company had a working capital deficit (current assets less current liabilities) of \$546,997 (December 31, 2021 - \$509,172) and accumulated deficit of \$68,160,528 (December 31, 2021 – \$68,095,146). For the three months ended March 31, 2022, the Company had a net loss of \$65,382 (2021 – \$30,195) and used cash in operating activities of \$37,810 (2021 – \$53,990).

The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operating activities or to raise funds primarily through the issuance of shares or obtaining alternative financing, which it has been successful in doing so in the past. There can be no assurance that sufficient financing can be obtained in the future. As a result, there are material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

As the outcome of these matters cannot be predicted at this time, if the Company is unable to generate positive cash flow from operating activities or obtain additional financing, management may be required to further curtail certain expenses.

In 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a potential material impact to the Company’s activities, cash flows, liquidity and its ability to raise additional capital. Various restrictions on gatherings, work and access to remote communities near the Company’s potential/future projects may also impact the Company’s ability to perform operational activities.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

2 Statement of compliance and basis of preparation

These condensed interim consolidated financial statements (“interim financial statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, and International Financial Reporting Standards (“IFRS”). These interim financial statements should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2021, as some disclosures from the annual consolidated financial statements have been condensed or omitted.

These interim financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these interim financial statements have been prepared using the accrual method of accounting. All dollar amounts presented are in Canadian dollars unless otherwise specified.

The results of any subsidiaries acquired or disposed of during the period are included in the consolidated statements of income (loss) and comprehensive income (loss) from the effective date of acquisition up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those used by the Company. Inter-company transactions, balances, loss, comprehensive loss and expenses are eliminated on consolidation, where appropriate.

The interim consolidated financial statements include the accounts of Lupaka and its wholly-owned subsidiaries, which are as follows:

- Lupaka USA Limited (“LPKUSA”), a USA company
- Andean American Gold Corp. (“AAG”), a Canadian company
- Lupaka Gold Peru S.A.C. (“LGP”), a Peru company
- Andean Exploraciones S.A.C. (“AES”), a Peru company (inactive)
- Greenhydro S.A.C. (“Greenhydro”), a Peru company (inactive)

3 Receivables

Receivables consist of goods and services taxes due from the Government of Canada. The Company anticipates full recovery of its current receivables within one year.

4 Mineral exploration properties

In December 2021, the Company acquired three potential gold properties in the state of Oregon, USA referred to as the Idol City, Pine Creek and Red Mountain projects.

All three properties are located in the south-east corner of the state in a similar geological environment to the prolific Battle Mountain - Eureka trend in Northern Nevada. Ownership of these properties is held by LPK USA and consulting, legal and staking expenditures totaling \$11,144 have been capitalized to mineral properties to March 31, 2022.

5 Accounts payable and accrued liabilities

As at March 31, 2022, \$266,750 was payable to a former CEO of the Company pursuant to a March 2018 settlement agreement which was renegotiated in February 2019. In addition, approximately \$203,000 remains due to the KLR Group, LLC for finder’s fees incurred in obtaining the PLI Financing Agreement (Note 7) pursuant to a June 2017 settlement agreement.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

6 Related party transactions

Details of transactions between the Company and other related parties are disclosed below:

a) Related party expenditures

During the three months ended March 31, 2022, the Company incurred \$1,000 (2021 - \$4,000) in management fees with DFJ Consulting Services Ltd., a company owned by the CFO of the Company.

(b) Key management compensation

Key management includes directors and executive officers of the Company. The compensation paid or payable to key management for employee services for the three months ended March 31, 2022 and 2021 is shown below:

	Three months ended March 31,	
	2022	2021
	\$	\$
Management fees	1,000	11,599
Share-based compensation	18,238	13,680
Total	19,238	25,279

(c) Due to current and former related parties

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

As at March 31, 2022:

- \$3,150 was payable to the Company's CFO for outstanding management fees and GST, which is included in Due to Related Parties;
- \$27,300 (net of tax) was payable for consulting and advisory services to Havilah Holdings Inc. ("Havilah") and \$2,100 (net of tax) was payable to ABE Industries Inc. ("ABE"), which is included in Due to Related Parties. Havilah is a co-owner of K-Rok Minerals Inc. which is owned 60% by ABE, 35% by Havilah and 5% by another individual. ABE is wholly-owned by Gordann Consultants Ltd., a company in which the Company's Chairman, CEO and a director owns a 51% interest and his wife owns a 49% interest. Collectively, these parties hold >10% of the Company; and
- \$266,750 was payable to a former CEO of the Company pursuant to a March 2018 settlement agreement between the parties, which is included in Accounts Payable.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

7 Loss of control over IMC

By agreement with PLI Huara Holdings LP dated June 30, 2016 and amended August 2, 2017, the Company executed the PLI Financing Agreement with PLI to fund US\$7 million for the completion of development and to initiate production at Invicta Mining Corp.'s ("IMC") Invicta Gold Project ("Invicta").

On July 2, 2019, the Company received a formal Notice of Acceleration (the "Acceleration Notice") from PLI regarding the PLI Financing Agreement. The Acceleration Notice claims that as a result of existing specified claims of alleged default, PLI declared an early termination date of the loan and requested immediate payment of approximately US\$15.6 million. In October 2019, the Company was advised that PLI had seized all of the ownership shares of IMC, effective July 2, 2019, resulting in the Company losing control of IMC and Invicta.

Arbitration Claim made under the Canada-Peru Free Trade Agreement ("CPFTA")

PLI's specified claims of default primarily related to the Company's inability to make scheduled repayments against the PLI Financing Agreement as a result of the ongoing illegal road blockade carried out by the community of Paran located near Invicta. Despite numerous requests for resolution assistance from local and federal government officials of the Republic of Peru, the requested assistance was not provided and the blockade continued, resulting in the Company's loss of its ownership of IMC and the Invicta Gold Project.

On October 21, 2019, the Company delivered to the Peruvian Minister of Economy and Finance a Request for Arbitration in accordance with the 2009 Free Trade Agreement between Canada and Peru (the "CPFTA Arbitration"). In this respect, the Company has engaged Lalive SA (Geneva/Zurich/London) to represent its interests in the CPFTA Arbitration, which primarily centers on a claim for US\$47.7 Million plus interest at a rate of LIBOR+2% compounded annually from August 27, 2019 until payment is received by Lupaka.

On August 4, 2020, the Company reported that it had entered into an Arbitration Funding Agreement with Bench Walk Advisors ("BWA") to support the Company's arbitration claim against the Republic of Peru under the CPFTA. The BWA Agreement allows for up to USD\$4.1 million to support the arbitration and related costs. Amounts advanced by BWA are repayable only upon completion of a successful claim and recovery. The actual amount received by BWA will vary in accordance with the actual settlement received by the Company from the Republic of Peru. As such, the financing is non-dilutive to current Lupaka shareholders. Precise terms of the Arbitration Funding Agreement (other than those set out herein) are confidential.

8 Equity

a) Common shares

Authorized: unlimited with no par value.

On July 14, 2021, the Company completed a non-brokered private placement with third-party individuals raising gross proceeds of \$200,000 and issuing 4,000,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company ("Share") and one transferable common share purchase warrant ("Warrant Share") entitling the holder to purchase an additional common share of the Company at a price of \$0.10 for a period of three years from the closing (the "July 2021 Placement"). All Shares issued and Warrants Shares (if exercised prior to November 15, 2021) are subject to a hold period expiring four months and one day from the closing date of the July 2021 Placement in accordance with applicable securities laws. In connection with the subscriptions received the Company paid finders' fees in the amount of

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

Equity (continued)

\$10,000 in cash, and no Insiders participated in this Placement. The proceeds of the July 2021 Placement will be used to pay ongoing operating costs as the Company continues to pursue its litigation against the Republic of Peru and to support review of potential new properties.

On January 20, 2021, the Company completed a non-brokered private placement with third-party individuals raising gross proceeds of \$100,000 and issuing 2,000,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one transferable common share purchase warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.10 for a period of three years from the closing (the "Placement"). All Shares issued and Warrants Shares (if exercised prior to May 21, 2021) are subject to a hold period expiring four months and one day from the closing date of the Placement in accordance with applicable securities laws. No finders' fees were paid, and no Insiders participated in this Placement.

During the year ended December 31, 2021, the Company issued 768,334 common shares for gross proceeds of \$38,417 in connection with the exercise of stock options.

b) Share purchase warrants

Pursuant to the closing of the January 2021 private placement, the Company issued 2,000,000 Warrant Shares. Each Warrant Share entitles the holder to purchase one additional common share, exercisable at \$0.10 for a period of thirty-six months from closing. The residual fair value of the Warrant Shares was estimated to be \$0.038 per warrant, for a total of \$76,119 recorded as Warrants, at the grant dates using the Black-Scholes option-pricing model and based on the following assumptions:

Exercise price (\$)	0.10
Risk free interest rate (%)	0.16
Expected life (years)	3.0
Expected volatility (%)	100%

As at March 31, 2022, all 2,000,000 Warrant Shares remain outstanding.

Pursuant to the closing of the July 2021 private placement, the Company issued 4,000,000 Warrant Shares. Each Warrant Share entitles the holder to purchase one additional common share, exercisable at \$0.10 for a period of thirty-six months from closing. The residual fair value of the Warrant Shares was estimated to be \$0.024 per warrant, for a total of \$95,321 recorded as Warrants, at the grant dates using the Black-Scholes option-pricing model and based on the following assumptions:

Exercise price (\$)	0.10
Risk free interest rate (%)	0.44
Expected life (years)	3.0
Expected volatility (%)	100%

As at December 31, 2021, all 4,000,000 Warrant Shares remain outstanding.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

Equity (continued)

Following is a continuity schedule of the Company's warrants, for the three months ended March 31, 2022 and 2021:

	Three months ended March 31,			
	2022		2021	
	Number of share purchase warrants	Weighted average exercise price \$	Number of share purchase warrants	Weighted average exercise price \$
Warrants outstanding – beginning of period	6,000,000	0.10	25,972,008	0.10
Placement Warrants issued	-	-	2,000,000	0.10
Warrants outstanding – end of period	6,000,000	0.10	27,972,008	0.10

The weighted average remaining life of the Company's warrants is 2.1 years.

c) Share options

The Company has in place an incentive share option plan dated September 20, 2010 (the "Option Plan") for directors, officers, employees and consultants to the Company. The Option Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Option Plan, including:

- The maximum number of common shares issuable pursuant to options granted under the Option Plan shall not exceed 10% of the outstanding common shares issued at the date of grant and
- The terms of options are a minimum of one year and a maximum of ten years from the date the option is granted, with the most common option terms being five years.

Vesting terms are determined for each grant by the Company's Board of Directors.

A summary of changes to share options outstanding and exercisable is as follows:

	Three months ended March 31,			
	2022		2021	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Options outstanding – beginning of period	14,581,666	0.08	13,755,000	0.09
Forfeited	-	-	(378,334)	0.05
Options outstanding – end of period	14,581,666	0.08	13,376,666	0.10

There were no share options granted in the three months ended March 31, 2022 and 2021.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

Equity (continued)

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

Non-cash share-based compensation costs of \$27,557 have been recorded for the three months ended March 31, 2022 (2021 – \$18,987), and allocated as follows:

	Three months ended March 31,	
	2022	2021
	\$	\$
Management fees	22,006	16,997
Shareholder and investor relations	1,983	1,990
Consulting	1,883	-
Exploration	1,685	-
Total share-based compensation	27,557	18,987

The following table summarizes information about share options outstanding and exercisable at March 31, 2022:

Year of Expiry	Range of exercise prices \$	Outstanding			Exercisable		
		Number of options outstanding	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average exercise price \$	Weighted average remaining contractual life (years)
2022	0.15	1,750,000	0.15	0.6	1,750,000	0.15	0.6
2023	0.12 – 0.23	2,350,000	0.16	1.5	2,350,000	0.16	1.5
2024	0.05 – 0.10	3,450,000	0.06	2.4	3,450,000	0.06	2.4
2025	0.05	4,031,666	0.05	3.5	3,456,666	0.05	3.5
2026	0.05	3,000,000	0.05	4.6	750,000	0.05	4.6
		14,581,666	0.08	2.8	11,756,666	0.09	2.4

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

12 Segmented information

The Company has two reportable segments. Canada includes the Canadian corporate office and the Company's management. The United States includes its exploration projects. The Company's reportable segments are based on the reports reviewed by management that are used to make strategic decisions. Earnings for the three months ended March 31, 2022 and total assets by segments are as follows:

	Three months ended March 31	
	2022	2021
	\$	\$
Loss		
Canada	65,382	30,195
	65,382	30,195
	As at	As at
	March 31,	December 31,
	2022	2021
	\$	\$
Total assets		
Canada	92,136	126,377
United States	11,143	11,239
	103,279	137,616

13 Capital management

The Company's objective when managing capital structure is to maintain liquidity in order to ensure the Company's strategic acquisition and exploration objectives are met. In the management of capital, the Company defines capital as its shareholders' equity March 31, 2022 – (\$497,933); December 31, 2021 – (\$535,853).

The Company manages and makes adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company intends to continue to assess new resource properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

At March 31, 2022, the Company is seeking opportunities to obtain further funding to pay for exploration and liabilities as they come due.

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

14 Financial risk factors

(a) Financial risk exposure and risk management

The Company's activities expose it to a variety of financial risks, which include credit, liquidity, market, foreign exchange, interest rate, and commodity price risks.

Financial risk management is carried out by the Company's management team with oversight from the Company's Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company manages its liquidity risk through the management of its capital structure and assets.

At March 31, 2022 and December 31, 2021, the Company's undiscounted contractual obligations and their maturity dates were as follows:

	March 31, 2022 \$	December 31, 2021 \$
Trade and other payables (within 1 year)	639,132	635,549

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, prices, interest rates, and commodity prices.

Interest rate risk

The Company is exposed to financial risk related to the fluctuation of interest rates.

Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company incurs a portion of its expenses US Dollars. A significant change in the currency exchange rates may have an effect on the Company's results of operations. The Company has not hedged its exposure to currency fluctuations.

(b) Fair value of financial instruments

IFRS 7 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – valuation techniques with unobservable market inputs (involves assumptions and estimates by management of how market participants would price the assets or liabilities).

Lupaka Gold Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2022 and 2021

(presented in Canadian Dollars)

Financial risk factors (continued)

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts.

The fair values of cash and trade and other payables approximate carrying value because of their short-term nature. At March 31, 2022 and December 31, 2021, the Company had no financial instruments that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

15 Subsequent events

(a) Contingent Value Rights

On May 3, 2022, the Company announced that it intends to issue contingent value rights (each, a “CVR”) to its shareholders. Each CVR will entitle the holder to receive a pro rata portion of any net amount available for distribution if the Company receives a cash award (the “Award”) in the Company’s ongoing CPFTA Arbitration proceedings. The net amount will be calculated by deducting from the Award proceeds certain amounts including the fees of the Company’s Arbitration counsel and other payables and amounts to be retained by the Company for working capital and other corporate purposes, and a de minimus threshold will be applied to determine if a payment will be made to the CVR holders.

The Company anticipates issuing the CVRs by way of a one-time special dividend to shareholders holding common shares of the Company as of May 18, 2022 (the “Record Date”). Each shareholder on the Record Date will receive one CVR for each common share of the Company held. The Company expects the CVRs to be governed by the terms of an indenture to be entered into between the Company and Computershare Trust Company of Canada.

The issuance of the CVRs by the Company will crystallize the entitlement of current shareholders to a portion of an Arbitration award received by the Company, if any, and prevent dilution of this entitlement through future share issuances of the Company. The issuance of the CVRs is also expected to provide the Company with an enhanced ability to raise equity financing and pursue acquisitions and development of mineral properties.

The CVR issuance remains subject to approvals including the approval of the TSX Venture Exchange. There can be no assurance that the CVRs will be issued.

(b) Consolidation of the Company’s common shares

The Company will be asking shareholders to approve a consolidation of the common shares in the capital of the Company at an annual general and special meeting (the “Meeting”) of shareholders to be held on June 10, 2022. The Company intends to consolidate its outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the “Consolidation”). As of May 13, 2022, the Company has 160,277,702 common shares outstanding and, upon completion of the Consolidation, the Company will have approximately 16,027,770 post-consolidation common shares issued and outstanding. The Consolidation and the proposed amendment to the Company’s Articles are subject to shareholder and regulatory approval, including the approval of the Exchange.